30 August 2011

REGUS PLC – INTERIM RESULTS ANNOUNCEMENT – SIX MONTHS ENDING 30 JUNE 2011

Regus, the world's largest provider of flexible workplaces, announces today its half year results for the six months ending 30 June 2011.

FINANCIAL HIGHLIGHTS

- Revenues up 9.7% to £565.6m (2010: £515.5m)
- Mature* gross margins up 3.4% to 25.1% (2010: 21.7%)
- EBIT** from the mature business up 46.1% to £37.7m (2010: £25.8m)
- EBIT from the total business up 35.3% to £13.8m (2010: £10.2m)
- Cash from operations up 49.0% to £70.2m (2010: £47.1m)
- Net cash of £197.8m (Year End 2010: £191.5m)
- Earnings per share of 2.5p (2010: (0.8p))
- Interim dividend per share increased by 6% to 0.9p (2010: 0.85p)

* The mature business comprises centres not opened in the current or previous financial year
** See Financial Review section for explanation

STRATEGIC AND OPERATIONAL HIGHLIGHTS

- Mature occupancy at a record level of 86.7% - benefitting from improved sales and marketing
- Invested £45.6m in growth, comprising 48 new centres (2010: 44) and 5,674 more workstations taking the total to 193,393. This will accelerate in H2
- Global footprint extended to 88 countries, including new openings in Latvia, Uganda and Serbia
- Continued improvements to the senior management team and structure to support growth
- Major partnerships signed with Miles & More (Lufthansa), Credit Saisson (Japan), Federation of Small Businesses (UK) and US Airways
- 12.7% increase in total customer numbers to 904,086 (2010: 801,938) of which more than 700,000 are home or mobile workers

As announced today, Dominique Yates joins the business as Chief Financial Officer on 1 September, replacing Stephen Gleadle who is stepping down after six years with the group.

Commenting on today's announcement Mark Dixon, Chief Executive of Regus plc, said:
"We are pleased with the good strategic and financial progress the business is making at a time of prolonged economic uncertainty, with revenues up 10% and profits up over 35%.

Our strong performance drove cash from operations up 49% to £70.2m and meant that our expansion for the half was entirely self-funded, with cash at the end of the half higher than at the end of 2010. While we acknowledge the challenging environment, we continue to expect further improvements in revenues and cash from operations, as we continue to invest in growth.

It is the robustness of Regus' mature centres that enables this substantial ongoing investment in future growth. As we enter the second half of the year, Regus remains well-positioned to capitalise on these opportunities and is on track to deliver a full year performance in line with our expectations."

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Chief Executive's Review

Overview

The momentum with which the business ended 2010 has continued into 2011. As such I am pleased to report on a half year of solid revenue growth up 9.7% to £565.6m (2010: £515.5m) with EBIT[1] growth up 35.3% to £13.8m (2010: £10.2m). Excluding the extra costs incurred from growth the EBIT from our mature business increased by 46% to £37.7m (2010: £25.8m).

Our strategic initiatives of 2010 were focussed on the recovery of occupancy and margin regardless of the pace of economic recovery. That mature occupancy is at an all time high of 87% and mature margins currently stand at 25% (2010: 22%), demonstrating delivery on our earlier promises. As anticipated, we are also experiencing signs of gradual price improvement, a trend which we expect to continue throughout the remainder of the year.

This robust performance has ensured our growth ambitions remain on track. Extending our global reach, strengthening in-country networks, continually seeking to increase our addressable market and achieve enhanced returns remains at the core of the group's strategy.

Strategic highlights

In most parts of the world we have seen a noticeable recovery in trading conditions, though in some, recovery has been inconsistent. Against this, it is clear that the improvements delivered owe much to the decisive action taken by the business in 2009 and the implementation of key strategic initiatives through 2010. Progress on these has continued into 2011:-

- **Strengthened Management Structure** – With another two country managers recruited in Poland and France, we remain on course to have strong management teams in our 22 key countries and eight geographic sub-clusters by the end of the year. Our central leadership team also continues to be reinforced.
- **Refocused Marketing** – Marketing has continued to deliver the record levels of enquiries achieved in H2 2010. However, as mature occupancy reaches optimal levels, our marketing spend is being scaled back and refocused on our growth business and products such as Virtual Office and Businessworld. Our new website was launched in June and has increased markedly the volumes of calls we are receiving. Additionally our product development team is now fully operational with a number of new product launches planned during the remainder of the year.
- **Improved Sales** – Sales have benefited as a result of improvements in conversion as well as an increasing contribution from the corporate accounts team. The latter especially is beginning to deliver and has a strong pipeline. As we continue to grow we expect to benefit from increased synergies in the sales team.
- **Streamlined Operations** – Upgrades to our global banking and treasury processes are on schedule and redesigned centre routines and procedures will be completed by the end of the year. To this end the group remains committed to continual investment in software and processes which will reduce cost per occupied workstation (OPWS).
- **Delivered Procurement, New Centre Cost Efficiencies** – Supporting the company's continued efficiency drive is a lean principle approach to doing business. Our new procurement team has a robust and thorough programme of current and identified spend reviews which is being methodically addressed. Key to this is re-invigorating our approach to

[1] **see Financial Review section for explanation**

new centre openings as we aim for 2,000 centres by 2014. We have strengthened our property team and are currently putting in place detailed business plans at a country level.

Operational review

We continue to work hard to improve our operational performance and have made further progress during the last six months. Our strategy of controlled and disciplined growth has resulted in an increase in total capacity (including non-consolidated workstations) of 2.6% to 193,393 workstations in the first six months of 2011 and the number of actual workstations by 2.6% to 182,691 workstations as at 30 June 2011. The group opened 48 new centres during the period with the total number now standing at 1,119. Of these, 41 were as a result of organic growth, of which 35 were opened on flexible, low risk leases.

On a regional basis, revenues and centre contribution can be analysed as follows:

	Revenue		*Contribution*		*Mature margin* (%)*	
£ million	*2011*	*2010*	*2011*	*2010*	*2011*	*2010*
Americas	*230.8*	*215.7*	*60.9*	*47.4*	*28%*	*23%*
EMEA	*149.9*	*142.4*	*33.9*	*35.6*	*25%*	*26%*
Asia Pacific	*79.8*	*68.4*	*20.1*	*19.5*	*30%*	*32%*
UK	*105.1*	*89.0*	*14.5*	*3.0*	*15%*	*4%*
Total	***565.6***	***515.5***	***129.4***	***105.5***	***25%***	***22%***

** The mature business comprises centres owned and operated before 1 January 2010*

AMERICAS - Our business in the Americas comprises Canada, USA and the countries of Latin America, some 527 centres across 15 countries. Our main business in the USA operates 417 centres. At actual exchange rates, the region delivered revenues of £230.8 million - up 7.0% on 2010 with average mature occupancy of 86.6% during the period (2010: 78.2%). During the period, we added 14 centres which contributed to the increase in the average number of consolidated workstations from 73,114 in 2010 to 78,179 in 2011.

EMEA - Our business in EMEA encompasses 291 centres across 52 countries. The region delivered revenues of £149.9 million, up 5.3% on 2010 and achieved an average mature occupancy of 82.4% (2010: 76.6%). During the period we opened 20 centres, including six through acquisition. This contributed to the increase in the average number of consolidated workstations from 35,356 in 2010 to 38,006 in 2011. We opened our first centres in Latvia, Serbia and Uganda.

ASIA PACIFIC - Our business in Asia operates in 143 centres across 16 countries. The region delivered revenues of £79.8 million, up 16.7% on 2010 and achieved an average mature occupancy of 84.8% (2010: 77.2%). During the period we opened 11 centres, which increased the average number of consolidated workstations from 22,717 in 2010 to 26,375 in 2011. Margins have moderated from a high level in part due to the earthquake in Japan but remain strong at 30%.

UK – Our UK business comprises 158 centres**.** Conditions during 2011 improved not least with a significant recovery in mature margins taking them closer to normalised levels. However, pricing continued to be challenging, though we are experiencing some signs of improvement. Set against this, the business delivered revenues of £105.1 million, up 18.1%% on 2010 and achieved an average mature occupancy of 84.4% (2010: 72.7%). During the period, we opened three centres of which one was through acquisition. This increased the average number of consolidated workstations from 34,700 in 2010 to 38,153 in 2011.

A strong mature performance

Our mature business comprises those centres which were opened before 1 January 2010, amounting to some 954 centres and 168,394 workstations which is currently approximately 87% of our business. At actual exchange rates this business delivered revenues of £514.1 million and made a contribution of £129.0 million. Margins have improved to 25% (2010: 22%) and occupancy is at 86.7%, which is a record high.

This business has performed very well through the cycle and is the foundation upon which we are able to support our growth ambitions. Our keen focus on cost control within mature centres, coupled with high occupancy, has sustained high levels of cash generation and achieved an EBIT of £37.7m, a rise of 46% over the period. The focus for this business over the coming months is to continue these positive trends driven in part through a steady increase in price and also increased synergies across all functions as the number of mature centres increases.

Growth to satisfy rising demand

Our growth business comprises centres which were opened on or after 1 January 2010, some 165 centres and 24,999 workstations, which is currently approximately 13% of our business. At actual exchange rates this business delivered revenues of £50.3 million and a contribution of £1.0 million. 48 centres were opened in the first 6 months of 2011, adding 5,674 workstations. The investment required to deliver this growth cost the business £45.6 million in the period.

Over the course of the next decade how and where work is done will be influenced by a wide variety of factors including, but not limited to, technological advancements, globalisation and changing workforce dynamics. Add to that an era of corporate belt-tightening, economic volatility and higher unemployment and the task of structuring an effective and productive work environment becomes even more complex. How a business, irrespective of its size, goes about organising itself to work will determine profit or loss, expansion or contraction, success or failure.

The mainstreaming of mobile technology tools such as the Smartphone and Workpad has made work something one does rather than a place to go. No longer tethered to a fixed location, customers and prospects, partners and suppliers, advisors and colleagues are geographically dispersed. As a result, virtual interactions from home, on the road or at third party locations diminish the need for long-term fixed workplaces. Evidence that this change is well underway can be found in property industry statistics that cite upwards of 50% of office space is empty at any one time.

According to IDC (Dec 2009), the worldwide mobile worker population is set to reach 1.2 billion by 2013 – accounting for more than a third of the global workforce. The US will have the highest percentage of mobile workers, with 75% or 120 million workers; Asia/Pacific (excluding Japan) will rise to 37% or 735 million workers and Europe will reach over 50% or 130 million mobile workers.

The traditional approach to work is unable to adequately support this fundamental shift to flexible working. As a result, the mismatch is creating excessive waste for businesses of all sizes. The more time workers spend away from the office, the more money is wasted on unused square footage, energy and technology. For example, a traditional leased desk in a city centre can cost in the region of £8,000 per annum whilst supporting that same worker with Regus Businessworld is generally 80-90% cheaper.

As a result, today more than two-thirds of our customers, some 700,000, use Regus daily as their mobile work platform. The larger we are, the greater the number of countries we are in and the deeper our in-country networks, the better we can support existing customers and the larger our addressable market becomes.

Scale and distribution

Partnerships with major complementary brands are playing an increasingly important role in widening our addressable market. Conversely, major global brands have also recognised the unique advantages and benefits which Regus offer. As such, we continue to make new alliances. In the last six months we signed a major deal with Miles & More, the air miles scheme for all Lufthansa Group companies including amongst others Lufthansa, BMI and Swiss Air. As a result we now partner with 60% of the world's leading airlines. Other new major partnerships signed include Credit Saisson in Japan, The Federation of Small Businesses in the UK and US Airways.

Retail remains an important access point for mobile and home workers into the Regus network. Our products are now available on all BA flights and across hundreds of UK stores including WHSmith and Staples. This will continue to grow.

People

As a growth orientated company, the board is fully aware that the people in Regus are key to company success and I would like to thank them for their dedication and continued hard work. A committed and motivated workforce is central to us achieving our objectives and we remain fully focussed on maintaining high levels of employee engagement, training and development. We have created the new role of Group VP of Human Resources to build on the strong foundations we already have so that we have the very best people capable of running a business twice our current size.

I would especially like to highlight the extraordinary efforts of our team in Japan, and especially Masaharu Abe, Kana Abe and Montomi Tanaka at our Sendai Centre, during the earthquake and subsequent tsunami. The scale of devastation was truly horrific. Yet throughout the disaster, our team were incredibly single minded in ensuring our centres remained open to provide a much needed service to our customers and the wider communities in which they are located. They are an example to us all.

Board change

Today we announced that Dominique Yates is to join the board as Chief Financial Officer on 1 September 2011, replacing Stephen Gleadle. I would like to take this opportunity to thank Stephen Gleadle for his work over the last six years. He has played an integral role in the growth, transformation and success of our business. I wish him well in his future endeavours.

In Dominique Yates we have found a replacement who will build on the firm foundations laid by Stephen. He brings a fresh viewpoint, with broad commercial and international experience. I look forward to working with him.

Dividend

In line with our progressive dividend policy and continuing cash generation, the board has resolved today to pay an interim dividend of 0.9p per share. This will be paid on 7 October 2011, to shareholders on the register at the close of business on 9 September 2011.

Outlook

We are pleased with the good strategic and financial progress that Regus is making at a time of prolonged economic uncertainty. Our strong performance meant that expansion was entirely self funded, with cash at the end of the half higher than at the end of 2010. While we acknowledge the challenging environment, we continue to expect further improvements in revenues and cash from operations, as we continue to invest in growth.

At the same time, management has continued to take firm and decisive action to control costs and rectify problem areas such as the UK which are now returning to normalised margins. The business remains focused on reducing overhead per available workstation, with overheads in the first half of the year being negatively impacted by investment that relates to the accelerated workstation roll-out during the second half.

It is the robustness of Regus' mature centres that enables this substantial ongoing investment in future growth. As we enter the second half of the year, Regus remains well-positioned to capitalise on these opportunities and is on track to deliver a full year performance in line with our expectations.

Mark Dixon
Chief Executive
30 August 2011

Financial Review

Revenue and gross profit (centre contribution)

On a statutory basis, revenue for the Group has increased 9.7% or £50.1 million to £565.6 million (2010: £515.5 million) driving an increase in gross profit of 38.1% or £23.9 million to £129.4 million (2010: £93.7 million).

This can be analysed as follows:

Revenue - £ million	**Total**	**Mature centres**	**New 2010 and 2011 centres**	**Closed centres**
H1 2010	**515.5**	**504.5**	**4.1**	**6.9**
Impact of exchange rates	(8.8)	(8.8)	0.2	(0.2)
H1 2010 pre-exceptional at 2011 rates	**506.7**	**495.7**	**4.3**	**6.7**
Change in mature business	18.4	18.4	-	-
Centres added in 2010	43.4	-	43.4	-
Centres added in 2011	2.6	-	2.6	-
Centres closed	(5.5)	-	-	(5.5)
H1 2011	**565.6**	**514.1**	**50.3**	**1.2**

Gross Profit - £ million	**Total**	**Mature centres**	**New 2010 and 2011 centres**	**Closed centres**
H1 2010	**93.7**	**97.4**	**(2.3)**	**(1.4)**
Exceptional	11.8	11.8	-	-
Impact of exchange rates	(2.2)	(2.5)	(0.1)	0.4
H1 2010 pre-exceptional at 2011 rates	**103.3**	**106.7**	**(2.4)**	**(1.0)**
Change in mature business	22.3	22.3	-	-
Centres added in 2010	7.0	-	7.0	-
Centres added in 2011	(3.6)	-	(3.6)	-
Centres closed	0.4	-	-	0.4
H1 2011	**129.4**	**129.0**	**1.0**	**(0.6)**
Margin	***22.9%***	***25.1%***	**-**	**-**

During the first half of 2010 the Group undertook a UK restructuring programme and incurred exceptional charges within gross profit of £11.8 million. These costs related to a combination of asset write-downs, dilapidations, relocation costs, reorganisation costs and ancillary closure costs net of any onerous lease or other property related provision releases. No exceptional costs were incurred in the first half of 2011.

In addition, translating 2010 revenue and gross profit at 2011 exchange rates reduces the revenue and gross profit by £8.8 million and £2.2 million respectively.

Thus, excluding exceptional items and on a constant currency basis, revenue and gross profit have increased by 11.6% and 25.3% respectively which can then be split:

Mature centres

- Mature or "like-for-like" business revenue increased by £18.4 million or 3.7% and gross profit by £22.3 million or 20.9% driven by both occupancy increases and cost reductions.

New 2010 and 2011 centres

- Centres added in 2010 contributed £43.4 million of revenue and £7.0 million of gross profit, reflecting the improving occupancy and profitability as the centres move towards full maturity.

- New centres in 2011 contributed £2.6 million of revenue but reduced gross profit by £3.6 million due to the normal start up losses incurred in establishing new centres.

Closed centres

- The year on year impact of centre closures was to reduce revenue by £5.5 million and increase contribution by £0.4 million.

Taking all this together margins (before exceptional costs and on a constant currency basis) increased from 20.4% to 22.9%.

Administration expense

Administration expenses for the Group increased by 15.5% to £115.7 million (2010: £100.2 million). This can be analysed as follows:

£ million	**Administration Expense**
H1 2010	**100.2**
2010 Exceptional item	(4.0)
Impact of exchange rates	(1.5)
H1 2010 pre-exceptional at 2011 rates	**94.7**
Sales and Marketing investment	11.9
Other growth related	4.4
Strengthened management structure	3.9
Net investment in process and other efficiencies	0.8
H1 2011	**115.7**

The total expense for the period can then be allocated between mature and new centres as follows:

£ million[2]	**Total**	**Mature centres**	**New 2010 and 2011 centres**	**Closed centres**
Administration expenses	**115.7**	91.3	24.2	0.2

The exceptional expenses in 2010 were costs, mainly legal and professional fees, relating to the UK restructuring programme. In addition, translating 2010 administration expenses at 2011 rates reduces the cost by £1.5 million.

Therefore, pre-exceptional and on a constant currency basis, administrative expense increased by £21.0 million to £115.7 million which can be broadly explained as follows:

- We increased our sales and marketing expenditures to drive up our occupancy and over time price of both our mature and new centres. We have now achieved record levels of mature occupancy, the benefit reflected by the increase in contribution.
- The growth of the network has added an estimated £4.4 million of costs mainly through additional local management.
- We strengthened our management structure in a number of areas including country management, operations and human resources.
- There has been a net investment in process and other efficiencies with extra costs being incurred strengthening our procurement team and incurring extra costs as we implement our shared service centres offset by realised savings as projects start to complete.

EBIT from mature offices and the dilutive impact of growth

Growing the business dilutes short term profitability. To give shareholders a better appreciation of the impact of this on the first half of 2011 the profit and loss can then be analysed as follows:

£ million[2]	**Mature centres**		**New 2010 and 2011 centres**	
	2011	**2010**	**2011**	**2010**
Revenue	514.1	504.5	50.3	4.1
Contribution	128.9	108.5	1.0	(2.3)
Overhead	(91.3)	(83.6)	(24.2)	(11.6)
Operating profit	**37.6**	**24.9**	**(23.2)**	**(13.9)**
Joint ventures	0.1	0.9	-	-
EBIT	**37.7**	**25.8**	**(23.2)**	**(13.9)**
EBIT Margin	*7.3%*	*5.1%*	-	-
Basic EPS	*3.1p*	*2.1p*	-	-

We estimate that our growth in the first half of 2011 reduced our operating profit by £23.2 million. Taking this into account the underlying EBIT from the mature business was £37.7 million. This would be equivalent to an Earnings per share of circa 3.1p after applying our estimated long term tax rate of 20%.

Share of profit in joint ventures
The share of joint venture profits attributable to Regus decreased to £0.1 million (2010: £0.9 million) driven by a one-off receipt received by one of the joint ventures in the first half of 2010.

Profit before financing costs
Arising from the above profit before financing costs has increased £19.4 million from a loss of £5.6 million in 2010 to a profit £13.8 million in 2011.

Excluding the impact of the exceptional cost in 2010 it increased £3.6 million or 35% from £10.2 million to £13.8 million.

Financing costs
Financing costs can be summarised as follows:

£ million	**H1 2011**	**H1 2010**
Interest payable	(0.5)	(0.5)
Interest receivable	0.7	0.9
Finance lease interest	(0.1)	(0.1)
Non-cash: acquisition related	(0.9)	(0.8)
Total financing costs	**(0.8)**	**(0.5)**

[2] The mature offices and New 2010 & 2011 centres analysis has been calculated on the following basis:-

- Both revenue and contribution is the actual performance of the centres in each category;
- Overheads related to new offices includes the following elements:-
    - the costs of our 'growth' teams;
    - an estimate of the cost of management time and other third party costs which are necessary to open a centre. This includes sales, marketing, finance and other overhead areas which input into growth. Overall this element is estimated at £145,000 per centre; and,
    - a proportional share of the remaining of overhead in the business.
- Mature overhead is then the remainder
- A long term tax rate of 20% has then been applied to the calculated profit before tax to arrive at earnings.

Interest payable has remained the same year on year. Overall debt has fallen slightly with the impact being offset by higher interest costs in India.

The £0.2 million decrease in interest receivable was driven by a reduced yield on our cash balances falling from 0.8% to 0.7% on a lower average interest bearing cash balance of £190.1 million (2010: £228.6 million).

Finance lease costs have remained unchanged reflecting the continued low level of finance lease liabilities held by the Group. The non-cash element relates to the unwinding of discounted fair value adjustments largely arising from the acquisition of the UK in 2006.

Taxation

The Group has recognised a £10.3 million tax credit for the period (compared to a tax charge of £1.4 million in 2010).

This is driven by an underlying tax rate of 23.6% on the profits for the period offset by a deferred tax credit of £7.1 million in respect of intangible assets and various provision adjustments of £6.2 million driven by the successful conclusion of certain open tax issues.

On a cash basis, the Group paid £3.1 million in tax. Cash tax represents approximately 24% of profit before tax.

Earnings per share

Earnings per share for the half year before exceptional items have increased 178% to 2.5p (2010: 0.9p) with the impact of increasing operating profit and the tax credit. The average number of shares in issue decreased to 941,898,916 (2010 H1: 950,498,200) which reflects the impact of shares repurchased by the Group as part of the share buy-back scheme in 2010.

Dividend

A payment of 1.75p per share was paid by Regus plc in May 2011 following shareholder approval (H1 2010 1.6p per share).

The Board intends to increase the 2011 interim dividend by 6% to 0.9p per share (H1 2010 0.85p). The Interim Dividend will be paid on or about Friday, 7 October 2011 to shareholders on the register at the close of business on Friday, 9 September 2011.

Cash flow

Mature cash flows increased by £2.6 million to £54.7 million and, with a working capital inflow of £19.5 million, this has supported an increase in our investment in growth of £18.2 million to £45.6 million.

The Group's cash flow statement can be summarised as follows:

£ million	**H1 2011**	**H1 2010**
Mature centre EBIT	37.7	25.8
Depreciation	31.3	35.5
Maintenance capital expenditure	(14.3)	(9.2)
Mature cash flow	**54.7**	**52.1**
New centre EBIT	(23.2)	(13.9)
Depreciation	5.0	0.5
Growth capital expenditure	(27.4)	(14.0)
Investment in growth	**(45.6)**	**(27.4)**
Working capital movement	19.5	2.9
Exceptional items	(2.6)	(4.2)
Interest and tax	(3.1)	(8.6)
Share Buybacks, settlement of share awards and Dividends	(17.4)	(19.2)
Liquid investments	10.4	24.5
Other	(1.6)	(7.0)
Net cash in/(out)	**5.2**	**(11.6)**
Change in cash & cash equivalents	**14.3**	**13.1**
Opening Cash	194.2	205.1
Effect of exchange rate fluctuation on cash held	(0.2)	0.6
Closing balance – Cash and cash equivalents	**208.3**	**218.8**

Cash from operations continues to improve, increasing by £23.1 million to £70.2 million compared to the first half of 2010. Cash and cash equivalents has increased by £14.3 million to £208.3 million the main drivers of which are as follows:

- Cash flow from our mature centres increased by £2.6 million to £54.7 million with improvements in mature EBIT being offset by an increased level of maintenance capital expenditure.
- We have also seen a £19.5 million increase in working capital driven by improved occupancy.

This has then enabled

- An increase in our investment in growth of £18.2 million to £45.6 million. This increase arose from both higher levels of capital expenditure and higher overhead driven by new centres increasing from 44 in the first half of 2010 to 165 in the first half of 2011.
- An increase in our interim dividend from £15.2 million to £16.5 million.

The net cash balance can be analysed as follows:

£ million	H1 2011	H2 2010	H1 2010
Cash and cash equivalents	208.3	194.2	218.8
Liquid investments	-	10.4	15.5
Cash, cash equivalents and liquid investments	**208.3**	**204.6**	**234.3**
Bank and other loans	(7.5)	(8.9)	(5.5)
Finance leases	(3.0)	(4.2)	(4.6)
Net financial assets/net cash	**197.8**	**191.5**	**224.2**

Of the balance of £197.8 million, £99.3 million was held in Group immediately available for use, £78.3 million was held in the regions and £20.2 million is set aside to support letters of credit the business has issued and various other commitments of the Group.

Principal risks and uncertainties

The principal risks and uncertainties affecting Regus plc remain unchanged from those detailed on in the Regus plc 2010 Annual Report and Accounts.

The principal risks and uncertainties described in the 2010 Annual Report and Accounts are:

- Risk of economic downturn in significant markets;
- Exposure to movements in property markets;
- Exposure to movements in exchange rates;
- Risks associated with the Group reorganisation and restructuring; and
- Risk associated with centrally managed applications and systems.

Related parties

Details of related party transactions that have taken place in the period can be found in note 10 to the condensed interim consolidated financial statements. There have been no changes to the type of related transactions entered into by the Group as described in the Regus plc 2010 Annual Report and Accounts that had a material effect on the condensed interim consolidated financial statement for the period ended 30 June 2011.

Stephen Gleadle
Chief Financial Officer
30 August 2011

Condensed Consolidated Financial Information

Interim Consolidated Income Statement (unaudited)

£m	Note	**Before exceptional items**	**Exceptional items**	**Six months ended 30 June 2011**	Before exceptional items	Exceptional items	Six months ended 30 June 2010
Revenue		**565.6**	**-**	**565.6**	515.5	-	515.5
Cost of sales	**3**	**(436.2)**	**-**	**(436.2)**	(410.0)	(11.8)	(421.8)
Gross profit (centre contribution)		**129.4**	**-**	**129.4**	105.5	(11.8)	93.7
Administration expense	**3**	**(115.7)**	**-**	**(115.7)**	(96.2)	(4.0)	(100.2)
Share of post-tax profit of joint ventures		**0.1**	**-**	**0.1**	0.9	-	0.9
Profit/(loss) before financing costs		**13.8**	**-**	**13.8**	10.2	(15.8)	(5.6)
Finance expense		**(1.5)**	**-**	**(1.5)**	(1.4)	-	(1.4)
Finance income		**0.7**	**-**	**0.7**	0.9	-	0.9
Profit/(loss) before tax for the period		**13.0**	**-**	**13.0**	9.7	(15.8)	(6.1)
Tax credit/ (charge)		**10.3**	**-**	**10.3**	(0.9)	(0.5)	(1.4)
Profit/(loss) for the period		**23.3**	**-**	**23.3**	8.8	(16.3)	(7.5)
Profit/(loss) attributable to:							
Equity shareholders of the parent		**24.6**	**-**	**24.6**	8.5	(16.3)	(7.8)
Non-controlling interests		**(1.3)**	**-**	**(1.3)**	0.3	-	0.3
Profit/(loss) for the period		**23.3**	**-**	**23.3**	8.8	(16.3)	(7.5)

Earnings per ordinary share (EPS):	**Six months ended 30 June 2011**	Six months ended 30 June 2010
Basic (p)	**2.5**	(0.8)
Diluted (p)	**2.5**	(0.8)
Basic before exceptionals (p)	**2.5**	0.9
Diluted before exceptionals (p)	**2.5**	0.9

Interim Consolidated Statement of Comprehensive Income (unaudited)

£m	**Six months ended 30 June 2011**	Six months ended 30 June 2010
Profit / (Loss) for the period	**23.3**	(7.5)
Other comprehensive income:		
Deferred tax effect of share options	**-**	0.2
Foreign currency translation differences for foreign operations	**(7.6)**	21.7
Other comprehensive income for the period, net of income tax	**(7.6)**	21.9
Total comprehensive income for the period	**15.7**	14.4
Total comprehensive income attributable to:		
Equity shareholders of the parent	**17.0**	14.1
Non-controlling interests	**(1.3)**	0.3
	15.7	14.4

Interim Consolidated Statement of Changes in Equity (unaudited)

£m	Share capital	Treasury shares	Foreign currency translation reserve	Revaluation reserve	Other	Retained earnings	Total	Non-controlling interests	Total equity
	Attributable to equity holders of the parent (note a)								
Balance at 1 January 2010	**9.5**	**(0.4)**	**37.1**	**10.5**	**15.3**	**427.5**	**499.5**	**--**	**499.5**
Total comprehensive income for the period:									
Profit for the period	-	-	-	-	-	(7.8)	(7.8)	0.3	(7.5)
Other comprehensive income:									
Deferred tax effect of share options	-	-	-	-	-	0.2	0.2	-	0.2
Currency translation differences	-	-	21.7	-	-	-	21.7	-	21.7
Total other comprehensive income	-	-	21.7	-	-	0.2	21.9	-	21.9
Total comprehensive income for the period	-	-	21.7	-	-	(7.6)	14.1	0.3	14.4
Transactions with owners, recorded directly in equity:									
Share based payments	-	-	-	-	-	2.2	2.2	-	2.2
Ordinary dividend paid	-	-	-	-	-	(15.2)	(15.2)	-	(15.2)
Dividend paid to minority interest	-	-	-	-	-	-	-	(0.3)	(0.3)
Purchase of treasury shares	-	(2.8)	-	-	-	-	(2.8)	-	(2.8)
Exercise of share options	-	0.4	-	-	-	(1.3)	(0.9)	-	(0.9)
Balance at 30 June 2010	**9.5**	**(2.8)**	**58.8**	**10.5**	**15.3**	**405.6**	**496.9**	**-**	**496.9**
Balance at 1 January 2011	**9.5**	**(7.1)**	**52.6**	**10.5**	**15.3**	**404.9**	**485.7**	**0.1**	**485.8**
Total comprehensive income for the period:									
Profit for the period	-	-	-	-	-	24.6	24.6	(1.3)	23.3
Other comprehensive income:									
Deferred tax effect of share options	-	-	-	-	-	-	-	-	-
Currency translation differences	-	-	(7.6)	-	-	-	(7.6)	-	(7.6)
Total other comprehensive income	-	-	(7.6)	-	-	-	(7.6)	-	(7.6)
Total comprehensive income for the period	-	-	(7.6)	-	-	24.6	17.0	(1.3)	15.7
Transactions with owners, recorded directly in equity:									
Share based payments	-	-	-	-	-	0.9	0.9	-	0.9
Ordinary dividend paid	-	-	-	-	-	(16.5)	(16.5)	-	(16.5)
Acquisition of non-controlling interests	-	-	-	-	-	(5.1)	(5.1)	1.2	(3.9)
Exercise of share options	-	-	-	-	-	(0.9)	(0.9)	-	(0.9)
Balance at 30 June 2011	**9.5**	**(7.1)**	**45.0**	**10.5**	**15.3**	**407.9**	**481.1**	**-**	**481.1**

(a) Total reserves attributable to equity holders of the parent:

- Share capital represents the nominal value arising on the issue of the Company's equity share capital.
- Treasury shares represent 9,070,906 (30 June 2010: 3,510,000) ordinary shares of the Group that were acquired for the purposes of the Group's employee share option plans and the share buyback programme. During the period nil (2010: 3,510,000) shares were purchased and nil (2010: 1,576,498) were utilised to satisfy the exercise of share options by employees. At 30 August 2011, 9,070,906 treasury shares were held.
- The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries and joint ventures.
- The revaluation reserve arose on the restatement of the assets and liabilities of the UK associate from historic cost to fair value at the time of the acquisition of the outstanding 58% interest on 19 April 2006.
- Other reserves include £37.9 million arising from the Scheme of Arrangement undertaken on 14 October 2008, £6.5 million relating to merger reserves and £0.1 million to the redemption of preference shares partly offset by £29.2 million arising from the Scheme of Arrangement undertaken in 2003.

Interim Consolidated Balance Sheet

£m	**As at 30 June 2011 (unaudited)**	As at 30 June 2010 (unaudited)	As at 31 Dec 2010*
Non-current assets			
Goodwill	**277.1**	272.3	282.4
Other intangible assets	**45.7**	49.1	48.4
Property, plant and equipment	**272.2**	242.2	270.8
Deferred tax assets	**43.3**	51.4	37.1
Other long term receivables	**31.9**	35.8	34
Investments in joint ventures	**2.8**	5.4	3.9
	673.0	656.2	676.6
Current assets			
Trade and other receivables	**257.2**	206.8	248.7
Corporation tax receivable	**12.9**	13.0	13.3
Liquid investments	**-**	15.5	10.4
Cash and cash equivalents	**208.3**	218.8	194.2
	478.4	454.1	466.6
Total assets	**1,151.4**	1,110.3	1,143.2
Current liabilities			
Trade and other payables	**(219.4)**	(199.9)	(225.2)
Customer deposits	**(178.5)**	(150.8)	(163.2)
Deferred income	**(139.3)**	(114.9)	(125.8)
Corporation tax payable	**(9.6)**	(32.4)	(17.0)
Obligations under finance leases	**(1.6)**	(2.9)	(2.3)
Bank and other loans	**(0.8)**	(5.5)	(5.5)
Provisions	**(2.7)**	(2.7)	(2.8)
	(551.9)	(509.1)	(541.8)
Net current liabilities	**(73.5)**	(55.0)	(75.2)
Total assets less current liabilities	**599.5**	601.2	601.4
Non-current liabilities			
Other payables	**(100.3)**	(95.1)	(99.1)
Obligations under finance leases	**(1.4)**	(1.7)	(1.9)
Bank and other loans	**(6.7)**	-	(3.4)
Deferred tax liability	**(0.1)**	(0.4)	(0.1)
Provisions	**(8.8)**	(6.0)	(9.8)
Provision for deficit in joint ventures	**(1.1)**	(1.1)	(1.3)
	(118.4)	(104.3)	(115.6)
Total liabilities	**(670.3)**	(613.4)	(657.4)
Total assets less liabilities	**481.1**	496.9	485.8
Total equity			
Issued share capital	**9.5**	9.5	9.5
Treasury shares	**(7.1)**	(2.8)	(7.1)
Foreign currency translation reserve	**45.0**	58.8	52.6
Revaluation reserve	**10.5**	10.5	10.5
Other reserves	**15.3**	15.3	15.3
Retained earnings	**407.9**	405.6	404.9
Total shareholders' equity	**481.1**	496.9	485.7
Non-controlling interests	**-**	-	0.1
Total equity	**481.1**	496.9	485.8
Total equity and liabilities	**1,151.4**	1,110.3	1,143.2

* Extracted from the audited financial statements for the year ended 31 December 2010

Interim Consolidated Cash Flow Statement (unaudited)

£m	**Six months ended 30 June 2011**	Six months ended 30 June 2010
Profit / (Loss) before tax for the period	**13.0**	(6.1)
Adjustments for:		
Net finance costs	**0.8**	0.5
Net share of profit on joint ventures	**(0.1)**	(0.9)
Depreciation charge	**32.9**	33.2
Loss on disposal of property, plant and equipment	**0.3**	0.1
Amortisation of intangible assets	**3.4**	2.8
(Decrease) in provisions	**(1.1)**	(3.5)
Exceptional costs	**-**	15.8
Unrealised gains on fair value financial derivative instruments	**-**	(0.3)
Other non-cash movements – unrealised foreign currency loss/(gain)	**0.6**	0.4
– share based payment	**0.9**	2.2
Operating cash flows before movements in working capital	**50.7**	44.2
(Increase) / decrease in trade and other receivables	**(5.4)**	0.9
(Decrease)/increase in trade and other payables	**24.9**	2.0
Cash generated from operations (before exceptional)	**70.2**	47.1
Cash (outflow)/inflow from exceptional item	**(2.6)**	(4.2)
Cash generated from operations (after exceptional)	**67.6**	42.9
Interest paid on finance leases	**-**	(0.1)
Interest paid on credit facilities	**(0.6)**	(0.5)
Tax paid	**(3.1)**	(9.1)
Net cash inflows from operating activities	**63.9**	33.2
Investing activities		
Purchase of subsidiary undertakings (net of cash acquired)	**-**	(0.1)
Dividends received from joint ventures	**0.8**	-
Purchase of property, plant and equipment	**(36.0)**	(22.0)
Purchase of intangible assets	**(1.8)**	(1.2)
Interest received	**0.6**	1.1
(Decrease)/Increase in liquid investments	**10.4**	24.5
Cash inflows/ (outflows) from investing activities	**(26.0)**	2.3
Financing activities		
Net proceeds from issue of loans	**0.6**	(1.3)
Repayment of loans	**(1.8)**	(1.0)
Repayment of principal under finance leases	**(1.1)**	(0.9)
Acquisition of non-controlling interests	**(3.9)**	-
Purchase of treasury shares	**-**	(2.8)
Settlement of share awards	**(0.9)**	(0.9)
Payment of ordinary dividend	**(16.5)**	(15.2)
Payment of dividend to minority shareholders	**-**	(0.3)
Cash (outflows) from financing activities	**(23.6)**	(22.4)
Net increase in cash and cash equivalents	**14.3**	13.1
Cash and cash equivalents at beginning of period	**194.2**	205.1
Effect of exchange rate fluctuations on cash held	**(0.2)**	0.6
Cash and cash equivalents at end of period	**208.3**	218.8

Notes to the Condensed Interim Consolidated Financial Information (unaudited)

Note 1: Basis of preparation and accounting policies

Regus plc S.A. is a public limited company incorporated in Jersey and registered and domiciled in Luxembourg. The Company's ordinary shares are traded on the London Stock Exchange.

The unaudited condensed interim consolidated financial information as at and for the six months ended 30 June 2011 included within the half yearly report:

- was prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting" ("IAS 34") as adopted by the European Union ("adopted IFRS"), and was prepared in accordance with the Disclosure and Transparency Rules ("DTR") of the Financial Services Authority;
- is presented on a condensed basis as permitted by IAS 34 and therefore does not include all disclosures that would otherwise be required in a full set of financial statements and should be read in conjunction with the Regus plc Annual Report and Accounts for the year ended 31 December 2010;
- comprise the Company and its subsidiaries (the "Group") and the Group's interests in jointly controlled entities;
- do not constitute statutory accounts as defined in section 434 of the Companies Act 2006. It should be read in conjunction with the statutory accounts for the year ended 31 December 2010, which was prepared in accordance with the IFRSs as adopted by the European Union and have been filed with both the Luxembourg Register of Commerce and the Jersey Companies Registry. The comparative figures for the financial year ended 31 December 2010 are not the Company's statutory accounts for that financial year. Those accounts have been reported on by the Company's auditors and the report of the auditors was (i) unqualified, and (ii) did not include a reference to any matters to which the auditors drew attention by way of emphasis without qualifying their report. These accounts are available from the Company's website - www.regus.com; and
- the condensed consolidated interim financial information was approved by the Board of Directors on 25 August 2011.

Except as described below, the basis of preparation and accounting policies set out in the Report and Accounts for the year ended 31 December 2010 have been applied in the preparation of this half yearly report. In preparing these condensed consolidated interim financial statements, the significant judgments made by management and the key sources of estimation uncertainty were the same as those that applied to the Report and Accounts for the year ended 31 December 2010, except for the following:

IAS 12 Income Taxes requires that estimates relating to deferred tax assets and liabilities, including assumptions about future profitability, are re-evaluated at the end of each reporting period. In completing such a review, the Group has amended the calculation of deferred tax assets relating to certain intangible assets. This has given rise to a credit of £7.1m to the income tax expense in the current period. The full year credit is expected to be £27.4m.

The following standards, interpretations and amendments to standards were applicable to the Group for periods commencing on or after 1 January 2011:

IAS 24 Related Party transactions (Amendment) clarifies the definitions of a related party. The new definitions emphasise a symmetrical view of related party relationships as well as clarifying in which circumstances persons and key management personnel affect related party relationships of an entity. The amendment also introduces an exemption from the general related party disclosure requirements for transactions with a government and entities that are controlled, jointly controlled or significantly influenced by the same government as the reporting entity. The adoption of this amendment has no impact on the financial position or performance of the Group.

IAS 32 Financial instruments: Presentation (Amendment) alters the definition of a financial liability in IAS 32 to enable entities to classify rights issues and certain options or warrants as equity instruments. The amendment is applicable if the rights are given pro rata to all of the existing owners of the same class of an entity's non-derivative equity instruments, to acquire a fixed number of the entity's own equity instruments for a fixed amount in any currency. The adoption of this amendment has no impact on the financial position or performance of the Group.

IFRIC 14 Prepayment of a Minimum Funding Requirement (Amendment) removes an unintended consequence when an entity is subject to minimum funding requirements and makes an early payment of contributions to cover such requirements. The amendment permits a prepayment of future service cost by the entity to be recognised as pension asset. The amendment to the interpretation has no impact on the financial position or performance of the Group.

Seasonality

The majority of the Group's revenue is contracted and is therefore not subject to significant seasonal fluctuations. Demand based revenue (from products such as Meeting Rooms and Customer Services) is impacted by seasonal factors within the year, particularly around summer and winter vacation periods. This fluctuation leads to a small seasonal profit bias to the second half year compared to the first half. However, this seasonal bias of often hidden by other factors which drive changes in the pattern of profit delivery such as the addition of new centres or changes in demand or prices.

Going concern

After making due enquiries, the Directors have a reasonable expectation that the Group has adequate resources to continue operational existence for the foreseeable future and therefore continue to adopt the going concern basis in preparing the accounts.

Note 2: Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including those that relate to transactions with other operating segments. An operating segment's results are reviewed regularly by the chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available. The business is run on a worldwide basis but managed through four principal geographical segments; Americas; Europe, Middle East and Africa (EMEA); Asia Pacific; and the United Kingdom. The United Kingdom segment does not include the Group's non-trading holding and corporate management companies that are based in the UK and the EMEA segment does not include the Group's non-trading head office and holding companies that are based in Luxembourg. The results of business centres in each of these regions form the basis for reporting geographical results to the chief operating decision maker (the Board of Directors of the Group). All reportable segments are involved in the provision of global workplace solutions. The Group's reportable segments operate in different markets and are managed separately because of the different economic characteristics that exist in each of those markets. Each reportable segment has its own discrete senior management team responsible for the performance of the segment. The accounting policies of the operating segments are the same as those described in the Annual Report and Accounts for Regus plc for the year ended 31 December 2010. The performance of each segment is assessed on the basis of the segment operating profit which excludes certain non-recurring items (including provisions for onerous contracts and asset write-downs), exceptional gains and losses, internal management charges and foreign exchange gains and losses arising on transactions with other operating segments.

Note 2: Operating segments (continued)

£m	Americas		EMEA		Asia Pacific		United Kingdom		All other segments		Total	
Six months ended 30 June	**2011**	2010	**2011**	2010	**2011**	2010	**2011**	2010	**2011**	2010	**2011**	**2010**
Revenues from external customers	**230.6**	215.4	**149.4**	142.2	**79.9**	68.3	**104.6**	88.9	**1.1**	0.7	**565.6**	515.5
Revenues from internal customers	**-**	-	**0.4**	0.4	**-**	-	**0.8**	0.4	**-**	-	**1.2**	0.8
Segment revenues	**230.6**	215.4	**149.8**	142.6	**79.9**	68.3	**105.4**	89.3	**1.1**	0.7	**566.8**	516.3
Reportable segment profit	**19.7**	14.3	**7.1**	10.3	**9.4**	11.0	**(0.7)**	(9.2)	**-**	0.4	**35.5**	26.8
Reportable segment assets	**523.7**	507.9	**280.1**	248.5	**171.8**	151.5	**311.1**	276.8	**1.7**	1.7	**1,288.4**	1,186.4

Reconciliation of reportable segment profit to published profit:

£m	**Six months ended 30 June 2011**	Six months ended 30 June 2010
Reportable segment profit	**35.5**	**26.8**
Elimination of inter-segment revenue	**(1.2)**	**(0.8)**
Corporate overheads	**(21.1)**	**(16.6)**
Restructuring & Reorganisation	**-**	**(15.8)**
Foreign exchange gains and losses on inter-segment transactions	**0.5**	**(0.1)**
Share of post-tax profit of joint ventures	**0.1**	**0.9**
Net financing expense	**(0.8)**	**(0.5)**
Published Group profit before tax	**13.0**	**(6.1)**

There have been no changes to the basis of segmentation or the measurement basis for the segment profit since 31 December 2010.

Note 3: Exceptional items

Exceptional items are those that in management's judgement need to be disclosed by virtue of their size or incidence. To enable a clearer understanding of the Group's underlying performance and to assist comparability between periods, the exceptional items have been reported separately in the income statement.

During 2010, the following exceptional items were charged to the income statement:

1. Restructuring costs as a result of our UK restructuring programme of £15.8 million, this balance consists of expenditure on the following categories: reorganisation costs, space reduction costs, closure costs and other related costs.
2. An onerous lease and other property related provisions were identified during the restructure as being no longer required, which were released.

There were no exceptional items charged to the income statement in the current period.

Note 4: Dividends

Equity dividends on ordinary shares paid during the period:

£m	**Six months ended 30 June 2011**	Six months ended 30 June 2010
Final dividend for the year ended 31 December 2010: 1.75 pence per share (2009: 1.6 pence per share)	**16.5**	**15.2**

Note 5: Goodwill and indefinite life intangible assets

As at 30 June 2011, the carrying value of the Group's goodwill and indefinite life intangible asset was £277.1 million and £11.2 million respectively (31 December 2010: £282.4 million and £11.2 million respectively). The last annual review of the carrying value of the goodwill and indefinite life intangible was performed as at 31 October 2010 (and updated in February 2011) for the year ended 31 December 2010.

Note 6: Property, plant and equipment

During the six months ended 30 June 2011, the Group acquired assets with a cost of £36.0 million (30 June 2010: £22.0 million). Assets with a net book of value £0.1 million (30 June 2010: £0.1 million) were disposed of during the period for £nil million (30 June 2010: £nil million).

Capital expenditure authorised and contracted for but not provided for in the accounts amounted to £39.6 million (30 June 2010: £16.5 million).

Note 7: Analysis of net financial resources

£m	At 1 Jan 2011	Cash flow	Non-cash changes	Exchange movement	**At 30 June 2011**
Cash and cash equivalents	**194.2**	**14.3**	**-**	**(0.2)**	**208.3**
Liquid Investments	**10.4**	**(10.4)**	**-**	**-**	**-**
Gross cash	**204.6**	**3.9**	**-**	**(0.2)**	**208.3**
Debt due within one year	(5.5)	0.5	4.1	0.1	**(0.8)**
Debt due after one year	(3.4)	0.8	(4.1)	-	**(6.7)**
Finance leases due within one year	(2.3)	0.4	0.2	0.1	**(1.6)**
Finance leases due after one year	(1.9)	0.7	(0.2)	-	**(1.4)**
	(13.1)	2.4	-	0.2	**(10.5)**
Net financial assets	**191.5**	6.3	**-**	**-**	**197.8**

Cash, cash equivalents and liquid investment balances held by the Group that are not available for use (''Blocked Cash'') amounted to £20.2 million at 30 June 2011 (December 2010: £32.6 million).
Of this balance, £11.6 million (December 2010: £23.4 million) is pledged as security against outstanding bank guarantees and a further £8.6 million (December 2010: £9.2 million) is pledged against various other commitments of the Group.
Liquid investments represent corporate bonds and cash placed on deposit by the Group with a maturity over three months. Non-cash changes comprise the amortisation of debt issue costs, new finance leases entered into and movements in debt maturity.

Note 8: Share based payment

During the period the Group awarded nil options (2010: 2,072,764) and nil conditional share awards (2010: 827,708) under the Long term Incentive Plan and 2,100,000 (2010: 4,949,602) options under the Share Option Plan. During 2011 no awards were made under the Co-Investment Plan (2010: nil options and nil conditional share awards)

Note 9: Contingent liabilities

The Group has bank guarantees and letters of credit held with certain banks amounting to £96.1 million (December 2010: £102.2 million). There are no material lawsuits pending against the group.

Note 10: Related parties

The nature of related parties as disclosed in the consolidated financial statements for the Group as at and for the year ended 31 December 2010 has not changed.

£m	Amounts owed by related party	Amounts owed to related party
2011		
Joint Ventures	**2.7**	**(1.1)**
2010		
Joint Ventures	3.6	(0.2)

As at 30 June 2011, £nil of the amounts due to the Group have been provided for (2010: £nil). Transactions with related parties did not have a material effect on the financial results for the six months ended 30 June 2011.

During the period the Group acquired goods and services from a company indirectly controlled by a director of the Company amounting to £8,064 (2010: £nil).

Compensation paid to the key management personnel of the Group will be disclosed in the Group's Annual Report and Accounts for the year ending 31 December 2011.

Note 11: Acquisition of non-controlling interests

On 31 May 2011, the Group acquired the remaining 40.95% interest in Regus Business Centres Canada Limited for £3.9 million. The carrying amount of Regus Business Centres Canada Limited's net assets on the date of acquisition was a net liability of £2.9 million.

Note 12: Events after the balance sheet date

There were no material events occurring since the balance sheet date affecting the financial results or financial position of the Group.

Note 13: Earnings per share

Earnings per ordinary share (EPS):	**Six months ended 30 June, 2011**	**Six months ended 30 June, 2010**
Basic (p)	**2.5**	(0.8)
Diluted (p)	**2.5**	(0.8)
Basic before exceptionals (p)	**2.5**	0.9
Diluted before exceptionals (p)	**2.5**	0.9

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Board of Directors approved this document on 25 August 2011.

The Directors confirm that to the best of their knowledge this unaudited condensed interim consolidated financial information has been prepared in accordance with IAS 34 as adopted by the European Union and that the Interim Management Report herein includes a fair review of the information required by DTR 4.2.7 and DTR 4.2.8 of the Disclosure and Transparency Rules.

After making enquires, the Directors have a reasonable expectation that the Group has adequate resources to continue in existence for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing this Interim Management Report.

The Directors of Regus Plc are listed in the Group's Annual Report and Accounts for the year ended 31 December 2010.

A list of current Directors is maintained on the Regus plc website: http://www.regus.com/aboutus/leadership.htm

By order of the Board

Mark Dixon	Stephen Gleadle
Chief Executive Officer	Chief Financial Officer

30 August 2011

This half yearly announcement contains certain forward looking statements with respect to the operations of Regus. These statements and forecasts involve risk and uncertainty because they relate to events and depend upon circumstances that may or may not occur in the future. There are a number of factors that could cause actual results or developments to differ materially from those expressed or implied by these forward looking statements and forecasts. Nothing in this announcement should be construed as a profit forecast.

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Independent Auditor's Report on Review of the condensed consolidated interim financial information

Introduction

We have reviewed the accompanying condensed consolidated interim balance sheet of Regus plc (société anonyme) and its subsidiaries (the "Group") as at 30 June 2011 and the related condensed consolidated interim statements of income, comprehensive income, changes in equity and cash flows, and the notes thereto for the six month period then ended (the "condensed consolidated interim financial information") as set out on pages 13 to 21. The Board of Directors is responsible for the preparation and presentation of this condensed consolidated interim financial information in accordance with IAS 34 "Interim Financial Reporting" as adopted by the European Union. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" as adopted for Luxembourg by the Commission de Surveillance du Secteur Financier. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial information as at 30 June 2011 is not prepared, in all material respects, in accordance with IAS 34 "Interim Financial Reporting" as adopted by the European Union.

Other matter

We draw your attention to the fact that we have neither audited nor reviewed the corresponding figures of the Group as at 30 June 2010 and for the six-month period then ended, or any of the related notes, and accordingly, we express neither an audit opinion nor a review conclusion on them.

Luxembourg, 25 August 2011

KPMG Audit S.à r.l.
Cabinet de révision agréé

Thierry Ravasio

Other Information

Segmental analysis – management basis (unaudited)

	Americas	EMEA	Asia Pacific	UK	All other segments	Total
	2011	2011	2011	2011	2011	2011
Mature						
Workstations	70,618	34,338	21,711	33,302	-	159,969
Occupancy (%)	86.6	82.4	84.8	84.4	-	85.0
Revenue (£m)	212.5	138.9	68.8	93.0	0.9	514.1
Contribution (£m)	58.8	35.1	20.4	14.3	0.3	128.9
2010 Expansions						
Workstations	7,090	2,791	3,736	4,493	-	18,110
Occupancy (%)	81.2	72.8	72.5	76.5	-	76.9
Revenue (£m)	17.6	9.3	9.6	11.2	-	47.7
Contribution (£m)	2.8	(0.3)	1.5	0.6	-	4.6
2011 Expansions						
Workstations	338	817	818	257	-	2,230
Occupancy (%)	30.4	37.0	35.4	57.9	-	37.8
Revenue (£m)	0.2	1.1	1.0	0.3	-	2.6
Contribution (£m)	(1.1)	(1.3)	(1.0)	(0.2)	-	(3.6)
Closures						
Workstations	133	60	110	101	-	404
Occupancy (%)	55.6	50.0	86.4	57.4	-	63.6
Revenue (£m)	0.3	0.1	0.5	0.1	0.2	1.2
Contribution (£m)	(0.2)	0.1	(0.7)	-	0.2	(0.6)
Totals						
Workstations	78,179	38,006	26,375	38,153	-	180,713
Occupancy (%)	85.8	80.7	81.5	83.3	-	83.6
Revenue (£m)	230.6	149.4	79.9	104.6	1.1	565.6
Contribution (£m)	60.3	33.6	20.2	14.7	0.5	129.3
Unallocated contribution (£m)	-	-	-	-	-	0.1
REVPAW (£)	5,899	7,862	6,059	5,478	-	6,260

Segmental analysis – management basis (unaudited)(continued)

	Americas	EMEA	Asia Pacific	UK	All other segments	Total
	2010	**2010**	**2010**	**2010**	**2010**	**2010**
Mature						
Workstations	71,116	33,929	21,539	33,801	-	160,385
Occupancy (%)	78.2	76.6	77.2	72.7	-	76.6
Revenue (£m)	211.7	137.7	66.4	88.1	0.6	504.5
Contribution (£m)	48.2	35.1	21.0	3.7	0.5	108.5
2010 Expansions						
Workstations	406	906	853	202	-	2,367
Occupancy (%)	26.9	66.8	28.4	12.9	-	41.6
Revenue (£m)	0.4	2.8	0.8	0.1	-	4.1
Contribution (£m)	(1.0)	(0.1)	(1.1)	(0.1)	-	(2.3)
2010 Closures						
Workstations	1,033	133	160	556	-	1,882
Occupancy (%)	73.2	72.6	50.0	58.2	-	66.8
Revenue (£m)	2.4	0.4	0.3	0.5	-	3.6
Contribution (£m)	(0.6)	(0.1)	(0.2)	(0.5)	-	(1.4)
2011 Closures						
Workstations	559	388	165	141	-	1,253
Occupancy (%)	69.5	75.0	80.0	53.8	-	70.8
Revenue (£m)	0.9	1.3	0.8	0.2	0.1	3.3
Contribution (£m)	0.2	0.2	(0.4)	(0.1)	0.1	-
Totals						
Workstations	73,114	35,356	22,717	34,700	-	165,887
Occupancy (%)	77.7	76.3	75.2	72.1	-	75.9
Revenue (£m)	215.4	142.2	68.3	88.9	0.7	515.5
Contribution (£m)	46.8	35.1	19.3	3.0	0.6	104.8
Unallocated contribution (£m)	-	-	-	-	-	0.7
REVPAW (£)	5,892	8,045	6,013	5,125	-	6,215

Notes:

- The mature business comprises centres not opened in the current or previous financial year
- Expansions include new centres opened and acquired businesses.
- A 2011 closure is defined as a centre closed during the period from 1 January 2011 to 30 June 2011. A 2010 closure is defined as a centre closed during the period from 1 January 2010 to 31 December 2010
- Workstation numbers are calculated as the weighted average for the period.