Regus
Work your way

28 August 2012

REGUS PLC – INTERIM RESULTS ANNOUNCEMENT – SIX MONTHS ENDED 30 JUNE 2012

"Strong performance – strong demand, continued network growth and substantial improvement in profitability"

Regus, the world's largest provider of flexible workplaces, announces today its half year results for the six months ended 30 June 2012.

£m	H1 2012	H1 2011 (Restated)	Change
Group			
Revenues	608.6	565.6	7.6%
Gross profit	153.2	130.2	18%
Gross margin	*25.2%*	*23.0%*	
Operating profit	34.2	15.1	126%
Operating margin	*5.6%*	*2.7%*	
Adjusted operating Profit**	23.3	14.3	63%
Profit before tax	32.2	13.8	133%
Earnings per share (p)	2.9	2.7	7%
Dividend per share (p)	1.0	0.9	11%
Mature*			
Revenues	568.0	553.4	2.6%
Gross profit	160.7	133.7	20%
Gross margin	*28.3%*	*24.2%*	
Operating profit	75.3	33.3	126%
Operating margin	*13.3%*	*6.0%*	
Adjusted operating profit**	68.1	33.9	101%
*Adjusted operating margin***	*12.0%*	*6.1%*	
Mature EBITDA	100.9	68.9	46%
Notional mature basic EPS (p)	6.2	2.7	130%
Mature free cash flow	53.7	65.0	(17)%

*Centres opened on or before 31 December 2010 **Before accounting changes as announced on 19 July 2012

FINANCIAL HIGHLIGHTS

- Group revenue growth of 7.6%, Mature like-for-like revenue growth of 2.6%
- Adjusted** Group operating profit increased 63% to £23.3m (H1 2011: £14.3m)
- Adjusted** Mature operating profit doubled to £68.1m (H1 2011: £33.9m) with a mature operating margin improvement from 6.1% to 12.0%
- Notional Mature EPS increased from 2.7p (2.8p adjusted**) to 6.2p (5.6p adjusted**)
- Interim dividend increased 11% to 1.0p (H1 2011: 0.9p)
- Strong balance sheet with net cash of £153.3m
- New £200m revolving credit facility offering further flexibility for future growth

STRATEGIC & OPERATIONAL HIGHLIGHTS

- Continued strong performance from the mature business
- Substantial investment of £65.1m in new centres - 2011 new centres progressing as expected, turning contribution positive in Q2; 76 (2011: 48) new centres in H1
- 1,268 centres in 96 countries, offering an extensive global and national network to approximately 1.2 million members
- New Enterprise Programme deals with Adobe, Aviva and Telefonica amongst many others
- Third Place partnerships announced with NS Trains (Netherlands) and Extra Motorway Services (UK). Strong pipeline in place

Mark Dixon, Chief Executive of Regus plc said:

"I am pleased to be reporting another period of profitable growth across our business at a tough time for the global economy.

Our mature business saw strong demand across all geographies and customer types, with profitability more than doubling on the back of improvements in occupancy and yield management.

We continue to invest to satisfy this growth in demand, adding another 76 centres in the period. Our new centres are performing well, endorsing our growth strategy.

At the same time, Regus continues to innovate, developing new products and services. This maximises revenues from our existing centres and gives customers more reasons to come to Regus.

Overall, our business continues to perform well and in line with our expectations."

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Chief Executive's Review

Regus has delivered another strong performance. Revenues increased by 7.6% to £608.6m (2011: £565.6m), operating margin improved by 2.9 percentage points to 5.6% and reported operating profit more than doubled to £34.2m. The balance sheet is strong with net cash of £153.3m and we have secured a new four-year £200 million revolving credit facility providing us further flexibility to fund growth to meet the growing demands of our customer base. The reported results also, as previously announced, benefit from the accounting changes we implemented with effect from 1 January 2012. Accordingly, we set out in the table below the impact of these changes to highlight the strong underlying performance.

£m	Reported 2012	Accounting Changes	Adjusted 2012		Adjusted 2011	Accounting Changes	Reported 2011
Revenue	608.6		**608.6**		**565.6**		565.6
Gross Profit (centre contribution)	**153.2**	**(10.9)**	**142.3**		**129.4**	**(0.8)**	**130.2**
Gross margin	*25.2%*		***23.4%***		***22.9%***		*23.0%*
Operating profit	**34.2**	**(10.9)**	**23.3**		**14.3**	**(0.8)**	**15.1**
Operating margin	*5.6%*		***3.8%***		***2.5%***		*2.7%*
Profit before tax	**32.2**	**(10.9)**	**21.3**		**13.0**	**(0.8)**	**13.8**
Taxation	(5.1)	0.9	**(4.2)**		**10.3**	-	10.3
Profit for the period	**27.1**	**(10.0)**	**17.1**		**23.3**	**(0.8)**	**24.1**
EBITDA	66.4	(3.1)	**63.3**		**50.7**	(1.4)	52.1
EBITDA margin	*10.9%*		***10.4%***		***9.0%***		*9.2%*

Our vision remains clear; to be everywhere people and businesses, large or small, want to work and to be the platform from which they work - mobile or fixed, virtual or physical.

This structural shift towards mobile and flexible working results in continued demand for Regus' products and services across all geographies. Our extensive and growing global and national networks enable us to attract more customers who recognise our unique proposition in terms of breadth of services and reach of locations. The continued delivery of this strategy gives management confidence that Regus' core proposition is compelling at all stages of the economic cycle and to all categories of customers.

We have doubled our investment in new product and service innovation and this continues to deliver incremental business development opportunities. We believe this investment, which our global scale affords, will be critical in continuing to grow our membership base, which now stands at approximately 1.2 million, up 18% since year end.

Our targeting of larger companies (which arguably gain most benefit from our extensive network) is yielding encouraging results with new Enterprise Programme deals signed during the first half, including Adobe, Telefonica and Aviva among many others. We expect to make further progress over the remainder of the year.

Business review

We look at our business in three distinct parts – Mature, New and Third Place. They are closely interlinked and contribute to each other's success. They have each made solid progress.

Mature Business
Well established and consistently high performing, our Mature Business is the backbone of the company. It continues to deliver robust year-on-year improvements across a number of key sales and operational areas. Its performance has been enhanced by the further roll-out of our country management structure.

We continue to actively manage our mature centres to sustain high levels of occupancy, which remained strong at 85.9% (H1 2011 84.4%). Revenue per Occupied Workstation (REVPOW) in the first half of 2012 increased to £3,800, an increase of 2.4% (up £89) at constant currency rates and 1.3% (up £47) at actual rates, a clear sign of improved yield management. Margin gains were equally strong - on an adjusted basis (i.e. excluding accounting changes) gross profit margins improved 2.7 percentage points to 27.0%. Finally, cash generation has remained strong, allowing the business to invest in growth.

New Business
We continue to invest on the back of strong customer demand. Over the period, the business invested £65.1m (H1 2011: £37.0m) in new centres. We opened 76 new centres in the period (2011: 48) and extended its geographic footprint to 96 countries (H1 2011: 88). Against the 1 January 2012 position, this led to an increase in total workstation capacity (including non-consolidated) of 4.4% to 212,995 and the number of consolidated workstations by 4.7% to 203,080 workstations as at 30 June 2012.

The business remains on track to add at least 200 new centres this year and we continue to have confidence in our target of 2,000 by 2014. To achieve this, our new development team is delivering a strong pipeline of organic opportunities and, as always, we remain mindful of opportunities to acquire centres if the Group's financial criteria can be met.

Our 2011 openings are performing in line with expectations and, overall, made a positive contribution in the second quarter.

Third Place
We continue to see significant long-term potential in developing a diverse range of workplaces in third place locations. These spaces, such as motorway service stations and rail stations, are ones from which people are increasingly likely to work when on the move, and which are enabled primarily by ever more mobile technology. Deals have been signed with NS Trains (Netherlands), which has resulted in Regus' Third Place locations opening on platforms across the Dutch rail network, and Extra Motorway Services (UK) for motorway locations in the South of England. The business remains in its infancy but the deals signed and the pipeline in place, give management confidence in its global potential. As previously indicated, these opportunities are subject to the same stringent financial hurdles as the rest of our business.

Regional review

All regions showed positive growth, at constant currency, and margin expansion. On a regional basis, mature revenues and centre contribution can be analysed as follows:

	Revenue		Contribution		Reported Mature* Margin (%)		Adjusted** Mature Margin (%)	
£ Million	**2012**	**2011**	**2012**	**2011**	**2012**	**2011**	**2012**	**2011**
Americas	242.7	228.8	75.6	61.8	31.1%	27.0%	30.4%	27.1%
EMEA	139.8	144.8	40.3	35.6	28.8%	24.6%	27.6%	24.7%
Asia Pacific	81.5	77.3	27.4	21.0	33.6%	27.2%	30.2%	27.4%
UK	103.3	101.4	16.3	14.8	15.8%	14.6%	14.8%	14.7%
Other	0.7	1.1	1.1	0.5	-	-	-	-
Total	**568.0**	**553.4**	**160.7**	**133.7**	**28.3%**	**24.2%**	**27.0%**	**24.3%**

**The mature business comprises centres owned and operated on or before 31 December 2010*

*** The adjusted mature margin is before the impact of accounting changes implemented from 1 January 2012*

AMERICAS

Our Americas business posted another strong performance. Mature revenues were up 6.1% on 2011 to £242.7m (up 5.2% at constant currency), average mature occupancy strengthened to 88.8% (H1 2011: 86.3%), and on an adjusted basis mature gross margins improved to 30.4% (H1 2011: 27.1%). Over the period 39 centres were added, which increased the average number of workstations from 78,179 in 2011 to 87,644 for the period. The robust nature of our Mature Business continues to be underpinned by the solidity of our significant US business and we see many exciting opportunities in Latin America.

EMEA

Our EMEA business has continued to improve over the period. Mature occupancy increased to 83.7% (H1 2011: 82.2%). Constant currency revenues posted an improvement in the first half of 2012 of 2.6%. At the same time, mature gross margin, adjusted to remove the impact of the accounting changes, advanced to 27.6% (H1 2011: 24.7%). We added 16 centres in EMEA, taking our total to 327 which contributed to the increase in the average number of workstations from 38,006 in 2011 to 40,432 in 2012. We continue to seek and find good growth opportunities across the region.

ASIA PACIFIC

Our Asia Pacific business continues to perform well. This dynamic region also presents numerous opportunities for growth. Currently operating 177 mature centres across 16 countries, the region delivered revenues of £81.5 million, up 5.4% on 2011 (up 4.3% at constant currency) and achieved an average mature occupancy of 85.5% (H1 2011: 83.0%). At the same time, adjusted mature gross margins improved to 30.2% (H1 2011: 27.4%). We added 20 centres which increased the average number of workstations from 26,375 in 2011 to 32,146 in 2012. Since the half year, we have also completed the acquisition of 10 centres in Japan, further strengthening our business there.

UK

The UK market remains challenging. Whilst our business is profitable, progress in improving its financial performance remains slow despite operational improvements to the underlying business. The business, which numbers 155 mature centres, delivered revenues of £103.3 million, up 1.9% on 2011 and adjusted mature gross margins were broadly flat at 14.8% (2011: 14.7%). The average number of workstations remained steady at 38,195 (2011: 38,153). Mature occupancy through the first half was 82.5% (2011: 83.5%), which remains below the Group average and our targets. We remain confident about the long-term future of this market, but the short-term outlook remains difficult.

Dividend

In light of the Group's continued strong cash generation, and in line with our progressive dividend policy, the Board has declared an increased interim dividend of 1.0p per share (H1 2011: 0.9p), up 11%. This will be paid on 5 October 2012 to shareholders on the register at the close of business on 7 September 2012.

Outlook

Regus has delivered another period of profitable growth across our business at a tough time for the global economy.

Our Mature Centres business saw strong customer demand across all geographies and customer types, with profitability more than doubling on the back of the improvements in occupancy and yield management.

The structural shift to flexible working continues to drive our strategic growth plans and organisation. To satisfy demand we continue to invest, adding a further 76 centres in the period and signing additional Third Place agreements. New centre openings continue to perform well, a strong endorsement of our expansion strategy.

At the same time, Regus continues to innovate, developing new products and services. This maximises revenues from our existing centres and gives customers more reasons to come to Regus.

Overall, our business continues to perform well and in line with our expectations.

Mark Dixon
Chief Executive Officer
Regus plc
28 August 2012

FINANCIAL REVIEW

Regus has delivered a strong financial performance against the corresponding period last year.

As previously highlighted, to properly understand the fundamental underlying performance of the business it is important to look at the mature and new business performance separately. This separation highlights the changing financial characteristics of the business over the maturity cycle, with new centres dragging on profitability when they first open, before they improve revenues and profits as they fill up. The overall weight of this drag is influenced by the pace of new centre openings. We therefore remain consistent in our approach by showing our results analysed between mature (those centres open on or before 31 December 2010) and new centres (opened on or after 1 January 2011).

Accounting changes

Following a review of our accounting policies on asset capitalisation and depreciation, on 19 July 2012 we announced details of two changes (effective from 1 January 2012) to better reflect the underlying economic reality of the business in the financial statements. As expected these changes have materially benefited reported profitability and, where appropriate, we have highlighted the net impact of these changes on the Group's performance. As indicated in the announcement, there is no impact on Group cash flow.

The first change related to the estimation of the useful economic lives of a number of classes of assets. The most significant change related to fixtures and fittings where the useful economic life of this asset class is now 10 years and not the lower of 10 years or the remaining lease period. The effect of this change on these interim results has been to reduce depreciation and increase operating profit by £8.7m (£7.8m for the mature estate and £0.9m for the new 2011 openings). EBITDA and cash flow are unaffected.

The second change was the decision to capitalise facility costs, including rent, incurred in bringing centres to the state of operational readiness, and depreciate these costs over 10 years. As this was a change in accounting policy, the results for 2011 have been restated accordingly. The incremental impact on these interim results has been to increase operating profit by £2.2m (H1 2011: £0.8m). This change has negatively impacted the profitability of the Mature Centres business through a higher level of depreciation relating to the facility costs, now capitalised and depreciated over 10 years but previously written off as expensed on opening. Conversely, the New Centre business benefits as these costs are now capitalised rather than expensed. The Mature Centre business incurred an increased depreciation charge of £0.6m and the net impact on the New Centre business was a positive £2.8m. Cash flows were unaffected by this change.

New banking facility

On 6 August of 2012, the Group signed a four-year, £200m revolving credit facility with a consortium of six banks. This will help to support the investment required in growing our business as we respond to increasing demand for our products and services from our customers.

Mature Centres business (centres open on or before 31 December 2010)

At the end of June 2012, we had 1,053 mature centres which represented 83% of our global portfolio. Our Mature Centre business has continued to perform well. Our 2010 openings joined our Mature Business on 1 January 2012. The 2010 openings significantly narrowed the performance gap with the Mature 2009 business during the first half, with a gross margin before depreciation & amortisation margin of 28.9%, compared to 32.5% on the 2009 Mature Centre business. The 2010 openings have not, therefore, materially diluted the overall performance of the mature estate.

The table below shows the year-on-year interim performance of our Mature Centres.

£m	Reported 2012	Accounting Changes	**Adjusted 2012**		**Adjusted 2011**	Accounting Changes	Reported 2011		Reported % Increase	**Adjusted % Increase**
Revenue	568.0	-	**568.0**		**553.4**	-	553.4		2.6%	**2.6%**
Gross Profit (centre contribution)	160.7	(7.2)	**153.5**		**134.3**	0.6	133.7		20%	**14%**
Gross Margin	*28.3%*	-	***27.0%***		***24.3%***	-	*24.2%*			
Overheads	(85.1)	-	**(85.1)**		**(100.5)**	-	(100.5)		15%	**15%**
Joint ventures	(0.3)	-	**(0.3)**		**0.1**	-	0.1			
Operating profit	75.3	(7.2)	**68.1**		**33.9**	0.6	33.3		126%	**101%**
Operating margin	*13.3%*	-	***12.0%***		***6.1%***	-	*6.0%*			
EBITDA	100.9	-	**100.9**		**68.9**	-	68.9		46%	**46%**
EBITDA margin	*17.8%*	-	***17.8%***		***12.5%***	-	*12.5%*			

Like-for-like revenue growth of our Mature Centres in the first half of 2012 was 2.6% (3.8% at constant currency), with average occupancy for the period of 85.9% being maintained at the historically high levels achieved in 2011, REVPOW also improved to £3,800, an increase of 2.4% at constant currency (up £89) and 1.3% (up £47) at actual rates reflecting the overall adverse effect of currency translation as a result of the relative strength of sterling. The underlying increase in REVPOW continues the trend of incremental pricing improvement from the low point reached in the first half of 2011.

Reported gross profit (centre contribution) increased 20% to £160.7m from £133.7m. Excluding the impact of the accounting change, there was an underlying 14% improvement, reflecting the operational leverage benefit of higher revenue and continued focus on all centre costs. Accordingly, the underlying gross margin has increased from 24.3% to 27.0%.

Overheads allocated to the mature estate declined from £100.5m in the corresponding period to £85.1m as the Group benefited from its ability to leverage its cost base across a larger number of centres. As a result, overheads as a percentage of revenue declined from 18.2% of mature revenues in the first half of 2011 to 15.0% for the six months ended 30 June 2012.

Accordingly, our reported mature operating profit increased 126% from £33.3m to £75.3m, improving the operating margin from 6.0% to 13.3%. Excluding the impact of the accounting change, underlying operating profits increased 101% from £33.9m to £68.1m. Similarly, mature reported EBITDA increased from £68.9m to £100.9m with the margin improving from 12.5% to 17.8%.

We set out below a notional EPS calculation on our mature business on both a reported and adjusted basis, which, given the accounting changes implemented, provides a clearer picture of the development in operating performance of the business.

£m	Reported 2012	Accounting Changes	**Adjusted 2012**		**Adjusted 2011**	Accounting Changes	Reported 2011		Reported % Increase	**Adjusted % Increase**
Mature operating profit	75.3	(7.2)	**68.1**		**33.9**	0.6	33.3		126%	**101%**
Net finance charge	(2.0)	-	**(2.0)**		**(1.3)**	-	(1.3)		54%	**54%**
Tax at 20%	(14.7)	1.5	**(13.2)**		**(6.5)**	(0.1)	(6.4)		129%	**103%**
Notional mature profit after tax	58.6	(5.7)	**52.9**		**26.1**	0.5	25.6		129%	**103%**
Notional mature EPS (p)	6.2		**5.6**		**2.8**		2.7		130%	**100%**

In line with the strong growth in operating profit, notional mature EPS has increased strongly. Excluding the impact of the accounting changes notional mature EPS doubled to 5.6p from 2.8p for the corresponding period in 2011. The Board believes that mature earnings per share provide the most meaningful measure of the underlying earnings performance of the Group.

Cash generation remains an attractive characteristic of the Mature Business and has again made a significant contribution to funding new centre growth.

Mature Centres Cash Flow

The following table illustrates the free cash flow arising from our mature centres.

£m	2012	2011
EBITDA	100.9	68.9
Working capital (estimated)	(7.8)	16.6
Maintenance capital expenditure	(24.7)	(14.3)
Other items (allocated)	(1.7)	0.3
Finance costs (all allocated to mature)	0.2	-
Tax*	(13.2)	(6.5)
Mature free cash flow	**53.7**	**65.0**

* Tax at 20% of adjusted profit before tax

Maintenance capital expenditure increased to £24.7m in H1 2012, as it returned to more normalised levels, consistent with the £25.1m invested in the second half of 2011.

Working capital moved to an outflow of £7.8m in H1 2012, versus an inflow of £16.6m in H1 2011, reflecting the fact that H1 2011 benefited from customer deposit inflows on the back of improving occupancy, as well as timing distortions of H1 2012 versus H1 2011.

Mature free cash flow generation in the first half of 2012 represents 5.7p per share.

New Centres (open on or after 1 January 2011)

Driven by strong customer demand, we continued to invest in growing our business and expanding our global footprint. At the end of June, we had 215 new centres, comprising 17% of the total number of centres. 76 of these new centres were opened during the course of the first half compared to 48 in the corresponding period of 2011. This increase is in line with our planned acceleration of new centre openings in order to reach our target of at least 200 by year-end.

As we have already discussed, these new centres represent a significant and growing drag (as we increase the pace of openings) on the Group’s income statement. In addition to the heavy investment in central overheads required to get a centre open, it makes a negative gross margin as occupancy builds.

The table below illustrates the impact on the income statement of these new openings as well as the impact of the accounting changes implemented.

£m	Reported 2012	Accounting Changes	**Adjusted 2012**		**Adjusted 2011**	Accounting Changes	Reported 2011
2011 Openings	34.4	-	**34.4**		**3.1**	-	3.1
2012 Openings	4.6	-	**4.6**		**-**	-	-
Revenues	**39.0**	**-**	**39.0**		**3.1**	**-**	**3.1**
2011 Openings	(0.4)	(0.7)	**(1.1)**		**(3.7)**	(1.4)	(2.3)
2012 Openings	(5.6)	(3.0)	**(8.6)**		-	-	-
Gross profit (centre contribution)	(6.0)	(3.7)	**(9.7)**		**(3.7)**	(1.4)	(2.3)
Overheads	(33.3)	-	**(33.3)**		**(13.2)**	-	(13.2)
Operating profit	**(39.3)**	**(3.7)**	**(43.0)**		**(16.9)**	**(1.4)**	**(15.5)**
EBITDA	(33.0)	(3.1)	**(36.1)**		**(16.2)**	(1.4)	(14.8)

The 2011 openings are progressing to maturity in line with management’s expectations. With the weighting of openings in 2011 towards the end of the year, and being primarily organic, these centres have weighed heavily on profitability in the first half of 2012, as they entered the current year at peak operating loss levels. There was, therefore, a negative gross profit on the 2011 openings of £0.4m. However, these centres continued to fill rapidly through the first half and, therefore, for the second quarter in isolation, they contributed positive gross profit of £1.8m, or 9.5% of gross margin.

As anticipated, the openings in 2012 delivered a negative gross profit of £5.6m.

Notwithstanding the accounting changes implemented which, as previously highlighted, mitigate some of the initial financial drag at the gross margin level, the new openings remain resource hungry. In the first half of 2012, the allocation of central overheads to support the new centres increased significantly to £33.3m (2011: £13.2m) as the overall number of new centres and the pace of openings accelerated. As a result, new centres created an overall negative contribution of £39.3m on the income statement for the first half of 2012 compared to £15.5m for the corresponding period in 2011.The financial burden from new centres for the second half is expected to diminish as these already open centres continue to progress. It is anticipated that this will be partially offset by additional initial losses from the openings planned in the second half.

We set out below the cash flow impact of the investment in new centres:

£m	2012	2011
EBITDA	(33.0)	(14.8)
Working capital (estimated)	23.8	2.9
Growth capital expenditure	(64.3)	(28.8)
Tax (at 20% or cash flow if higher)	8.4	3.7
Net investment in new centres	**(65.1)**	**(37.0)**

During the first half of 2012, the Group invested £65.1m in growing the business. New centres continue to have a positive impact on working capital. Every potential new centre location is evaluated by the investment committee and has to meet stringent financial hurdles before being approved.

Closures

As previously explained, our centre portfolio is constantly being reviewed against strong performance criteria. During the first half of 2012, we closed 11 centres (H1 2011: 12). These centres contributed to an operating loss of £1.8m, against a loss of £2.7m in the corresponding period.

Third Place

Third Place opportunities gained momentum during the first half of 2012, although it still remains too early to evaluate the full financial potential, both in terms of investment and returns. There is, however, no relaxation of our investment criteria in appraising potential opportunities.

Group operating performance

Overall, group revenues increased 7.6% from £565.6m to £608.6m. Reported gross profit increased 17.7% from £130.2m to £153.2m and, with the operational leverage enjoyed by the business, reported operating profit doubled to £34.2m from £15.1m. Excluding the impact of the accounting changes, underlying performance was also strong with gross profit improving 10% to £142.3m and operating profits 63% ahead of the corresponding period at £23.3m.

Administration expenses, which were unaffected by the accounting changes, remain an area of focus and dropped to 19.5% of sales in the first half of 2012 (2011: 20.4%). The overall increase in overheads was just 3% from £115.2m to £118.7m. As previously indicated, this increase mainly reflects investment in our property team and product development functions. Other costs have been rigorously controlled. This is a particularly creditable performance given the overhead resource hungry nature of our accelerated pace of growth.

The tables below provide a reconciliation of the Group's reported results across the maturity spectrum.

£m	Mature centres 2012	New centres 2012	Closed centres 2012	Total 2012
Revenue	568.0	39.0	1.6	608.6
Cost of sales	(407.3)	(45.0)	(3.1)	(455.4)
Gross profit (centre contribution)	160.7	(6.0)	(1.5)	153.2
Administration expenses	(85.1)	(33.3)	(0.3)	(118.7)
Share of profit of joint ventures	(0.3)	-	-	(0.3)
Operating profit (before exceptional items)	**75.3**	**(39.3)**	**(1.8)**	**34.2**

£m	Mature centres 2011	New centres 2011	Closed centres 2011	Total 2011
Revenue	553.4	3.1	9.1	565.6
Cost of sales	(419.7)	(5.4)	(10.3)	(435.4)
Gross profit (centre contribution)	133.7	(2.3)	(1.2)	130.2
Administration expenses	(100.5)	(13.2)	(1.5)	(115.2)
Share of profit of joint ventures	0.1	-	-	0.1
Operating profit (before exceptional items)	**33.3**	**(15.5)**	**(2.7)**	**15.1**

Overheads allocation methodology

The methodology by which we have allocated overheads to the various elements of our business for the half year is consistent with that used in presenting the 2011 full year results. The allocation continues to reflect the activity drivers in each part of the business.

There are four elements:

- It is estimated that 90% of property team costs are spent on supporting our growth programme;
- Each new centre costs approximately £130,000 to get to the stage of opening. This reflects the cost of management time, sales and marketing set-up costs (these costs are deducted before the allocation of sales and marketing costs as outlined below), human resources recruitment and training costs, and administrative and finance set-up costs;
- For the remainder of the sales and marketing costs the principle is that the allocation is made on the basis of new workstation sales as the nature of the spend is to generate new enquiries and convert these into new sales; and,
- For all other overhead costs we follow the principle of allocating the costs pro-rata by reference to available workstation numbers.

Net finance costs

Net finance costs increased from £1.3m in H1 2011 to £2.0m this year. This net charge will be impacted in the second half of 2012 by additional costs relating to the £200m revolving credit facility mentioned above.

Tax

The interim tax charge was 15.8%. This is particularly low as a result of the previously discussed accounting changes, which have had a material impact on reported profitability but limited implications for taxation.

In the comparable period in 2011 the Group recognised a £10.3m tax credit for the period, driven by a deferred tax credit of £7.1m in respect of intangible assets and various provision adjustments of £6.2m as a result of the conclusion of certain open tax issues. Following the issuance of a revised tax ruling in the second half of 2011, the deferred tax credit in respect of intangible assets was not recorded in the annual results for 2011. Consequently the full year tax rate in 2011 was 19.6%.

The Board continues to believe that 20% remains the long-term underlying effective tax rate for the Group.

Earnings per share

The Group earnings per share for the half year increased to 2.9p (H1 2011 restated: 2.7p).

The weighted average number of shares in issue remained broadly unchanged at 941,921,816 (H1 2011: 941,898,916). No shares were repurchased by the Group during the period.

Strong cash generation

The table below reflects the Group's cash flow:

£m	2012	2011
Mature free cash flow	53.7	65.0
New investment in new centres	(65.1)	(37.0)
Closed centres cash flow	(1.5)	(2.0)
Exceptional items	-	(2.6)
Total net cash flow from operations	(12.9)	23.4
Dividends	(18.8)	(16.5)
Corporate financing activities	(0.7)	(2.0)
Opening net cash	188.3	191.5
Exchange movements	(2.6)	1.5
Closing net cash	**153.3**	**197.9**

The mature free cash flow reflects the strength of the underlying business which allows us to fund the investment in new centres.

As planned, we have materially increased our investment in growing the business. In the first half of 2012, we invested £65.1m on new centres compared to £37.0m in the corresponding period.

The first half cash flow carries the weight of paying out the prior year's final dividend payment. This year, after the 14% increase in the 2011 final dividend to 2.0p per share, this cost increased to £18.8m from £16.5m. Prior to this, the Group's net cash position was only marginally down from the opening position of £188.3m despite the acceleration in growth.

Overall the Group's balance sheet remains strong. The new £200m committed revolving credit facility further strengthens the Group's ability to fund the growth of its business.

Strong focus on risk management

The Group's focus on risk management remains absolute. Although we would not be immune to a significant 'economic shock', we continue to build a business with greater resilience and flexibility.

The Group has a very diverse revenue base, given its global reach, extensive range of products, and increasing numbers of customers across a broad spectrum of different industries. As such, its exposure to localised economic issues or the health of individual industries is manageable.

Over recent years the Group has done much to manage the risks associated with its lease obligations, with rental costs being an important part of the Group's cost of sales. The Group's Forward Order Book provides good visibility over our sales in the near term and these equate to almost two years of rental costs. In addition, over 80% of the Group's leases are flexible or fully variable in nature and this percentage continues to grow as we accelerate our new centre opening programme.

The Group's results are exposed to translation risk from the movement in currencies. The movement in exchange rates during the period reduced reported revenue, gross profit and operating profit by £7.0m, £1.8m, and £0.8m respectively, with the strengthening of sterling against the Euro having the greatest impact. Set out in the table below are some of the principal exchange rates affecting the Group's overseas profits and net assets.

Foreign Exchange Rates

Per £ sterling	At 30 June			Half year average		
	2012	2011	%	2012	2011	%
US dollar	1.56	1.61	3	1.58	1.62	2
Euro	1.24	1.11	(12)	1.22	1.14	(7)
Japanese yen	124.2	129.3	4	126.3	132.6	5

Dividends

A final payment of 2.0p per share was paid by Regus plc in May 2012 following shareholder approval (2011: 1.75p).

In line with Regus' progressive dividend policy the Board intends to increase the 2012 interim dividend by 11% to 1.0p per share (H1 2011: 0.9p). The interim dividend will be paid on Friday, 5 October 2012 to shareholders on the register at the close of business on Friday, 7 September 2012.

Dominique Yates
Chief Financial Officer
28 August 2012

Condensed Consolidated Financial Information

Interim Consolidated Income Statement (unaudited)

£m	Notes	**Six months ended 30 June 2012**	Six months ended 30 June 2011 (Restated*)
Revenue		**608.6**	565.6
Cost of sales	1	**(455.4)**	(435.4)
Gross profit (centre contribution)		**153.2**	130.2
Administration expense		**(118.7)**	(115.2)
Share of post-tax profit of joint ventures		**(0.3)**	0.1
Operating profit		**34.2**	15.1
Finance expense		**(2.6)**	(2.0)
Finance income		**0.6**	0.7
Profit before tax for the period		**32.2**	13.8
Tax (charge) / credit		**(5.1)**	10.3
Profit for the period		**27.1**	24.1
Profit attributable to:			
Equity shareholders of the parent		**27.1**	25.4
Non-controlling interests		**-**	(1.3)
Profit for the period		**27.1**	24.1

Earnings per ordinary share (EPS):	**Six months ended 30 June 2012**	Six months ended 30 June 2011 (Restated*)
Basic (p)	**2.9**	2.7
Diluted (p)	**2.9**	2.7

Interim Consolidated Statement of Comprehensive Income (unaudited)

£m	**Six months ended 30 June 2012**	Six months ended 30 June 2011 (Restated*)
Profit for the period	**27.1**	24.1
Other comprehensive income:		
Foreign currency translation differences for foreign operations	**(1.5)**	(7.6)
Other comprehensive income for the period, net of income tax	**(1.5)**	(7.6)
Total comprehensive income for the period	**25.6**	16.5
Total comprehensive income attributable to:		
Equity shareholders of the parent	**25.6**	17.8
Non-controlling interests	**-**	(1.3)
	25.6	16.5

* Restatement described in note 1.

The above interim consolidated income statement should be read in conjunction with the accompanying notes.

Interim Consolidated Statement of Changes in Equity (unaudited)

£m	Notes	Attributable to equity holders of the parent (note a) Share capital	Treasury shares	Foreign currency translation reserve	Revaluation reserve	Other	Retained earnings	Total	Non-controlling interests	Total equity
Balance at 1 January 2011		**9.5**	**(7.1)**	**52.6**	**10.5**	**15.3**	**404.9**	**485.7**	**0.1**	**485.8**
Change in accounting policy	1	-	-	-	-	-	8.4	8.4	-	8.4
Restated balance at 1 January 2011		**9.5**	**(7.1)**	**52.6**	**10.5**	**15.3**	**413.3**	**494.1**	**0.1**	**494.2**
Total comprehensive income for the period:										
Profit for the period (Restated*)		-	-	-	-	-	25.4	25.4	(1.3)	24.1
Other comprehensive income:										
Currency translation differences		-	-	(7.6)	-	-	-	(7.6)	-	(7.6)
Total other comprehensive income, net of income tax		-	-	(7.6)	-	-	-	(7.6)	-	(7.6)
Total comprehensive income for the period		-	-	(7.6)	-	-	25.4	17.8	(1.3)	16.5
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)
Settlement of share awards		-	-	-	-	-	(0.9)	(0.9)	-	(0.9)
Restated Balance at 30 June 2011		**9.5**	**(7.1)**	**45.0**	**10.5**	**15.3**	**417.1**	**490.3**	**-**	**490.3**
Balance at 1 January 2012		**9.5**	**(7.1)**	**48.5**	**10.5**	**15.3**	**412.0**	**488.7**	**-**	**488.7**
Change in accounting policy	1	-	-	-	-	-	12.1	12.1	-	12.1
Restated balance at 1 January 2012		**9.5**	**(7.1)**	**48.5**	**10.5**	**15.3**	**424.1**	**500.8**	**-**	**500.8**
Total comprehensive income for the period:										
Profit for the period		-	-	-	-	-	27.1	27.1	-	27.1
Other comprehensive income:										
Currency translation differences		-	-	(1.5)	-	-	-	(1.5)	-	(1.5)
Total other comprehensive income, net of income tax		-	-	(1.5)	-	-	-	(1.5)	-	(1.5)
Total comprehensive income for the period		-	-	(1.5)	-	-	27.1	25.6	-	25.6
Transactions with owners, recorded directly in equity:										
Share based payments		-	-	-	-	-	0.3	0.3	-	0.3
Ordinary dividend paid	3	-	-	-	-	-	(18.8)	(18.8)	-	(18.8)
Acquisition of non-controlling interests	10	-	-	-	-	-	-	-	-	-
Settlement of share awards		-	-	-	-	-	(2.0)	(2.0)	-	(2.0)
Balance at 30 June 2012		**9.5**	**(7.1)**	**47.0**	**10.5**	**15.3**	**430.7**	**505.9**	**-**	**505.9**

(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 9,024,077 (30 June 2011: 9,070,906) 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 (2011: nil) shares were purchased and 46,829 (2011: nil) were utilised to satisfy the exercise of share options by employees. At 28 August 2012, 9,024,077 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.

* Restatement described in note 1.

The above interim consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

Interim Consolidated Balance Sheet

£m	Notes	**As at 30 June 2012 (unaudited)**	As at 30 June 2011 (Restated*) (unaudited)	As at 31 December 2011** (Restated*)
Non-current assets				
Goodwill	4	**286.8**	277.1	285.4
Other intangible assets		**45.7**	45.7	45.9
Property, plant and equipment	1 & 5	**384.0**	281.9	333.6
Deferred tax assets		**31.3**	43.3	32.8
Other long term receivables		**38.1**	31.9	37.9
Investments in joint ventures		**1.6**	2.8	2.6
		787.5	682.7	738.2
Current assets				
Trade and other receivables		**287.5**	257.2	271.3
Corporation tax receivable		**8.6**	12.9	7.4
Liquid investments		**-**	-	-
Cash and cash equivalents	6	**161.5**	208.3	197.5
		457.6	478.4	476.2
Total assets		**1,245.1**	1,161.1	1,214.4
Current liabilities				
Trade and other payables (incl. Customer Deposits)		**(433.3)**	(397.9)	(425.1)
Deferred income		**(145.3)**	(139.3)	(141.6)
Corporation tax payable		**(7.0)**	(9.6)	(6.3)
Obligations under finance leases	6	**(1.2)**	(1.6)	(1.5)
Bank and other loans	6	**(1.0)**	(0.8)	(0.9)
Provisions		**(1.7)**	(2.7)	(3.0)
		(589.5)	(551.9)	(578.4)
Net current liabilities		**(131.9)**	(73.5)	(102.2)
Total assets less current liabilities		**655.6**	609.2	636.0
Non-current liabilities				
Other payables		**(135.3)**	(100.3)	(117.8)
Obligations under finance leases	6	**(0.2)**	(1.4)	(0.8)
Bank and other loans	6	**(5.8)**	(6.7)	(6.0)
Deferred tax liability	1	**(1.1)**	(0.6)	(1.1)
Provisions		**(6.0)**	(8.8)	(8.2)
Provision for deficit in joint ventures		**(1.2)**	(1.1)	(1.2)
Retirement benefit obligations		**(0.1)**	-	(0.1)
		(149.7)	(118.9)	(135.2)
Total liabilities		**(739.2)**	(670.8)	(713.6)
Total assets less liabilities		**505.9**	490.3	500.8
Total equity				
Issued share capital		**9.5**	9.5	9.5
Treasury shares		**(7.1)**	(7.1)	(7.1)
Foreign currency translation reserve		**47.0**	45.0	48.5
Revaluation reserve		**10.5**	10.5	10.5
Other reserves		**15.3**	15.3	15.3
Retained earnings	1	**430.7**	417.1	424.1
Total shareholders' equity		**505.9**	490.3	500.8
Non-controlling interests		**-**	-	-
Total equity		**505.9**	490.3	500.8
Total equity and liabilities		**1,245.1**	1,161.1	1,214.4

* Restatement described in note 1.

** Based on the restated audited financial statements for the year ended 31 December 2011.

The above interim consolidated balance sheet should be read in conjunction with the accompanying notes.

Interim Consolidated Cash Flow Statement (unaudited)

£m	Notes	**Six months ended 30 June 2012**	Six months ended 30 June 2011 (Restated*)
Profit before tax for the period		**32.2**	13.8
Adjustments for:			
Net finance costs		**0.5**	0.8
Net share of profit on joint ventures, net of income tax		**0.3**	(0.1)
Depreciation charge		**29.2**	33.5
(Gain) / Loss on disposal of property, plant and equipment		**-**	0.3
Amortisation of intangible assets		**3.1**	3.4
Decrease in provisions		**(2.6)**	(1.1)
Other non-cash movements – unrealised foreign currency loss / (gain)		**1.9**	0.6
– share based payment		**0.3**	0.9
Operating cash flows before movements in working capital		**64.9**	52.1
Increase in trade and other receivables		**(21.6)**	(5.4)
Increase in trade and other payables		**37.5**	24.9
Cash generated from operations (before exceptional)		**80.8**	71.6
Cash (outflow)/inflow from exceptional item		**-**	(2.6)
Cash generated from operations (after exceptional)		**80.8**	69.0
Interest paid on credit facilities		**(0.3)**	(0.6)
Tax paid		**(4.8)**	(3.1)
Net cash inflows from operating activities		**75.7**	65.3
Investing activities			
Purchase of subsidiary undertakings (net of cash acquired)	10	**(4.2)**	-
Dividends received from joint ventures		**0.6**	0.8
Proceeds on sale of property, plant and equipment	5	**0.1**	-
Purchase of property, plant and equipment	5	**(82.2)**	(37.4)
Purchase of intangible assets		**(2.8)**	(1.8)
Interest received		**0.5**	0.6
(Decrease) / Increase in liquid investments		**-**	10.4
Cash (Outflows) from investing activities		**(88.0)**	(27.4)
Financing activities			
Net proceeds from issue of loans	6	**0.4**	0.6
Repayment of loans	6	**(0.6)**	(1.8)
Repayment of principal under finance leases	6	**(0.7)**	(1.1)
Acquisition of non-controlling interests		**-**	(3.9)
Settlement of share awards		**(2.0)**	(0.9)
Payment of ordinary dividend	3	**(18.8)**	(16.5)
Payment of dividend to non-controlling interests in subsidiaries		**-**	-
Cash (Outflows) from financing activities		**(21.7)**	(23.6)
Net (decrease) / increase in cash and cash equivalents	6	**(34.0)**	14.3
Cash and cash equivalents at beginning of period	6	**197.5**	194.2
Effect of exchange rate fluctuations on cash held	6	**(2.0)**	(0.2)
Cash and cash equivalents at end of period	6	**161.5**	208.3

* Restatement described in note 1.

The above interim consolidated cash flow statement should be read in conjunction with the accompanying notes.

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 2012 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 2011;
- 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. A copy of the statutory accounts for the year ended 31 December 2011 has been filed with both the Luxembourg Register of Commerce and the Jersey Companies Registry. 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 28 August 2012.

In preparing this condensed consolidated interim financial information, the significant judgments made by management and the key sources of estimation of uncertainty were the same as those that applied to the Report and Accounts for the year ended 31 December 2011. The basis of preparation and accounting policies set out in the Report and Accounts for the year ended 31 December 2011 have been applied in the preparation of this half yearly report, except for the following:

Change in accounting policy

On 1 January 2012 the Group changed its accounting policy with respect to the treatment of new centre costs. The Group believes that the capitalisation of these costs more accurately reflects the cost of bringing its assets to their usable condition. Certain related costs previously expensed will be capitalised as part of property, plant and equipment.

This change in accounting policy was applied retrospectively, with earnings per share increasing by 0.1p (2011 EPS before restatement: 2.6p). The following tables summarise the adjustments made to the balance sheet:

£m	Property, plant & equipment	Deferred tax liability	Retained Earnings
Balance as reported at 1 January 2011	270.8	(0.1)	(404.9)
Net effect of costs capitalised on 1 January 2011	8.9	(0.5)	(8.4)
Restated balance at 1 January 2011	**279.7**	**(0.6)**	**(413.3)**

£m	Property, plant & equipment	Deferred tax liability	Retained Earnings / Income Statement
Balance as reported at 30 June 2011	272.2	(0.1)	(407.9)
Net effect of costs capitalised on 1 January 2011	8.9	(0.5)	(8.4)
Net effect during the period	0.8	-	(0.8)
Restated balance at 30 June 2011	**281.9**	**(0.6)**	**(417.1)**

£m	Property, plant & equipment	Deferred tax liability	Retained Earnings / Income Statement
Balance as reported at 31 December 2011	320.9	(0.5)	(412.0)
Net effect of costs capitalised on 1 January 2011	8.9	(0.5)	(8.4)
Net effect during the year	3.8	(0.1)	(3.7)
Restated balance at 31 December 2011	**333.6**	**(1.1)**	**(424.1)**

Change in estimate

The useful life of certain plant, property and equipment were revised in 2012 (refer to note 6).

The following standards, interpretations and amendments to standards were applicable to the Group for periods commencing on or after 1 January 2012:

IAS 12 Income Taxes (Amendment) introduces a rebuttable assumption that deferred tax on investment properties measured at fair value will be recognised on a sale basis, unless an entity has a business model that would indicate the investment property will be consumed in business. The adoption of this amendment has no impact on the financial position or performance of the Group.

IFRS 7 Financial instruments – Disclosures (Amendment) requires additional quantitative and qualitative disclosures relating to the transfer of assets, when financial assets are derecognised in their entirety, but the entity has a continuing involvement in them, and when financial assets are not derecognised in their entirety. The adoption of this amendment has no impact on the financial position or performance of the Group.

IAS 19 Employee benefits (Amendment) requires significant changes to the recognition and measurement of defined benefit pension expense and termination benefits, and to the disclosures for all employee benefits. The adoption of this amendment is not expected to have an 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 is 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 2011. 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.

£m Six months ended 30 June	Americas 2012	Americas 2011	EMEA 2012	EMEA 2011	Asia Pacific 2012	Asia Pacific 2011	United Kingdom 2012	United Kingdom 2011	All other segments 2012	All other segments 2011	Total 2012	Total 2011
Revenues from external customers	**259.8**	230.6	**150.4**	149.4	**92.3**	79.9	**105.4**	104.6	**0.7**	1.1	**608.6**	565.6
Revenues from internal customers	**-**	-	**0.2**	0.4	**-**	-	**0.8**	0.8	**-**	-	**1.0**	1.2
Segment revenues	**259.8**	230.6	**150.6**	149.8	**92.3**	79.9	**106.2**	105.4	**0.7**	1.1	**609.6**	566.8
Reportable segment profit (restated)	**30.8**	19.9	**13.8**	7.3	**15.1**	9.8	**3.8**	(0.7)	**(0.6)**	-	**62.9**	36.3
Reportable segment assets (restated)	**626.0**	526.9	**299.1**	282.1	**176.0**	175.5	**302.8**	311.9	**1.7**	1.7	**1,405.6**	1,298.1
Reportable segment liabilities (restated)	**(347.5)**	(260.2)	**(319.6)**	(301.9)	**(163.3)**	(153.9)	**(294.7)**	(295.5)	**(0.6)**	(0.7)	**(1,125.7)**	(1,012.2)

Reconciliation of reportable segment profit to published profit:

£m	**Six months ended 30 June 2012**	Six months ended 30 June 2011 (Restated)
Reportable segment profit	**62.9**	36.3
Elimination of inter-segment revenue	**(1.0)**	(1.2)
Corporate overheads	**(27.4)**	(20.1)
Share of post-tax profit of joint ventures	**(0.3)**	0.1
Net financing expense	**(2.0)**	(1.3)
Published Group profit before tax	**32.2**	13.8

There have been no changes to the basis of segmentation or the measurement basis for the segment profit since 31 December 2011.

Note 3: Dividends

Equity dividends on ordinary shares paid during the period:

£m	**Six months ended 30 June 2012**	Six months ended 30 June 2011
Final dividend for the year ended 31 December 2011: 2.0 pence per share (2010: 1.75 pence per share)	**18.8**	16.5

Note 4: Goodwill and indefinite life intangible assets

As at 30 June 2012, the carrying value of the Group's goodwill and indefinite life intangible asset was £286.8 million and £11.2 million respectively (31 December 2011: £285.4 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 30 November 2011 for the year ended 31 December 2011.

Note 5: Property, plant and equipment

During the six months ended 30 June 2012, the Group acquired assets with a cost of £82.2 million (30 June 2011 restated: £37.4 million). Assets with a net book of value £0.1 million (30 June 2011: £0.1 million) were disposed of during the period for £0.1 million (30 June 2011: £nil).

Capital expenditure authorised and contracted for but not provided for in the accounts amounted to £71.4 million (30 June 2011: £39.6 million).

Change in estimate

The Group conducted a review of the estimated useful life for property, plant and equipment. On 1January 2012, the expected useful life for certain asset categories were adjusted to more accurately reflect the period over which the assets are expected to be available for use by the Group. The effect of these changes on the depreciation expense, recognised in costs of sales, in current period and expected in future years is as follows:

£m	H1 2012	2012	2013	2014	2015	2016	After
Impact on the income statement	**8.7**	**16.4**	**10.5**	**4.6**	**(0.1)**	**(4.7)**	**(26.7)**

Note 6: Analysis of net financial resources

£m	At 1 Jan 2012	Cash flow	Non-cash changes	Exchange movement	**At 30 June 2012**
Cash and cash equivalents	197.5	(34.0)	-	(2.0)	**161.5**
Debt due within one year	(0.9)	-	-	(0.1)	**(1.0)**
Debt due after one year	(6.0)	0.2	-	-	**(5.8)**
Finance leases due within one year	(1.5)	0.2	-	0.1	**(1.2)**
Finance leases due after one year	(0.8)	0.5	-	0.1	**(0.2)**
	(9.2)	0.9	-	0.1	**(8.2)**
Net financial assets	188.3	(33.1)	-	(1.9)	**153.3**

Cash, cash equivalents and liquid investment balances held by the Group that are not available for use (''Blocked Cash'') amounted to £22.4 million at 30 June 2012 (December 2011: £25.5 million).

Of this balance, £18.1 million (December 2011: £19.8 million) is pledged as security against outstanding bank guarantees and a further £4.3 million (December 2011: £5.7 million) is pledged against various other commitments of the Group.

Note 7: Share based payment

During the period the Group awarded nil options (2011: nil) and nil conditional share awards (2011: nil) under the Long term Incentive Plan and 11,047,000 options (2011: 2,100,000) under the Share Option Plan. During 2012 no awards were made under the Co-Investment Plan (2011: nil options and nil conditional share awards).

Note 8: Contingent liabilities

The Group has bank guarantees and letters of credit held with certain banks amounting to £100.9 million (December 2011: £103.7 million). There are no material lawsuits pending against the group.

Note 9: 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 2011 has not changed.

£m	Management fees received from related parties	Amounts owed by related party	Amounts owed to related party
2012			
Joint Ventures	**1.0**	**6.9**	**2.4**
2011			
Joint Ventures	0.5	6.7	6.3

As at 30 June 2012, £nil of the amounts due to the Group have been provided for (2011: £nil). Transactions with related parties did not have a material effect on the financial results for the six months ended 30 June 2012.

During the period the Group acquired goods and services from a company indirectly controlled by a director of the Company amounting to £18,209 (2011: £8,064).

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 2012.

Note 10: Acquisitions

During the six month period ended 30 June 2012 the Group made a number of small acquisitions for a total consideration of £4.2m (six month period ended 30 June 2011: None).

£m	Book value	Provisional fair value adjustments	Fair value
Net assets acquired			
Intangible assets	-	0.3	0.3
Property, plant and equipment	1.1	0.2	1.3
Stock and debtors	0.3	-	0.3
Cash	0.1	-	0.1
Current liabilities	(0.6)	-	(0.6)
Non current liabilities	(0.4)	-	(0.4)
	0.5	**0.5**	**1.0**
Goodwill arising on acquisition			3.2
			4.2
Deferred consideration			-
Total consideration			**4.2**
Cash flow on acquisition			
Cash paid			4.2
Net cash outflow			**4.2**

The goodwill arising on the above acquisitions reflects the anticipated future benefits Regus can obtain from operating the businesses more efficiently, primarily through increasing occupancy and the addition of value adding services. £1.7 million of the above goodwill is expected to be deductible for tax purposes.

There was no contingent consideration arising on the above acquisitions.

The external acquisition costs associated with these transactions were £0.1 million, recorded within administration expenses within the consolidated income statement.

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.

There were no non-controlling interests acquired during the six month period ended 30 June 2012.

Note 11: Events after the balance sheet date

On 6 August, the Group signed a four-year, £200 million revolving credit facility with a consortium of six banks.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

This interim management report is the responsibility of, and has been approved on 28 August 2012 by, the directors of Regus plc (Société Anonyme). We confirm that to the best of our knowledge this unaudited condensed set of 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.

The Directors did not engage the Group's auditor, KPMG Luxembourg S.à.r.l., to perform a formal review of the unaudited condensed set of financial information in the half-yearly report for the six months ended 30 June 2012.

The Directors of Regus Plc are listed in the Group's Annual Report and Accounts for the year ended 31 December 2011.

A list of current Directors is maintained on the Regus plc website: http://www.regus.com/investors/our-senior-team.aspx

By order of the Board

Mark Dixon	Dominique Yates
Chief Executive Officer	Chief Financial Officer

28 August 2012

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.

Other Information

Segmental analysis – management basis (unaudited)

	Americas 2012	EMEA 2012	Asia Pacific 2012	UK 2012	All other segments 2012	Total 2012
Mature[1]						
Workstations[4]	76,003	35,933	25,095	36,969	-	174,000
Occupancy (%)	88.8	83.7	85.5	82.5	-	85.9
Revenue (£m)	242.7	139.8	81.5	103.3	0.7	568.0
Contribution (£m)	75.6	40.3	27.4	16.3	0.7	160.3
REWPOW	3,597	4,650	3,797	3,389	-	3,800
2011 Expansions[2]						
Workstations[4]	8,881	3,347	5,241	526	-	17,995
Occupancy (%)	67.3	56.1	61.8	77.1	-	63.9
Revenue (£m)	15.2	8.7	9.5	1.0	-	34.4
Contribution (£m)	(0.8)	(0.8)	1.2	-	-	(0.4)
2012 Expansions[2]						
Workstations[4]	2,057	1,022	1,665	126	-	4,870
Occupancy (%)	33.0	33.8	26.9	47.5	-	31.5
Revenue (£m)	1.8	1.4	1.2	0.2	-	4.6
Contribution (£m)	(2.8)	(1.4)	(1.4)	-	-	(5.6)
Closures[3]						
Workstations[4]	703	130	145	574	-	1,552
Occupancy (%)	75.4	84.0	58.5	67.8	-	71.7
Revenue (£m)	0.1	0.5	0.1	0.9	-	1.6
Contribution (£m)	0.1	(0.2)	-	(1.4)	-	(1.5)
Totals						
Workstations[4]	87,644	40,432	32,146	38,195	-	198,417
Occupancy (%)	85.2	80.1	78.5	82.0	-	82.5
Revenue (£m)	259.8	150.4	92.3	105.4	0.7	608.6
Contribution (£m)	72.1	37.9	27.2	14.9	0.7	152.8
Unallocated contribution (£m)	-	-	-	-	-	0.4
REVPAW (£)	2,964	3,720	2,871	2,760	-	3,067
Period end workstations[5]						
Mature	76,726	36,004	25,122	37,792	-	175,644
2011 Expansions	8,839	3,358	5,285	444	-	17,926
2012 Expansions	4,615	1,453	2,958	484	-	9,510
Totals	90,180	40,815	33,365	38,720	-	203,080

Segmental analysis – management basis (unaudited) (continued)

	Americas	EMEA	Asia Pacific	UK	All other segments	Total
	2011	2011	2011	2011	2011	2011
Mature[1]						
Workstations[4]	76,762	36,021	25,080	36,710	-	174,573
Occupancy (%)	86.3	82.2	83.0	83.5	-	84.4
Revenue (£m)	228.8	144.8	77.3	101.4	1.1	553.4
Contribution (£m)	61.8	35.6	21.0	14.8	0.5	133.7
REWPOW	3,491	4,886	3,720	3,307	-	3,753
2011 Expansions[2]						
Workstations[4]	661	932	818	256	-	2,667
Occupancy (%)	42.1	35.4	35.4	57.9	-	39.2
Revenue (£m)	0.5	1.3	0.9	0.4	-	3.1
Contribution (£m)	(0.7)	(1.2)	(0.2)	(0.2)	-	(2.3)
2011 Closures[3]						
Workstations[4]	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	-	1.0
Contribution (£m)	(0.2)	0.1	(0.6)	-	-	(0.7)
2012 Closures[3]						
Workstations[4]	623	993	367	1,086	-	3,069
Occupancy (%)	71.5	68.8	82.3	84.9	-	76.7
Revenue (£m)	1.0	3.2	1.2	2.7	-	8.1
Contribution (£m)	(0.3)	(0.7)	0.4	-	-	(0.6)
Totals						
Workstations[4]	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)	60.6	33.8	20.6	14.6	0.5	130.1
Unallocated contribution (£m)	-	-	-	-	-	0.1
REVPAW (£)	2,950	3,928	3,037	2,742	-	3,131

Notes:

1. The mature business comprises centres not opened in the current or previous financial year.
2. Expansions include new centres opened and acquired businesses.
3. A 2012 closure is defined as a centre closed during the period from 1 January 2012 to 30 June 2012. A 2011 closure is defined as a centre closed during the period from 1 January 2011 to 31 December 2011.
4. Workstation numbers are calculated as the weighted average for the period.
5. Workstation available at period end.