9 August 2016

REGUS PLC – INTERIM RESULTS ANNOUNCEMENT – SIX MONTHS ENDED 30 JUNE 2016

Strong profit growth and cash generation, increased dividend, improving efficiency and attractive returns

Regus, the leading global workspace provider, today announces its half year results for the six months ended 30 June 2016.

Key highlights:

- Continued strong post-tax cash returns. Up 180bp on pre-12 investment to 24.8%[(i)]
- Group revenues up 10.3% to £1,077.6m and underlying operating profit up 30%[(ii)] to £90.0m
- Overheads reduced 9% [(ii)]; down 2.8ppt as a percentage of revenues to 12.6%
- Strong cash generation (before net growth capital expenditure, share buybacks, dividends and non-recurring items) of £142.6m or 15.3p per share
- Underlying earnings per share up 36% [(ii)] to 7.3p
- Prudent financial position maintained with net debt of £173.8m (0.5x net debt:LTM underlying EBITDA)
- Strong banking support: Key banking facility increased to £550m and maturity extended to 2021, with option to extend to 2023
- 11% increase in interim dividend to 1.55p (H1 2015 : 1.4p)
- Full year profit expected to be in line with management expectations

£m	**H1 2016**	H1 2015	% change actual currency	% change constant currency
Revenues	**1,077.6**	937.0	15.0%	10.3%
Gross profit (centre contribution)	**225.2**	209.0	8%	3%
Overheads	**(135.6)**	(144.4)	(6)%	(9)%
Underlying operating profit (Inc. JV)	**90.0**	65.0	38%	30%
Non-recurring items [(iii)]	**(0.9)**	21.3		
Reported operating profit (Inc. JV)	**89.1**	86.3	3%	(3)%
Underlying profit before tax	**85.2**	57.8	47%	38%
Reported profit before tax	**84.3**	79.1	7%	0%
Underlying earnings per share (p)	**7.3**	4.9	49%	36%
Reported earnings per share (p)	**7.2**	7.2	0%	(7)%
Dividend per share (p)	**1.55**	1.40	11%	
Underlying EBITDA	**178.6**	136.3	31%	24%
Post-tax cash return on Investment [(i)]	**24.8%**	23.0%	Up 180bp	
Cash flow before net growth capex and dividends	**142.6**	79.9	78%	
Net debt	**173.8**	136.9		
Net debt : EBITDA – Last 12 months (x) (underlying)	**0.5x**	0.5x		

(i) Calculated as: EBITDA less amortisation of partner contributions, less tax based on EBIT, less net maintenance capital expenditure / growth capital less partner contribution. Returns based on those locations open on or before 31 December 2011. Prepared on a last twelve month (LTM) basis to 30 June 2016 and for 2015 on the 12 months to 31 December 2015.

(ii) At constant currency

(iii) See note 3 to the accounts

Operational highlights

- Returns on new investment benefiting from operational scale and further efficiencies
- New cluster field structure implemented in H1 2016 with additional simplification of the business to drive productivity
- Further network expansion, with a net growth capital investment of £83.1m and 113 locations added in H1 2016
- Now in 2,845 locations, across 1,008 towns and cities and opened in our 107th country, Barbados
- As of 27 July 2016 visibility on net growth capital expenditure for the whole of 2016 of approximately £120m, representing some 350 locations and 4.5m sq ft of additional space
- Evidence of increasing traction on partnering deals, allowing Regus to maintain strong returns on capital invested
- Continued strong focus on risk management

Mark Dixon, Chief Executive of Regus, said:

"We have traded in line with our expectations for the first half, delivering strong profit growth and cash generation. The returns profile of our business remains highly attractive, with investments performing at or above plan. We continue to invest where we see attractive opportunities that adhere to our strict financial criteria and currently have visibility on net growth capital expenditure totalling £120m for the whole of 2016, representing approximately 350 locations.

As global macro-economic uncertainty has clearly increased during 2016 and we have seen softening in revenue growth in some markets on the back of that, we have planned prudently for 2016 and taken specific action early in the year to improve efficiencies across the business. We are confident in the long-term structural drivers of the industry and that Regus, as global market leader with a highly diversified business, will continue to strengthen its position through its resilient and cost efficient operating model, strong cash generation and balance sheet. We are focussed on delivering key projects and implementing our long-term strategy to create shareholder value, whilst maintaining our disciplined and flexible approach to investment. We remain confident of delivering a full year profit performance in line with management's expectations."

Details of results presentation

Mark Dixon, Chief Executive Officer, and Dominik de Daniel, Chief Financial Officer and Chief Operating Officer, are hosting a presentation today for analysts and investors at 9.30am at CityPoint, 1 Ropemaker Street, EC2Y 9HT.

For those unable to attend the presentation, please contact Jessica Ayres to obtain details for the webcast or conference call:
jayres@brunswickgroup.com or
+44 (0) 20 7396 7466

For further information, please contact:

Regus plc Tel: +352 22 9999 5160
Mark Dixon, Chief Executive Officer
Dominik de Daniel, Chief Financial Officer & Chief Operating Officer
Wayne Gerry, Group Investor Relations Director

Brunswick Tel: +44(0) 20 7404 5959
Nick Cosgrove
Gabrielle Silver
Rosheeka Field

Chief Executive Officer’s review

We are the leading global business in the fast-growing flexible workplace market. Our strategy addresses the clear structural growth drivers in the market. We are facilitating the trend towards outsourcing and by partnering more with the companies that own and fund real estate, we bring together investors in property and our fast-growing global customer base. We are also helping to facilitate the growth in the sharing economy. These trends are being augmented by increasing awareness of our industry.

We have detailed plans for extending our leadership across the world, outperforming our competitors in our speed of expansion, operational efficiency and the relevance and quality of our service offering. Business planning is therefore critical as we go forward. The simpler our business is to operate, together with the current roll out of a number of local service centres, the more we enhance the service we provide to our customers. As a growth business, having a clear and sophisticated approach to planning is critical to our continued success. Our agile management structure also ensures we can be nimble in the market, demonstrating both the appropriate degree of restraint in the short term but also well positioned to capitalise on positive sector growth at the right time.

We are pleased with the strong financial returns, improved operating margin, profit and significant cash generation we have delivered in the period. The first half of 2016 has been an important period for the continued development of Regus and we have implemented important changes that will place the Group in an even stronger position to address the significant structural growth opportunity in flexible workspace. We can continue to improve our competitive advantage to provide a more resilient business model.

We implemented, as previously announced, the change to the field structure by introducing a clustering approach to the local management of locations. This has improved the cost structure of the business going forward and will lead to higher productivity and revenue opportunities.

We are confident that Regus, as market leader, will continue to strengthen its position and build resilience through its cost efficient operating model and strong cash generation and balance sheet.

Strong first half financial performance

The last 12 month post-tax cash return on net growth capital expenditure achieved from locations opened on or before 31 December 2011 was 24.8%, an improvement of 180bp on the returns for the same estate in 2015 and a level well above our cost of capital. Rolling forward one additional year group, the last 12 month post-tax cash return on investment from locations opened on or before 31 December 2012 was up 190bp to 23.3%.

Group income statement

£m	**H1 2016**	H1 2015	% Change (actual currency)	% Change (constant currency)
Revenue	**1,077.6**	937.0	15.0%	10.3%
Gross profit (centre contribution)	**225.2**	209.0	8%	3%
Overheads (inc. R&D)	**(135.6)**	(144.4)	(6)%	(9)%
Underlying operating profit*	**90.0**	65.0	38%	30%
Non-recurring items	**(0.9)**	21.3	–	–
Operating profit*	**89.1**	86.3	3%	(3)%
Underlying profit before tax	**85.2**	57.8	47%	38%
Profit before tax	**84.3**	79.1	7%	0%
Underlying taxation	**(17.3)**	(11.9)		
Taxation	**(16.9)**	(11.9)		
Underlying profit for the period	**67.9**	45.9	48%	35%
Profit for the period	**67.4**	67.2	0%	(7)%
Underlying EBITDA	**178.6**	136.3	31%	24%
EBITDA	**177.7**	157.6	13%	7%

* After contribution from joint ventures

Group revenue increased by 10.3% at constant currency to £1,077.6m (H1 2015: £937.0m) (15.0% at actual rates). Our revenue growth rate at constant currency decelerated from 14.5% in the first quarter to 6.4% in the second quarter. Approximately half of the reduction reflects the base-line effect of acquisitions. The remainder is primarily a function of softening demand and our decision in certain specific markets to take a more cautious approach to lease renewals and use the opportunity in some instances to consolidate locations. Nonetheless quarterly revenues are up sequentially albeit not to the same extent as last year. Underlying operating profit, before the net non-recurring loss of £0.9m, increased to £90.0m, up 30% at constant currency (38% at actual rates). Including the non-recurring items, our statutory operating profit was 3% lower at constant currency at £89.1m (up 3% at actual rates).

We invested £83.1m in net growth capital expenditure during the period, adding a further 113 new openings to the network, which stood at 2,845 locations at the end of the half year. This is lower than the 231 locations added in the equivalent period last year for a

net investment of £120.0m, which is illustrative of our adopting a more selective approach to new location openings and a significantly lower level of acquisitions completed.

The deliberate attention to selectively improve pricing, especially in high occupancy locations, at the risk of short-term occupancy was the right decision for the long-term. Rebuilding occupancy at these better pricing levels, we believe, will be positive for the Group going forward. In the short-term, the improvement in price has broadly compensated for the loss of occupancy in those locations that were open on or before 31 December 2013, see table below. As a consequence the gross margin on these centres for the first 6 months of 2016 was 26.0%, broadly similar to the 26.3% achieved in the first half of 2015. The improvement in Mature business margin from 23.8% to 24.9% for the first half reflects the much improved margin from those locations added during 2014 which joined the Mature business on 1 January 2016. We have also seen an improvement in the margin of those locations added during 2015, which is in line with our expectations. The initial margin achieved by our new 2016 locations is on track and reflects that the openings are predominately organic.

Gross margin

	Revenue £m		Gross margin %	
	H1 2016	H1 2015	**H1 2016**	H1 2015
2013 Aggregation	**832.7**	806.6	**26.0%**	26.3%
New 14	**100.8**	80.4	**15.2%**	(1.4)%
New 15	**127.7**	31.0	**(2.0)%**	(10.0)%
Pre-16	**1,061.2**	918.0	**21.6%**	22.6%
New 16[1]	**8.5**	–	**(67.1)%**	–
Group (including closures)	**1,077.6**	937.0	**20.9%**	22.3%

1 New 16 includes any cost incurred in 2016 for centres which will open in 2017.

Through a clear focus on overhead costs, strengthening our controls and processes and implementing the new cluster approach to the field structure, we have further improved the operational effectiveness of our business. As a result the total Group overheads actually reduced by 9% at constant currency despite a 15% increase in the size of our network over the last 12 months. Accordingly, total overheads as a percentage of revenues further reduced from 15.4% to 12.6%.

Underlying operating profit has consequently improved strongly from £65.0m for the first half of 2015 to £90.0m for the 6 months to 30 June 2016. We have again converted this strongly into cash. Cash flow after maintenance capital expenditure represented 158% of underlying operating profit. This remains an attractive feature of our business model. Cash generated before investment in growth, dividends and share repurchases, increased 78% to £142.6m (H1 2015: £79.9m) reflecting the good level of profitability and strong working capital management. After taking the net growth capital expenditure of £83.1m and after paying dividends of £28.9m and spending approximately £12.6m buying our own shares as a further hedge against the cost of the exercise of options, cash-settling the exercise of some options and settlement of the Schuldschein related derivatives, Group net debt reduced from £190.6m at 31 December 2015 to £173.8m at 30 June 2016. This represents an underlying Group net debt : LTM EBITDA leverage ratio of 0.5 times, which is well below our internal 1.5 times limit and reflects our continued prudent approach to the Group's capital structure.

Regional mature performance

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

	Revenue		Contribution		Mature gross margin (%)	
£m	**H1 2016**	H1 2015	**H1 2016**	H1 2015	**H1 2016**	H1 2015
Americas	**398.4**	373.8	**93.7**	89.0	**23.5%**	23.8%
EMEA	**198.7**	187.7	**52.1**	42.9	**26.2%**	22.9%
Asia Pacific	**146.6**	136.8	**37.9**	32.8	**25.9%**	24.0%
UK	**188.0**	187.9	**47.3**	46.9	**25.2%**	25.0%
Other	**1.8**	0.8	**1.0**	(0.9)		
Total	**933.5**	887.0	**232.0**	210.7	**24.9%**	23.8%

* Centres open on or before 31 December 2014.

Americas

The Americas remains our largest region. Total revenues increased 8.5% to £438.0m (up 14.7% at actual rates), primarily due to the development of the locations added most recently. On a like-for-like basis, mature revenues increased 0.8% at constant currency to £398.4m (up 6.6% at actual rates) driven by good demand in the US partially offset by Latin America and Canada. Brazil has continued to see an improvement in its business but Mexico has slowed during the first half. We have a good business in Canada but it has had to contend with challenging market conditions in Western Canada, particularly around the region's oil industry. Average mature occupancy was 79.5% (H1 2015: 79.6%). The gross profit margin remained solid at 23.5% and we have since simplified our business structure which has led to a significant reduction in the region's overheads.

We added 48 new locations during the first half, expanding geographically into more parts of the region. We also announced the opening of our 107th country, Barbados, through a partnering agreement. In total we had 1,180 locations in the region at 30 June 2016. The average number of available workstations increased from 144,053 to 169,828, with a total of 173,927 at the period end.

EMEA

Our EMEA business has performed well. The reported revenues of our EMEA business have also benefited from the weakness of sterling against the euro. Total revenues increased 9.3% to £229.4m at constant currency (up 14.9% at actual rates). Mature revenues on a constant currency basis increased 0.8% to £198.7m but were up 5.9% at actual rates. Occupancy on the Mature business increased from 74.7% to 78.7%, reflecting the continued maturation of the newer year group additions within the mature business. There was a good improvement in the gross profit margin from 22.9% in the first half of 2015 to 26.2% for the six months to 30 June 2016. During the first half we added 27 new locations, taking the total number of locations to 754. The average number of workstations increased from 74,480 to 89,539. At period end we had 93,383 workstations.

We have experienced strong growth in the diverse regions of the Middle East and Africa. In Europe, across the many countries in which we operate, there has been a mixture of performance, but the overall result has been good. We have experienced good performances in Continental Europe and are looking to invest further in Germany, Austria, Sweden and Italy among others. Turkey and Belgium, however, experienced tougher market conditions. Russia has also been a difficult market requiring the renegotiation of rental agreements, which is now complete. As in the past, these challenging conditions also provided opportunities and we have seen an increase in partnership deals in the region.

Asia Pacific

Asia Pacific has been our fastest growth region overall, with 30 new locations being added to take the total locations in the region to 573. Reflecting the growth we have seen in recent years, overall revenues in the region increased 17.2% at constant currency to £172.0m (up 23.6% at actual rates). Mature revenue growth was stronger than the Group average with an increase of 1.7% to £146.6m at constant currency (up 7.2% at actual rates). Mature occupancy increased to 79.0% (H1 2015: 77.5%) driven primarily by the continued maturation of the locations added during 2014. The expansion in 2014 also saw the Group broaden its position in the region with the addition of lower relative REVPOW markets and the expansion of existing ones such as China, India and Indonesia. Gross margin increased from 24.0% to 25.9%. The average number of workstations increased from 72,612 to 93,501. At the end of the period we had 96,257 workstations, making it our second largest region.

There remains significant opportunity for growth in Asia Pacific both from building out in existing countries and adding new countries. We have continued to expand our business in India which has remained strong. China continues to grow but the rate of growth has decelerated and our focus now is on growth through partnership deals. Japan has witnessed a slowdown in demand from international companies, in part as a result of the Japanese yen/US dollar exchange rate.

UK

Total revenues in the UK increased 9.6% to £236.4m. Mature revenues were unchanged at £188.0m (H1 2015: £187.9m). In part this reflects that we have grown our UK business predominately through acquisitions in recent years, which generally do not exhibit the same maturation profile of an organic opening. Growing by acquiring portfolios of leases signed at a more attractive point in the cycle reflected our more cautious approach to the commercial property market, especially in London. The UK economy was also softening slightly before the UK Referendum on EU membership. Mature occupancy in the first half was 76.0% compared to 82.0% in the corresponding period in 2015. A significant factor behind this reduction was a more than 6% increase in available inventory due to space optimisation which took place during the first 6 months of 2016. Our UK business also selectively sought improved pricing at the expense of some occupancy in the near-term. Mature gross margin remained strong at 25.2% (H1 2015: 25.0%). The UK, whilst already a very operationally efficient business, contributed to the strong overhead performance, which increased operating profit significantly.

Reflecting our selective and prudent approach to growth, during the first half of 2016, only 8 new locations were added in the UK, predominately outside of London, taking the total number of locations to 338, net of closures. We are continuing to see more growth in regional locations in the UK, particularly through partnership deals, to complement our presence in the major cities. Total average workstations increased from 62,597 to 72,775 with 72,805 at the period-end.

Outlook

We have traded in line with our expectations for the first half, delivering strong profit growth and cash generation. The returns profile of our business remains highly attractive, with investments performing at or above plan. We continue to invest where we see attractive opportunities that adhere to our strict financial criteria and currently have visibility on net growth capital expenditure totalling £120m for the whole of 2016, representing approximately 350 locations.

As global macro-economic uncertainty has clearly increased during 2016 and we have seen softening in revenue growth in some markets on the back of that, we have planned prudently for 2016 and taken specific action early in the year to improve efficiencies across the business. We are confident in the long-term structural drivers of the industry and that Regus, as global market leader with a highly diversified business, will continue to strengthen its position through its resilient and cost efficient operating model, strong cash generation and balance sheet. We are focussed on delivering key projects and implementing our long-term strategy to create shareholder value, whilst maintaining our disciplined and flexible approach to investment. We remain confident of delivering a full year profit performance in line with management's expectations.

Mark Dixon
Chief Executive Officer
9 August 2016

Chief Financial Officer’s review

Return on investment

We remain clearly focussed on driving cash returns that achieve our post-tax cash payback criteria, which typically is within four years. We have achieved our goal with a further improvement in the returns delivered. For the last 12 months to 30 June 2016, the Group delivered a post-tax cash return of 24.8% in respect of locations opened on or before 31 December 2011 (up from 23.0% on the same estate for the 12 months to 31 December 2015). Incorporating the centres opened during 2012, the Group delivered a post-tax cash return of 23.3% in respect of all locations opened on or before 31 December 2012 (the equivalent return for the 12 months to 31 December 2015 on the same estate was 21.4%).

This strong performance reflects the underlying progress in the profitability of the Group from the continued focus on efficiency and productivity, and the economies of scale on overheads that we enjoy as the Group continues to grow.

The table below also shows the status of our centre openings by year of opening, with pleasing progress in the development of returns for centres added in 2012, 2013 and 2014 as they continue to progress towards full maturity.

Post-tax cash return[1] on net investment by year group – LTM to 30 June 2016

Year of opening	08 & earlier	09	10	11	12	13	14	15	16
Post-tax cash return	**25.7%**	**10.1%**	**25.9%**	**21.6%**	**16.1%**	**13.4%**	**2.7%**	**(9.6)%**	**(8.8)%** [3]
Net growth investment on locations opened in year[2] £m	**544.3**	**20.7**	**52.5**	**78.5**	**142.5**	**242.6**	**160.8**	**255.0**	**84.5**

2015 Post-tax cash return on net investment by year group – 12 months to 31 December 2015

Year of opening	08 & earlier	09	10	11	12	13	14	15	16
Post-tax cash return	24.1%	8.5%	20.0%	20.7%	13.7%	10.2%	(8.1)%	(8.6%) [4]	-
Net growth investment on locations opened in year[2] £m	544.3	20.7	52.5	78.5	142.5	242.6	160.8	255.0	9.5

(1) These returns are based on the post-tax cash return divided by the net growth capital investment. The post-tax return is calculated as the EBITDA achieved, less the amortisation of any partner capital contribution, less tax based on the EBIT and after deducting maintenance capital expenditure. Net growth capital investment is the growth capital after any partner contributions. We believe this provides an appropriate and conservative measure of cash return.

(2) These amounts relate to net investment based on the year of opening of the centre. Depending on the timing of opening, some capital expenditure can be incurred in the calendar year before or after opening. These amounts are also adjusted for net investment relating to closures.

(3) 2016 return on net growth investment based on actual results for the six-months to 30 June 2016 on investment made in 2016 up to 30 June.

(4) 2015 return on investments made in 2015 is based on the results for the period that the locations were open.

Developing the network

We continue to grow our unrivalled network but we approached 2016 with a high level of vigilance. We have always applied maximum focus to the investment decision process, which is so critical to our ultimate success in meeting our stringent financial hurdles. During the first six months of 2016 we became even more selective given the challenging macro-economic outlook. During the first half we invested £83.1m of net growth capital expenditure, adding a further 113 locations to the network. The significant majority being organic openings in contrast to the corresponding period last year which included a number of acquisitions. These locations added approximately 1.7m sq ft, taking the Group’s total space globally to approximately 47m sq ft as at 30 June 2016. In the first six months of 2015 we invested net growth capital expenditure of £120.0m, adding 231 locations, the equivalent of 5.7m sq ft of space. We remain confident that the returns from these investments will, in due course, be in line with the returns we generate on our older year group investments. This investment in developing our network continues to increase the depth and breadth of our geographic scope, our ability to address different styles of working and price points. This is a major differentiator for Regus and provides a competitive advantage as well as building further resilience into the business.

We have a good pipeline of new openings and many more are capital light opportunities through partnering deals. As a result we anticipate increasing the proportion of our leases with partners that are variable in nature. As of 27 July we had visibility on net capital expenditure so far for the whole of 2016 of approximately £120m, representing approximately 350 locations and 4.5m sq ft of additional space.

Operational developments

We have completed the implementation of some important changes to our business which we see as crucial to maintaining our industry leadership and competitive positioning in the long-term. In the short-term the scale of these changes will have had an impact on the focus of the business in the earlier months, in addition to increasing macro uncertainties around the world. Nonetheless we believe these were the right actions to take and will bring major benefits to the Group, especially in the current environment.

Probably the most important change was the introduction of a clustering approach to the management and organisation of our locations. We believe this will better promote the active marketing of the product range across the cluster, including format and price

point. Moreover, the unrivalled scale of our business provides us with the opportunity to automate more processes to allow our employees to have greater focus on customer service. We believe these changes will generate many positives for our business, but in addition they have also increased the productivity in our business at a time when agility may increase in importance.

Non-recurring items

During the first six-months of 2016 we have reported a net loss of £0.9m. This is in of respect of three items: the receipt of funds following the settlement of a third-party litigation action in the UK; additional provision relating to a litigation action in California; and a fair value adjustment to assets held for sale, which were disposed of subsequent to the half year.

The non-recurring gain reported in the interim results for 2015 related to the sale of various portfolios of property assets acquired during 2014. The disposal raised £84m of cash before expenses and resulted in a non-recurring profit of £21.3m after expenses.

Except where specifically mentioned, the following commentary and profit and loss analysis excludes the impact from these non-recurring items.

Financial performance

Group income statement (before non-recurring items)

£m	H1 2016 Underlying	H1 2015 Underlying	% Change (actual currency)	% Change (constant currency)
Revenue	**1,077.6**	937.0	15.0%	10.3%
Gross profit (centre contribution)	**225.2**	209.0	8%	3%
Overheads (including R&D)	**(135.6)**	(144.4)	(6)%	(9)%
Joint ventures	**0.4**	0.4		
Operating profit	**90.0**	65.0	38%	30%
Net finance costs	**(4.8)**	(7.2)		
Profit before tax	**85.2**	57.8	47%	38%
Taxation	**(17.3)**	(11.9)		
Effective tax rate	**20.3%**	20.6%		
Profit for the period	**67.9**	45.9	48%	35%
Basic EPS (p)	**7.3**	4.9	49%	36%
Depreciation & amortisation	**88.6**	71.3		
EBITDA	**178.6**	136.3	31%	24%

Revenue

Group revenues increased 10.3% at constant currency to £1,077.6m (H1 2015: £937.0m), an increase of 15.0% at actual rates. This strong improvement reflects stable underlying like-for-like Mature growth and the contribution from additional locations. Mature revenues (from 2,179 like-for-like locations added on or before 31 December 2014) grew 0.9% at constant currency to £933.5m (H1 2015: £887.0m), up 5.2% at actual rates. This represents a deceleration in the pace of year-on-year growth in the second quarter compared with the first quarter from 14.5% in Q1 to 6.4% in Q2. Approximately half of the reduction reflects the base-line effect of acquisitions and remainder primarily a function of softening demand. Mature occupancy was 78.6% (H1 2015: 78.5%).

Gross profit

Group gross profit improved 3% at constant currency rates to £225.2m (H1 2015: £209.0m), up 8% at actual rates. The reduction in Group gross margin from 22.3% to 20.9% again reflects the dilution from a relatively large number of immature locations resulting from the significant investment in growing the network over recent years (see table below). The mature gross margin improved more than one percentage point from 23.8% to 24.9%.

Gross margin

£m	**Mature centres H1 2016**	**New centres H1 2016**	**Closed centres H1 2016**	**Total H1 2016**
Revenue	**933.5**	**136.2**	**7.9**	**1,077.6**
Cost of sales	**(701.5)**	**(144.5)**	**(6.4)**	**(852.4)**
Gross profit (centre contribution)	**232.0**	**(8.3)**	**1.5**	**225.2**
Gross margin	**24.9%**	**(6.1)%**	**19.0%**	**20.9%**

	Mature centres H1 2015	New centres H1 2015	Closed centres H1 2015	Total H1 2015
Revenue	887.0	31.0	19.0	937.0
Cost of sales	(676.3)	(34.1)	(17.6)	(728.0)
Gross profit (centre contribution)	210.7	(3.1)	1.4	209.0
Gross margin	23.8%	(10.0)%	7.4%	22.3%

Further overhead efficiency gains

As anticipated, we have achieved further scale benefits but have also reduced overheads in absolute terms. Some of the changes we implemented to our business model and structure to improve future performance and productivity also helped to streamline our overhead further. As a consequence, in spite of further controlled growth of the business, total overheads actually declined by 9% at constant currency to £135.6m (down 6% at actual rates). As a percentage of revenues, total overheads declined from 15.4% in the first half of 2015 to 12.6% for the first six-months of 2016. This also represents a further significant improvement on the 14.1% achieved in the second half of 2015 and the full year outturn of 14.7%. Our continuing strong focus on overheads will be important in maintaining profitability in the likelihood of a more challenging business environment in the near to medium term.

Operating profit (excluding non-recurring items)

The achievement of an absolute reduction in Group overheads together with the incremental gross profit resulted in Group operating profit increasing 30% at constant currency to £90.0m (H1 2015: £65.0m) (up 38% at actual rates). Consequently, the underlying Group operating margin increased 150bp from 6.9% in the six months 30 June 2015 to 8.4% in the first half of 2016, notwithstanding the £78.9m of losses incurred in aggregate by the new locations added since 2014 which are still developing financially.

Net finance costs

The net finance charge for the six months to 30 June 2016 decreased to £4.8m from £7.2m for the corresponding six-months in 2015. Although net debt at the end of June 2016 was higher at £173.8m compared with £136.9m at 30 June 2015, the reduction in the net expense reflects lower funding costs in general but primarily a favourable foreign exchange movement, most notably in June following the weakness of sterling after the result of the UK Referendum on EU membership.

Within the overall net finance costs, the Group also incurred a notional, non-cash, interest charge of £0.4m (H1 2015: £0.8m) relating to the accounting treatment of fair value adjustments on various acquisitions made in past years. In addition there were also other non-cash costs of £1.2m (H1 2015: £0.7m) relating to the amortisation of upfront charges on the establishment of our various borrowing facilities and the settlement of derivatives related to the Schuldschein debt securities.

Tax

We anticipate that the underlying tax rate this year will be approximately 20.0% (H1 2015: 20.6%).

Earnings per share

Underlying Group earnings per share increased significantly in the first six-months to 7.3p (H1 2015: 4.9p), an increase of 49% reflecting the strong growth in underlying Group operating profit. Including the non-recurring items, statutory Group earnings per share were 7.2p (H1 2015: 7.2p).

The weighted average number of shares in issue for the first six-months was 931,328,502 (H1 2015: 937,073,509). The weighted average number of shares for diluted earnings per share was 949,079,315 (H1 2015: 956,686,475). During the first half of the year, the Group purchased 2,707,545 shares at a cost of approximately £7.5m designated to be held in treasury to satisfy future exercises under various Group long-term incentive schemes. Over the same period, the Group reissued 2,683,912 shares from treasury to satisfy such exercises.

Cash flow and funding

This has been another period of excellent cash generation, which remains an attractive feature of our business model. Cash generated before the investment in growth capital expenditure, dividends and share repurchases, and excluding the non-recurring items, increased 78% in the first six months of 2016 to £142.6m (H1 2015: £79.9m), reflecting the strong growth in underlying Group operating profit and improved working capital management. As well as the normal positive working capital development stemming from our network growth programme and the maturation of these locations, we have also benefitted from more specific focus on the balance sheet to unlock working capital.

Group net debt decreased from £190.6m at 31 December 2015 to £173.8m at 30 June 2016. This decrease comes after taking the growth capital expenditure and proceeds from the non-recurring items into account, and after paying the 2015 final dividend of £28.9m and spending approximately £12.6m on a combination of buying our own shares as a further hedge against the cost of the exercise of options by our employees across our various option and LTIP plans, cash-settling the exercise of some of those options and the settlement of the derivative related to the Schuldschein debt securities.

We have maintained our prudent approach to the Group's capital structure which we believe is particularly important in today's macro-economic environment. This half year net debt position of £173.8m represents an underlying Group net debt : LTM EBITDA leverage ratio of 0.5 times, which is well below our internal 1.5 times maximum which we apply internally and significantly below our bank covenant limitation.

In May 2016 we extended and amended our key Revolving Credit Facility. The facility was increased from £320m to £550m and the maturity extended to 2021 (previously 2020), with an option to extend until 2023. The facility is predominately denominated in sterling and can be drawn in several major currencies. This financing has further improved our debt maturity profile and provides the Group with adequate financial headroom to continue to execute on its strategy. This revised credit facility was well supported by new and existing international banking relationships. With this new £550m facility in place, the Group decided to take advantage of the attractive terms and prepay the €210m Schuldschein debt prior to its final maturity.

Cash flow

The table below reflects the Group's cash flow:

£m	**H1 2016**	H1 2015
Group EBITDA	**178.6**	136.3
Working capital	**48.8**	17.5
Less: growth-related partner contributions	**(23.7)**	(24.5)
Maintenance capital expenditure	**(33.6)**	(32.8)
Taxation	**(20.2)**	(9.8)
Finance costs	**(9.9)**	(6.3)
Other items	**2.6**	(0.5)
Cash flow before growth capital expenditure, share repurchases, dividends and non-recurring disposal proceeds	**142.6**	79.9
Gross growth capital expenditure	**(106.8)**	(144.5)
Less: growth-related partner contributions	**23.7**	24.5
Net growth capital expenditure[5]	**(83.1)**	(120.0)
Total net cash flow from operations	**59.5**	(40.1)
Non-recurring disposal proceeds	**-**	84.0
Less: costs of disposal	**-**	(4.0)
Corporate financing activities	**(12.6)**	(27.6)
Dividend	**(28.9)**	(25.8)
Opening net cash/debt	**(190.6)**	(138.0)
Exchange movements	**(1.2)**	14.6
Closing net debt	**(173.8)**	(136.9)

(5) Net growth capital expenditure of £83.1m relates to the cash outflow in first six-months of 2016. Accordingly, it includes capital expenditure related to locations added in 2015 and to be added in 2017, as well as 2016. The total net investment in the 2016 additions amounts to £84.5m so far.

Foreign exchange

The Group's results are exposed to translation risk from the movement in currencies. During first half of 2016 key individual currency exchange rates have moved, as shown in the table below. For most of the first half the movement in key exchange rates was benign but not material. This however changed in June 2016 following the UK Referendum on EU membership. This provided a boost to the positive impact on the translation of our significant international earnings.

Overall, the movement in exchange rates over the course of the first six months of the year increased reported revenue, gross profit and operating profit by £44.2m, £9.4m and £5.8m respectively. If the current weakness of sterling persists, this will benefit the translation of our second half results.

Foreign exchange rates

	At 30 June			Half year average		
Per £ sterling	2016	2015	%	2016	2015	%
US dollar	1.34	1.57	(15)%	1.42	1.53	(7)%
Euro	1.21	1.41	(14)%	1.27	1.38	(8)%
Japanese yen	138	193	(28)%	158	184	(14)%

Risk management

The principal risks and uncertainties affecting the Group remain unchanged. Effective management of risk is an everyday activity at Regus and, crucially, integral to our growth planning. A detailed assessment of the principal risks and uncertainties which could impact the Group's long-term performance and the risk management structure in place to identify, manage and mitigate such risks can be found on pages 21 to 24 and 38 and 39 of the 2015 Annual Report and Accounts.

Related parties

There have been no changes to the type of related party transactions entered into by the Group that had a material effect on the financial statements for the six-months ended 30 June 2016. Details of related party transactions that have taken place in the period can be found in note 31 to the 2015 Annual Report and Accounts (page 97).

Dividends

A final dividend of 3.1p per share for 2015 was paid by Regus on 27 May 2016 following shareholder approval (2014 : 2.75p).

In line with Regus' progressive dividend policy, the Board has increased the 2016 interim dividend by 11% to 1.55p per share (H1 2015 : 1.40p). The interim dividend will be paid on Friday, 7 October 2016 to shareholders on the register at the close of business on Friday, 9 September 2016.

Dominik de Daniel
Chief Financial Officer and Chief Operating Officer
9 August 2016

Condensed Consolidated Financial Information

Interim consolidated income statement (unaudited)

£m	Notes	**Six months ended 30 June 2016**			Six months ended 30 June 2015		
		Before non-recurring items	**Non-recurring items (Note 3)**	**Total**	Before non-recurring items	Non-recurring items (Note 3)	Total
Revenue	2	**1,077.6**	**-**	**1,077.6**	937.0	-	937.0
Cost of sales		**(852.4)**	**-**	**(852.4)**	(728.0)	-	(728.0)
Gross profit (centre contribution)		**225.2**	**-**	**225.2**	209.0	-	209.0
Selling, general and administrative expenses		**(133.4)**	**(0.9)**	**(134.3)**	(139.3)	21.3	(118.0)
Research and development expense		**(2.2)**	**-**	**(2.2)**	(5.1)	-	(5.1)
Share of post-tax profit of equity accounted investees, net of tax		**0.4**	**-**	**0.4**	0.4	-	0.4
Operating profit		**90.0**	**(0.9)**	**89.1**	65.0	21.3	86.3
Finance expense		**(4.9)**	**-**	**(4.9)**	(7.4)	-	(7.4)
Finance income		**0.1**	**-**	**0.1**	0.2	-	0.2
Net finance expense		**(4.8)**	**-**	**(4.8)**	(7.2)	-	(7.2)
Profit before tax for the period	2	**85.2**	**(0.9)**	**84.3**	57.8	21.3	79.1
Tax charge		**(17.3)**	**0.4**	**(16.9)**	(11.9)	-	(11.9)
Profit for the period		**67.9**	**(0.5)**	**67.4**	45.9	21.3	67.2
Profit attributable to:							
Equity shareholders of the parent		67.9	(0.5)	67.4	45.9	21.3	67.2
Non-controlling interests		-	-	-	-	-	-
Profit for the period		**67.9**	**(0.5)**	**67.4**	45.9	21.3	67.2

Interim consolidated statement of comprehensive income (unaudited)

£m	**Six months ended 30 June 2016**	Six months ended 30 June 2015
Profit for the period	**67.4**	67.2
Other comprehensive income:		
Other comprehensive income that are or may be reclassified to profit or loss in subsequent periods:		
Cash flow hedges – recycled through the income statement	**2.1**	0.7
Cash flow hedges – effective portion of changes in fair value	**(0.4)**	-
Foreign currency translation differences for foreign operations	**60.0**	(15.8)
Items of other comprehensive income that are or may be reclassified to profit or loss in subsequent periods	**61.7**	(15.1)
Other comprehensive income that will never be reclassified to profit or loss in subsequent periods:		
Re-measurement of defined benefit liability	**-**	-
Income tax effect	**-**	-
Items of other comprehensive income that will never be reclassified to profit or loss in subsequent periods	**-**	-
Other comprehensive income for the period, net of income tax	**61.7**	(15.1)
Total comprehensive income for the period, net of tax	**129.1**	52.1
Total comprehensive income attributable to:		
Equity shareholders of the parent	**129.1**	52.1
Non-controlling interests	**-**	-
Total comprehensive income for the period	**129.1**	52.1

Earnings per ordinary share (EPS):	Before non-recurring items:		After non-recurring items:	
	Six months ended 30 June 2016	Six months ended 30 June 2015	**Six months ended 30 June 2016**	Six months ended 30 June 2015
Basic (p)	**7.3**	4.9	**7.2**	7.2
Diluted (p)	**7.1**	4.8	**7.1**	7.0

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

Interim consolidated statement of changes in equity (unaudited)

£m	Notes	Share capital	Treasury shares	Foreign currency translation reserve	Hedging 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 2015		**9.5**	**(19.9)**	**12.7**	**(2.7)**	**10.5**	**15.3**	**512.0**	**537.4**	**-**	**537.4**
Total comprehensive income for the period:											
Profit for the period		-	-	-	-	-	-	67.2	67.2	-	67.2
Other comprehensive income:											
Cash flow hedges – effective portion of changes in fair value		-	-	-	0.7	-	-	-	0.7	-	0.7
Foreign currency translation differences for foreign operations		-	-	(15.8)	-	-	-	-	(15.8)	-	(15.8)
Total other comprehensive income, net of income tax		-	-	(15.8)	0.7	-	-	-	(15.1)	-	(15.1)
Total comprehensive income for the period		-	-	(15.8)	0.7	-	-	67.2	52.1	-	52.1
Transactions with owners, recorded directly in equity:											
Share based payments		-	-	-	-	-	-	1.5	1.5	-	1.5
Ordinary dividend paid	4	-	-	-	-	-	-	(25.8)	(25.8)	-	(25.8)
Purchase of treasury shares in Regus plc		-	(24.5)	-	-	-	-	-	(24.5)	-	(24.5)
Settlement of share awards		-	0.7	-	-	-	-	(3.8)	(3.1)	-	(3.1)
Balance at 30 June 2015		**9.5**	**(43.7)**	**(3.1)**	**(2.0)**	**10.5**	**15.3**	**551.1**	**537.6**	**-**	**537.6**
Balance at 1 January 2016		**9.5**	**(42.9)**	**7.4**	**(2.1)**	**10.5**	**15.3**	**586.0**	**583.7**	**-**	**583.7**
Total comprehensive income for the period:											
Profit for the period		-	-	-	-	-	-	67.4	67.4	-	67.4
Other comprehensive income:											
Cash flow hedges – recycled through the income statement		-	-	-	2.1	-	-	-	2.1	-	2.1
Cash flow hedges – effective portion of changes in fair value		-	-	-	(0.4)	-	-	-	(0.4)	-	(0.4)
Foreign currency translation differences for foreign operations		-	-	60.0	-	-	-	-	60.0	-	60.0
Total other comprehensive income, net of income tax		-	-	60.0	1.7	-	-	-	61.7	-	61.7
Total comprehensive income for the period		-	-	60.0	1.7	-	-	67.4	129.1	-	129.1
Transactions with owners, recorded directly in equity:											
Share based payments		-	-	-	-	-	-	1.4	1.4	-	1.4
Ordinary dividend paid	4	-	-	-	-	-	-	(28.9)	(28.9)	-	(28.9)
Purchase of treasury shares in Regus Plc		-	(7.5)	-	-	-	-	-	(7.5)	-	(7.5)
Settlement of share awards		-	3.8	-	-	-	-	(3.1)	0.7	-	0.7
Balance at 30 June 2016		9.5	(46.6)	67.4	(0.4)	10.5	15.3	622.8	678.5	-	678.5

(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 20,514,246 (30 June 2015: 21,502,195) ordinary shares of the Group that were acquired for the purposes of the Group's various employee share option plans. During the period 2,707,545 (30 June 2015: 9,543,800) shares were purchased and 2,683,912 (30 June 2015: 925,060) were utilised to satisfy the exercise of share options by employees. At 9 August 2016, 20,514,246 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.

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 2016 (unaudited)**	As at 30 June 2015 (unaudited)	As at 31 December 2015*
Non-current assets				
Goodwill	5	**650.2**	557.9	612.2
Other intangible assets		**54.3**	49.9	53.8
Property, plant and equipment		**1,070.7**	769.0	917.0
Deferred tax assets		**35.4**	36.6	36.4
Other long term receivables		**72.2**	52.3	63.0
Investments in joint ventures		**7.2**	1.1	5.6
		1,890.0	1,466.8	1,688.0
Current assets				
Trade and other receivables		**577.8**	512.3	557.8
Corporation tax receivable		**26.2**	15.1	17.9
Assets held for sale	7	**1.2**	-	-
Cash and cash equivalents	8	**74.6**	79.4	63.9
		679.8	606.8	639.6
Total assets		**2,569.8**	2,073.6	2,327.6
Current liabilities				
Trade and other payables (incl. customer deposits)		**(876.4)**	(721.1)	(816.5)
Deferred income		**(270.5)**	(229.9)	(240.7)
Corporation tax payable		**(13.5)**	(15.4)	(14.0)
Obligations under finance leases	8	**-**	(0.1)	-
Bank and other loans	8	**(7.7)**	(2.1)	(9.2)
Provisions		**(5.9)**	(2.0)	(5.3)
Liabilities held for sale	7	**(0.9)**	-	-
Total current liabilities		**(1,174.9)**	(970.6)	(1,085.7)
Net current liabilities		**(495.1)**	(363.8)	(446.1)
Total assets less current liabilities		**1,394.9**	1,103.0	1,241.9
Non-current liabilities				
Other payables		**(464.5)**	(323.2)	(383.8)
Non-current derivative financial liabilities		**(0.4)**	(18.3)	(15.0)
Obligations under finance leases	8	**-**	-	-
Bank and other loans	8	**(240.7)**	(214.1)	(245.3)
Deferred tax liability		**(1.1)**	(0.9)	(1.6)
Provisions		**(7.2)**	(7.6)	(7.6)
Provision for deficit in joint ventures		**(2.3)**	(1.1)	(4.1)
Retirement benefit obligations		**(0.2)**	(0.2)	(0.8)
		(716.4)	(565.4)	(658.2)
Total liabilities		**(1,891.3)**	(1,536.0)	(1,743.9)
Total assets less liabilities		**678.5**	537.6	583.7
Total equity				
Issued share capital		**9.5**	9.5	9.5
Treasury shares		**(46.6)**	(43.7)	(42.9)
Foreign currency translation reserve		**67.4**	(3.1)	7.4
Hedging reserve		**(0.4)**	(2.0)	(2.1)
Revaluation reserve		**10.5**	10.5	10.5
Other reserves		**15.3**	15.3	15.3
Retained earnings		**622.8**	551.1	586.0
Total shareholders' equity		**678.5**	537.6	583.7
Non-controlling interests		**-**	-	-
Total equity		**678.5**	537.6	583.7
Total equity and liabilities		**2,569.8**	2,073.6	2,327.6

* Based on the audited financial statements for the year ended 31 December 2015.

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

Interim consolidated statement of cash flows (unaudited)

£m	Notes	**Six months ended 30 June 2016**	Six months ended 30 June 2015
Profit before tax for the period		**84.3**	79.1
Adjustments for:			
Net finance expense		**4.8**	7.2
Share of profit on equity-accounted investees, net of income tax		**(0.4)**	(0.4)
Depreciation charge		**82.3**	63.7
Profit on disposal of property, plant and equipment		**(0.6)**	(0.8)
Amortisation of intangible assets		**6.3**	7.6
Increase in provisions		**0.6**	0.2
Share based payments		**1.4**	1.5
Other non-cash movements		**(2.4)**	(5.7)
Operating cash flows before movements in working capital		**176.3**	152.4
Decrease/(Increase) in trade and other receivables		**23.2**	(67.2)
Increase in trade and other payables		**25.6**	80.7
Cash generated from operations (before non-recurring items)		**225.1**	165.9
Loss/(Profit) on disposal of assets-held-for-sale	3	**0.1**	(21.3)
Impairment of assets-held-for-sale	3	**2.0**	-
Cash generated from operations (after non-recurring items)		**227.2**	144.6
Interest paid		**(10.0)**	(6.5)
Tax paid		**(20.2)**	(9.8)
Net cash inflows from operating activities		**197.0**	128.3
Investing activities			
Purchase of subsidiary undertakings (net of cash acquired)	13	**(0.3)**	(54.9)
Dividends received from joint ventures		**0.1**	-
Proceeds on the sale of assets-held-for-sale	3	**3.1**	84.0
Proceeds on sale of property, plant and equipment	6	**13.9**	4.7
Purchase of property, plant and equipment	6	**(150.7)**	(117.1)
Purchase of intangible assets		**(2.5)**	(5.3)
Interest received		**0.1**	0.2
Cash outflows from investing activities		**(136.3)**	(88.4)
Financing activities			
Net proceeds from issue of loans	8	**385.8**	186.6
Repayment of loans	8	**(404.0)**	(166.2)
Repayment of principal under finance leases	8	**-**	-
Settlement of financial derivatives		**(7.0)**	-
Re-issuance of treasury shares		**3.8**	0.7
Purchase of treasury shares		**(7.5)**	(24.5)
Settlement of share awards		**(3.1)**	(3.8)
Payment of ordinary dividend	4	**(28.9)**	(25.8)
Cash outflows from financing activities		**(60.9)**	(33.0)
Net (decrease)/increase in cash and cash equivalents	8	**(0.2)**	6.9
Cash and cash equivalents at beginning of period	8	**63.9**	72.8
Effect of exchange rate fluctuations on cash held	8	**10.9**	(0.3)
Cash and cash equivalents at end of period	8	**74.6**	79.4

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. Regus plc S.A. owns an international network of business centres which are leased to a variety of business customers.

The unaudited condensed interim consolidated financial information as at and for the six months ended 30 June 2016 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 therefore does not include all disclosures that would otherwise be required in a complete set of financial statements. Selected explanatory notes are included to understand events and transactions that are significant to understand the changes in the Group’s financial position and performance since the last Regus plc Annual Report and Accounts for the year ended 31 December 2015;
- was prepared in accordance with the Disclosure and Transparency Rules (“DTR”) of the Financial Services Authority;
- 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 2015 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 9 August 2016.

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 2015. The basis of preparation and accounting policies set out in the Report and Accounts for the year ended 31 December 2015 have been applied in the preparation of this half yearly report, except for the adoption of new standards and interpretations effective as of 1 January 2016, which did not have a material effect on the Group’s financial statements, unless otherwise indicated.

The following standards, interpretations and amendments to standards were applicable to the Group for periods commencing on or after 1 January 2016:

IAS 1	Disclosure Initiative (Amendment to IAS 1)
IAS 16	Revaluation method – proportionate restatement of accumulated depreciation – Amendments to IAS 16
IAS 38	Revaluation method – proportionate restatement of accumulated amortisation – Amendments to IAS 38
IFRS 11	Accounting for Acquisitions of interests in Joint operations – Amendments to IFRS 11
IFRS 14	Regulatory Deferral Accounts
Various	Annual Improvements (2012 – 2014 Cycle)

Except for IFRS 16 Leases, the following new or amended standards and interpretations that are mandatory for 2017 annual periods (and future years) are not expected to have a material impact on the Company:

IAS 7	Disclosure Initiative – Amendments to IAS 7	1 January 2017
IAS 12	Recognition of Deferred Tax Assets for Unrealised losses – Amendments to IAS 12	1 January 2017
IFRS 9	Financial Instruments	1 January 2018
IFRS 15	Revenue from Contracts with Customers	1 January 2018
IFRS 16	Leases	1 January 2019

The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

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 2015. 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), non-recurring 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		EMEA		Asia Pacific		United Kingdom		All other segments		Total	
	2016	2015	**2016**	2015	**2016**	2015	**2016**	2015	**2016**	2015	**2016**	2015
Revenues from external customers	**438.0**	381.7	**229.4**	199.6	**172.0**	139.2	**236.4**	215.7	**1.8**	0.8	**1,077.6**	937.0
Revenues from internal customers	**-**	0.2	**-**	0.2	**-**	-	**0.5**	0.6	**-**	-	**0.5**	1.0
Segment revenues	**438.0**	381.9	**229.4**	199.8	**172.0**	139.2	**236.9**	216.3	**1.8**	0.8	**1,078.1**	938.0
Reportable segment profit before tax	**55.2**	52.5	**24.4**	19.0	**18.0**	13.2	**48.6**	42.4	**(7.3)**	(5.9)	**138.9**	121.2
Reportable segment assets	**1,326.4**	1,078.2	**519.2**	447.6	**389.4**	280.1	**954.9**	684.1	**1.5**	1.8	**3,191.4**	2,491.8
Reportable segment liabilities	**(1,284.2)**	(930.8)	**(646.5)**	(513.1)	**(416.4)**	(259.3)	**(931.2)**	(624.1)	**(0.1)**	(0.3)	**(3,278.4)**	(2,327.6)

Reconciliation of reportable segment results to published statements:

£m	**Six months ended 30 June 2016**	Six months ended 30 June 2015
Reportable segment profit	**138.9**	121.2
Elimination of inter-segment revenue	**(0.5)**	(1.0)
Corporate overheads	**(48.8)**	(55.6)
Share of post-tax profit of joint ventures	**0.4**	0.4
Net finance expense	**(4.8)**	(7.2)
Published Group profit before tax (before non-recurring items)	**85.2**	57.8

£m	Assets	Liabilities	**At 30 June 2016** Net assets/(liabilities)
Reportable segment results	**3,191.4**	**(3,278.4)**	**(87.0)**
Exclude: Segmental inter-company amounts	**(756.3)**	**1,653.7**	**897.4**
Corporate overheads (excluding amounts due to/from reportable segments):			
Cash	**41.8**	**-**	**41.8**
Deferred taxation	**25.6**	**-**	**25.6**
Bank and other loans	**-**	**(230.7)**	**(230.7)**
Other	**67.3**	**(35.9)**	**31.4**
Published Group total	**2,569.8**	**(1,891.3)**	**678.5**

£m	Assets	Liabilities	At 30 June 2015 Net assets/(liabilities)
Reportable segment results	2,491.8	(2,327.6)	164.2
Exclude: Segmental inter-company amounts	(537.0)	1,059.4	522.4
Corporate overheads (excluding amounts due to/from reportable segments):			
Cash	49.7	-	49.7
Deferred taxation	21.5	-	21.5
Bank and other loans	-	(203.5)	(203.5)
Other	47.6	(64.3)	(16.7)
Published Group total	**2,073.6**	**(1,536.0)**	**537.6**

There have been no changes to the basis of segmentation or the measurement basis for the segment since 31 December 2015.

Note 3: Non-recurring items

	2016	2015
	£m	£m
Proceeds from litigation settlement	**2.5**	-
California class action	**(1.3)**	-
Loss on disposal of assets held for sale	**(0.1)**	21.3
Fair value adjustment on assets held for sale	**(2.0)**	-
	(0.9)	21.3

Proceeds from litigation settlement

A settlement agreement between former shareholders and directors of a company acquired by the Group was reached during 2016. This settlement entitled Regus to a share of any reparations agreed, with £2.5 million received during the year.

California class action

During 2015 a class action was filed against the Group alleging a breach of labour regulations in California. While the outcome of this legal action remains uncertain, the Group has provided for an additional £1.3 million in respect of any potential settlement and related legal costs.

Loss on disposal of assets held for sale

The major classes of assets and liabilities disposed of by the Group are as follows:

	2016	2015
	£m	£m
Assets		
Goodwill	2.2	10.3
Property, plant and equipment	1.0	49.6
Assets held for sale	**3.2**	**59.9**
Liabilities		
Trade and other payables	-	(1.2)
Liabilities held for sale	**-**	**(1.2)**
Net assets held for sale	3.2	58.7
Disposal related costs	-	4.0
Proceeds on disposal	3.1	84.0
(Loss) / profit on disposal	**(0.1)**	**21.3**

The United Kingdom Competitions & Markets Authority inquiry into the serviced offices industry was completed in early 2016. The Group has disposed of specific assets and liabilities acquired as part of the Avanta Serviced Offices Group plc acquisition in accordance with the agreed settlement.

During 2014 the Group completed a project to dispose of the assets and liabilities of specific non-core operations to release the related capital originally invested in these operations. The sale of these assets and liabilities, which were previously classified as assets held for sale, completed during February 2015 for a consideration of £84.0 million and a non-recurring profit of approximately £21.3 million after expenses.

Fair value adjustment on assets held for sale

A fair value adjustment of £2.0 million was recognised against the Avanta Serviced Offices Group plc assets and liabilities recognised as held for sale as at 30 June 2016 (note 7), which were subsequently disposed of in July 2016.

Note 4: Dividends

Equity dividends on ordinary shares paid during the period:

£m	**Six months ended 30 June 2016**	Six months ended 30 June 2015
Final dividend for the year ended 31 December 2015: 3.1 pence per share (2014: 2.75 pence per share)	**28.9**	25.8

Note 5: Goodwill and indefinite life intangible assets

As at 30 June 2016, the carrying value of the Group's goodwill and indefinite life intangible asset was £650.2 million and £11.2 million respectively (31 December 2015: £612.2 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 2015 and will be reassessed during the last quarter of 2016.

Note 6: Property, plant and equipment

During the six months ended 30 June 2016, the Group acquired assets with a cost of £150.7 million (30 June 2015: £117.1 million). Assets with a net book of value £14.0 million (30 June 2015: £3.9 million) were disposed of during the period for £13.9 million (30 June 2015: £4.7 million).

Capital expenditure authorised and contracted for but not provided for in the accounts amounted to £34.8 million (30 June 2015: £36.3 million).

Note 7: Assets and liabilities held for sale

The United Kingdom Competitions & Markets Authority inquiry into the serviced offices industry was completed in early 2016. The Group has identified the following assets and liabilities acquired as part of the Avanta Serviced Offices Group plc acquisition as held for sale.

	2016	2015
	£m	£m
Assets		
Goodwill	0.7	-
Property, plant and equipment	0.5	-
Assets held for sale	**1.2**	**-**
Liabilities		
Trade and other payables	(0.9)	-
Liabilities held for sale	**(0.9)**	**-**
Net assets held for sale	**0.3**	**-**

There is no cumulative income or expense included in other comprehensive income relating to the net assets held for sale.

Note 8: Analysis of net financial resources

£m	At 1 Jan 2016	Cash flow	Non-cash changes	Exchange movement	**At 30 June 2016**
Cash and cash equivalents	63.9	(0.2)	-	10.9	74.6
Gross cash	63.9	(0.2)	-	10.9	74.6
Debt due within one year	(9.2)	1.9	-	(0.4)	(7.7)
Debt due after one year	(245.3)	16.3	-	(11.7)	(240.7)
Finance leases due within one year	-	-	-	-	-
Finance leases due after one year	-	-	-	-	-
	(254.5)	18.2	-	(12.1)	(248.4)
Net financial assets / (liabilities)	**(190.6)**	**18.0**	-	**(1.2)**	**(173.8)**

Cash, cash equivalents and liquid investment balances held by the Group that are not available for use (''Blocked Cash'') amounted to £16.3 million at 30 June 2016 (31 December 2015: £16.0 million).

Of this balance, £12.1 million (31 December 2015: £12.5 million) is pledged as security against outstanding bank guarantees and a further £4.2 million (31 December 2015: £3.5 million) is pledged against various other commitments of the Group.

Note 9: Financial instruments

The fair values of financial assets and financial liabilities, together with the carrying amounts included in the consolidated statement of financial position, are as follows:

	At 30 June 2016	
	Carrying amount £m	**Fair value £m**
Cash and cash equivalents	**74.6**	**74.6**
Trade and other receivables [1]	**456.1**	**456.1**
Financial assets	**530.7**	**530.7**

Note 1 - Excluding prepayments, accrued income and other sundry balances which are not classified as financial assets

Non-derivative financial liabilities		
Trade and other payables [2]	**(337.5)**	**(337.5)**
Customer deposits	**(383.6)**	**(383.6)**
Obligations under finance leases	**-**	**-**
Bank loans & other corporate borrowings	**(240.7)**	**(240.7)**
Other loans	**(7.7)**	**(7.7)**
Derivatives used for cash flow hedging [3]		
Interest rate swaps		
- Outflow	**(0.4)**	**(0.4)**
- Inflow	**-**	**-**
Financial liabilities	**(969.9)**	**(969.9)**

Note 2 – Excluding deferred income and other sundry balances which are not classified as financial liabilities

Note 3 – Including interest rate and cross currency swaps. Derivatives used for cash flow hedging are categorised as level 2 when measuring the fair value

Unrecognised gain	**-**

The carrying amount of financial assets and liabilities not measured at fair value is considered to be a reasonable approximation of fair value.

There has been no change in the classification of financial assets and liabilities, the methods and assumptions used in determining fair value and the categorization of financial assets and liabilities within the fair value hierarchy from those disclosed in the annual report for the year ended 31 December 2015.

Regus has a medium term credit facility provided by a group of international banks. In the period to 30th June 2016, the amount of the facility was increased from £320.0 million to £550.0 million and the maturity extended until 2021, with a further option to extend to 2023. Following the extension of the credit facility, the “Schuldschein” EUR 210.0 million (£162.7 million) debt securities issued in 2014 and the associated hedging were repaid in full.

The debt provided under the credit facility is floating rate, however, as part of the Group’s balance sheet management and to protect against a future increase in interest rates, £50m was swapped into a fixed rate liability for a three year period with an average fixed rate of 0.6310% (excluding funding margin).

The £550 million credit facility contains financial covenants with which the Group is in compliance.

Note 10: Share based payment

During the period the Group awarded nil options (2015: nil) and nil conditional share awards (2015: nil) under the Long term Incentive Plan and nil shares were granted under the Co-Investment Plan (2015: 1,039,760 shares). During 2016 1,038,179 options (2015: 1,906,565) were granted under the Share Option Plan.

Note 11: Bank guarantees and contingent liabilities

The Group has bank guarantees and letters of credit held with certain banks amounting to £137.9 million (31 December 2015: £122.8 million). There are no material lawsuits pending against the group other than the California class action referred to in note 3.

Note 12: Related parties

The nature of related parties as disclosed in the consolidated financial statements for the Group for the year ended 31 December 2015 has not changed.

£m	Management fees received from related parties	Amounts owed by related party	Amounts owed to related party
2016			
Joint Ventures	**1.5**	**12.1**	**10.2**
2015			
Joint Ventures	1.1	3.9	4.1

As at 30 June 2016, £nil of the amounts due to the Group have been provided for (31 December 2015: £nil). Transactions with related parties did not have a material effect on the financial results for the six months ended 30 June 2016.

During the period the Group acquired goods and services from a company indirectly controlled by a director of the Company amounting to £10,542 (30 June 2015: £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 2016.

Note 13: Acquisitions of subsidiaries and non-controlling interest

Current period acquisitions

During the six month period ended 30 June 2016 the Group made a number of small acquisitions for a total consideration of £2.5 million.

£m	Book value on acquisition	Provisional fair value recognised on acquisition
Net assets acquired		
Intangible assets	-	-
Property, plant and equipment	1.1	1.1
Cash	1.0	1.0
Other current and non-current assets	2.2	2.2
Current liabilities	(4.4)	(4.4)
Non-current liabilities	-	-
	(0.1)	(0.1)
Goodwill arising on acquisition		2.6
Total consideration		2.5
Less: Fair value adjustment of historical investment in acquired joint venture		(2.5)
Less: Deferred consideration		-
		-
Cash flow on acquisition		
Cash paid		-
Net cash outflow		-

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. £nil of the above goodwill is expected to be deductible for tax purposes.

If the above acquisitions had occurred on 1 January 2016, the revenue and net retained profit arising from these acquisitions would have been £3.9 million and £0.7 million respectively. In the year the equity acquisitions contributed revenue of £3.6 million and net retained profit of £0.7 million

There was £nil contingent consideration arising on the above acquisitions. Deferred consideration of £0.3 million (2015: £nil) was also paid during the current year with respect to milestones achieved on prior year acquisitions.

The external acquisition costs associated with these transactions were £nil.

For the acquisitions in 2016, the fair value of assets acquired has only been provisionally assessed at the reporting date. The main changes in the provisional fair values expected are for the fair value of the leases (asset or liability), customer lists and plant, property and equipment. The final assessment of the fair value of these assets will be made within 12 months of the acquisition date and, any adjustments reported in future reports.

Note 13: Acquisitions of subsidiaries and non-controlling interest *(continued)*

Prior period acquisitions

During the six month period ended 30 June 2015 the Group made a number of small acquisitions for a total consideration of £81.8m.

£m	Book value on acquisition	Provisional fair value recognised on acquisition	Final fair value recognised on acquisition
Net assets acquired			
Intangible assets	16.2	16.7	17.9
Property, plant and equipment	19.2	20.3	22.0
Cash	25.4	25.4	25.4
Other current and non-current assets	17.7	19.7	20.4
Current liabilities	(48.4)	(48.4)	(47.0)
Non-current liabilities	(3.8)	(3.8)	(5.3)
	26.3	**29.9**	33.4
Goodwill arising on acquisition		51.9	48.4
Total consideration		**81.8**	81.8
Less: Deferred consideration		1.5	1.5
		80.3	80.3
Cash flow on acquisition			
Cash paid		80.3	80.3
Net cash outflow		**80.3**	80.3

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. £11.1 million of the above goodwill is expected to be deductible for tax purposes.

There was £1.5 million contingent consideration arising on the above acquisitions.

The external acquisition costs associated with these transactions were £1.5 million, recorded within selling, general and administration expenses within the interim consolidated income statement.

Note 14: Events after the balance sheet date

There were no significant events occurring after 30 June 2016 affecting the condensed interim financial information of the Group other than the disposal of assets in July referred to in note 3.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Board of Directors approved this document on 9 August 2016.

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 2015.

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	Dominik de Daniel
Chief Executive Officer	Chief Financial Officer

9 August 2016

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.

KPMG Luxembourg Société Coopérative
39, Avenue John F. Kennedy
L-1855 Luxembourg

Téléphone +352 22 51 51 1
Fax +352 22 51 71
info@kpmg.lu
www.kpmg.lu

Regus plc (société anonyme)
26, Boulevard Royal
L-2420 Luxembourg

Report of the Réviseur d'Entreprises agree on the review of the condensed consolidated interim financial information

Introduction

We have reviewed the accompanying condensed consolidated statement of financial position of Regus plc ("the Company") as at June 30, 2016, the condensed consolidated statements of comprehensive income, changes in equity and cash flows for the six month period then ended, and notes to the interim financial information ("the condensed consolidated interim financial information"). Management 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 condensed consolidated 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 Institut des Réviseurs d'Entreprises. 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 June 30, 2016 is not prepared, in all material respects, in accordance with IAS 34, "Interim Financial Reporting" as adopted by the European Union.

Luxembourg, 9 August 2016

KPMG Luxembourg Société Coopérative
Cabinet de révision agréé

Stephen Nye

Other Information

Segmental analysis – management basis (unaudited)

	Americas	EMEA	Asia Pacific	UK	All other segments	Total
	2016	2016	2016	2016	2016	2016
Mature[1]						
Workstations[4]	138,536	70,920	69,547	57,258	-	336,261
Occupancy (%)	79.5	78.7	79.0	76.0	-	78.6
Revenue (£m)	398.4	198.7	146.6	188.0	1.8	933.5
Contribution (£m)	93.7	52.1	37.9	47.3	1.8	232.8
REVPOW	3,617	3,560	2,669	4,323	-	3,531
2015 Expansions[2]						
Workstations[4]	26,712	16,489	22,019	11,680	-	76,900
Occupancy (%)	54.8	61.0	43.1	75.6	-	56.0
Revenue (£m)	36.2	29.4	23.7	38.4	-	127.7
Contribution (£m)	(7.5)	0.7	(3.4)	7.6	-	(2.6)
2016 Expansions[2]						
Workstations[4]	3,795	1,956	1,877	2,470	-	10,098
Occupancy (%)	17.7	22.0	25.1	59.0	-	30.0
Revenue (£m)	1.7	1.1	1.6	4.1	-	8.5
Contribution (£m)	(3.6)	(1.5)	(1.0)	0.4	-	(5.7)
Closures						
Workstations[4]	785	174	58	1,367	-	2,384
Occupancy (%)	69.9	50.6	86.2	78.3	-	73.7
Revenue (£m)	1.7	0.2	0.1	5.9	-	7.9
Contribution (£m)	(0.5)	(0.3)	(0.2)	2.5	-	1.5
Totals						
Workstations[4]	169,828	89,539	93,501	72,775	-	425,643
Occupancy (%)	74.2	74.1	69.5	75.4	-	73.3
Revenue (£m)	438.0	229.4	172.0	236.4	1.8	1,077.6
Contribution (£m)	82.1	51.0	33.3	57.8	1.8	226.0
Unallocated contribution (£m)	-	-	-	-	-	(0.8)
REVPAW (£)	2,579	2,562	1,840	3,248	-	2,532
Period end workstations[5]						
Mature	138,600	72,961	69,824	57,218	-	338,603
2015 Expansions	27,796	17,045	22,415	12,462	-	79,718
2016 Expansions	7,531	3,377	4,018	3,125	-	18,051
Totals	173,927	93,383	96,257	72,805	-	436,372

Segmental analysis – management basis (unaudited) (continued)

	Americas 2015	EMEA 2015	Asia Pacific 2015	UK 2015	All other segments 2015	Total 2015
Mature[1]						
Workstations[4]	137,000	69,235	68,691	53,878	-	328,804
Occupancy (%)	79.6	74.7	77.5	82.0	-	78.5
Revenue (£m)	373.8	187.7	136.8	187.9	0.8	887.0
Contribution (£m)	89.0	42.9	32.8	46.9	0.4	212.0
REVPOW	3,427	3,627	2,569	4,252	-	3,435
2015 Expansions[2]						
Workstations[4]	5,387	3,975	3,404	4,120	-	16,886
Occupancy (%)	44.2	53.6	24.2	89.6	-	53.4
Revenue (£m)	4.7	9.5	1.5	15.3	-	31.0
Contribution (£m)	(3.0)	(0.6)	(3.0)	3.5	-	(3.1)
Closures[3]						
Workstations[4]	1,666	1,270	517	4,599	-	8,052
Occupancy (%)	76.1	62.9	77.3	78.8	-	75.6
Revenue (£m)	3.2	2.4	0.9	12.5	-	19.0
Contribution (£m)	(0.8)	(0.3)	(0.8)	3.3	-	1.4
Totals						
Workstations[4]	144,053	74,480	72,612	62,597	-	353,742
Occupancy (%)	78.2	73.4	75.0	82.3	-	77.3
Revenue (£m)	381.7	199.6	139.2	215.7	0.8	937.0
Contribution (£m)	85.2	42.0	29.0	53.7	0.4	210.3
Unallocated contribution (£m)	-	-	-	-	-	(1.3)
REVPAW (£)	2,650	2,680	1,917	3,446	-	2,649

Notes:

1. The mature business comprises centres opened on or before 31 December 2014.
2. Expansions include new centres opened and acquired businesses.
3. A closure for the 2015 comparative data is defined as a centre closed during the period from 1 January 2015 to 30 June 2016.
4. Workstation numbers are calculated as the weighted average for the period.
5. Workstations available at period end.

Post-tax cash return on net investment

The following table provides the post-tax cash return on net investment on a 12 month rolling basis. Additional information is also provided to reconcile some of the key numbers used in the return calculation back to results presented in the half year announcement. The methodology and rationale for the calculation are discussed in the Chief Financial Officer's review on page 6 of this announcement.

Description	2012 Aggregation	2013 Expansions	2014 Expansions	2015 Expansions	2016 Expansions	Closed	Total
Post-tax cash return on net investment	**23.3%**	**13.4%**	**2.7%**	**(9.6%)**	**(8.8%)**	**-**	**13.0%**
Revenue	1,308.7	325.5	191.3	209.8	8.5	23.8	2,067.6
Centre Contribution	363.7	68.7	23.9	(10.7)	(6.5)	5.5	444.6
(Profit)/loss on disposal of assets	0.5	(1.0)	(1.0)	-	-	1.5	-
Underlying centre contribution	**364.2**	**67.7**	**22.9**	**(10.7)**	**(6.5)**	**7.0**	**444.6**
Selling, general and administration expenses (1)	(144.9)	(43.2)	(35.4)	(45.5)	(3.7)	(2.4)	(275.1)
EBIT	**219.3**	**24.5**	**(12.5)**	**(56.2)**	**(10.2)**	**4.6**	**169.5**
Depreciation and amortisation	80.8	31.5	21.1	25.3	1.6	2.1	162.4
Amortisation of partner contributions	(22.0)	(6.8)	(5.9)	(5.8)	(0.8)	(0.1)	(41.4)
Amortisation of acquired lease fair value adjustments	(1.9)	(2.3)	(0.3)	1.1	-	-	(3.4)
Non-cash items	**56.9**	**22.4**	**14.9**	**20.6**	**0.8**	**2.0**	**117.6**
Taxation (2)	**(43.9)**	**(4.9)**	**2.5**	**11.2**	**2.0**	**(0.9)**	**(34.0)**
Adjusted net cash profit	**232.3**	**42.0**	**4.9**	**(24.4)**	**(7.4)**	**5.7**	**253.1**
Maintenance capital expenditure	60.8	13.3	2.0	-	-	-	76.1
Partner contributions	(23.8)	(3.7)	(1.4)	-	-	-	(28.9)
Net maintenance capital expenditure	**37.0**	**9.6**	**0.6**	**-**	**-**	**-**	**47.2**
Post-tax cash return	**195.3**	**32.4**	**4.3**	**(24.4)**	**(7.4)**	**5.7**	**205.9**
Growth capital expenditure (3)	954.0	303.9	207.5	315.9	104.5	-	1,885.8
Partner contributions (4)	(115.5)	(61.3)	(46.7)	(60.9)	(20.0)	-	(304.4)
Net investment	**838.5**	**242.6**	**160.8**	**255.0**	**84.5**	**-**	**1,581.4**

(1) Including research and development expenses

(2) Based on EBIT at the Group's long term effective tax rate of 20%

(3) The 2014 and 2015 expansions includes £7.8m and £197.3m respectively of capital expenditure arising in the 12 months ending June 2016

(4) The 2014 and 2015 expansions includes £1.4m and £35.6m respectively of partner contributions arising in the 12 months ending June 2016

2016

Movement in capital expenditure	2012 Aggregation	2013 Expansions	2014 Expansions	2015 Expansions	2016 Expansions	Closed	Total
December 2015 - Growth capital expenditure	965.0	307.5	208.4	305.2	9.5	-	1,795.6
2016 Capital expenditure	-	-	-	24.9	82.2	-	107.1
Properties acquired	-	-	-	-	12.8	-	12.8
Property disposals	-	-	-	(11.4)	-	-	(11.4)
Centre closures (5)	(11.0)	(3.6)	(0.9)	(2.8)	-	-	(18.3)
June 2016 - Growth capital expenditure	**954.0**	**303.9**	**207.5**	**315.9**	**104.5**	**-**	**1,885.8**

(5) The growth capital expenditure for an estate is reduced by the investment in centres closed during the year, but only where that investment has been fully recovered

2016

Partner Contributions	£m
Opening partner contributions	203.3
• Current	34.9
• Non-current	168.4
Acquired in the period	-
Received in the period	87.4
• 2013 expansions and before	27.5
• 2014 expansions (4)	0.5
• 2015 expansions (4)	39.4
• 2016 expansions	20.0
• Utilised in the period	(41.4)
• Exchange differences	37.5
Closing partner contributions	**286.8**
• Current	56.4
• Non-current	230.4

2016

EBIT Reconciliation	H2 2015 £m	H1 2016 £m	Total £m
EBIT	80.4	89.1	169.5
Profit on disposal of assets	(0.5)	0.5	-
Share of profit on joint ventures (6)	(0.1)	0.4	0.3
Operating profit (before non-recurring items) (6)	**79.8**	**90.0**	**169.8**

(6) Refer to the Group Income Statement on page 11

2016	H2 2015	H1 2016	Total
Capital Expenditure	**£m**	**£m**	**£m**
Maintenance capital expenditure	42.5	33.6	76.1
Growth capital expenditure	199.8	106.8	306.6
• Reinvestment in mature centres	10.1	-	10.1
• 2014 expansions(3)	7.8	-	7.8
• 2015 expansions(3)	172.4	24.9	197.3
• 2016 expansions	9.5	82.2	91.7
• Properties acquired	-	12.8	12.8
• Proceeds on property disposals	-	(13.1)	(13.1)
Total capital expenditure	**242.3**	**140.4**	**382.7**
Analysed as			
• Purchase of subsidiary undertakings (7)	44.5	0.3	44.8
• Purchase of property, plant and equipment (7)	194.4	150.7	345.0
• Purchase of intangible assets (7)	3.4	2.5	6.0
• Proceeds on property disposals (8)	-	(13.1)	(13.1)

(7) Refer to the Group Cash Flow Statement on page 14

(8) The proceeds on the property disposals of £13.1m is included in the proceed on disposal of property, plant and equipment in the Group Cash Flow Statement on page 14