



27 August 2010

REGUS PLC - INTERIM MANAGEMENT REPORT - SIX MONTHS ENDED 30 JUNE 2010

Regus, the world's largest provider of outsourced workplaces, announces today its half year results for the six months ended 30 June 2010.

FINANCIAL HIGHLIGHTS

- Revenues of £515.5m (H1 2009: £557.4m)
- EBIT of £10.2.m* (H1 2009: £51.4m*)
- EPS of 0.9p* prior to exceptional charge, (H1 2009: 3.8p* prior to exceptional receipt)
- After exceptional UK restructuring charge of £15.8 million, a before tax loss of £6.1 million (H1 2009: Profit £69.0 million) and EPS of (0.8)p (H1 2009: 5.7p)
- Cash generated from operations (before exceptional items) £47.1m* (H1 2009: £62.2m*)
- Net cash at £224.2m (H1 2009: £229.5m)
- Interim dividend up 6% to 0.85p per share (H1 2009: 0.8p)

* Results exclude exceptional items, discussed on Page 9

OPERATIONAL HIGHLIGHTS

- Total capacity including non-consolidated workstations increased by 1.8% to 176,760 (H1 2009: 173,633)
- Average mature occupancy maintained above 77% (H1 2009: 79%)
- A further 44 new centres opened in the six month period to 30 June 2010 (H1 2009: 23)
- We expect to open a centre per day over the remainder of the year.
- Businessworld – increase of 111% to 475,896 members, 127% increase in revenues vs H1 2009.

Commenting on today's announcement Mark Dixon, Chief Executive Officer of Regus plc, said:

"Despite the challenging trading environment I am pleased that we continue to generate cash, deliver cost savings and open new centres on attractive deals.

While the market remains difficult to predict, we remain committed to our strategy of restoring our margins by both driving up our revenues and progressively reducing cost while continuing to maximise growth opportunities as changes in how and where we work evolve."

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Interim Management Report - Chief Executive's Review

Overview

Despite the challenging conditions experienced in the first half, the Group continues to generate cash from operations in the first half of £47.1 million (2009: £62.2 million).

This cash has, in turn, been utilised both in maximising our low-risk, low-cost growth plans globally and enhancing the level of final dividend payable to our shareholders in H1. Our closing net cash balance of £224.2 million is broadly consistent with the £229.5 million closing balance at June 30, 2009.

Operational Review

The flexibility of the Regus business model has enabled the Group to manage the cycle effectively. With the current evolution of the economic cycle the focus is on keeping costs tight, taking firm action where required, managing our working capital and cash efficiently and investing in growth in order to prepare for the upturn.

We continue to focus on our cost saving programme with annualised savings compared to the second half of 2008 now standing at over £100 million. We will continue to seek further savings wherever possible, especially where it is critical to improve a centre's performance or where we feel we can leverage further efficiencies from our global administrative cost base.

The Group remains alive to market conditions and resulting pricing pressures which vary from region to region. Our variable rent arrangements have a combined operational flexibility for both landlords and for Regus - with a minimisation of the risks inherent within longer, more conventional leases. This, along with a broad product range, provides the Group with a resilient business model and an ability to align itself to customers' requirements quickly as their needs change.

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

£ million	Revenue		Contribution		Mature Margin*		Mature Occupancy*	
	H1 2010	H1 2009	H1 2010	H1 2009	H1 2010	H1 2009	H1 2010	H12009
Americas	215.4	227.0	46.8	51.4	23%	24%	78.4%	79.7%
EMEA	142.2	162.5	35.1	49.1	26%	31%	77.4%	80.7%
Asia Pacific	68.3	68.6	19.3	20.9	29%	30%	78.2%	75.6%
UK	88.9	98.5	3.0	11.1	4%	11%	73.8%	78.4%
Other	0.7	0.8	1.3	1.5				
	515.5	557.4	105.5	134.0	21%	25%	77.2%	79.1%

* The mature business is defined as the performance from centres owned and operated at 1 January 2009

OVERALL

The Group's strategy of controlled and disciplined growth has resulted in an increase in total capacity (including non-consolidated workstations) of 1.8% to 176,760 workstations in the year, and the number of actual workstations by 3.5% to 167,318 workstations as at 30 June 2010. The Group has opened 44 new centres this year with the total number of centres now standing at 1,012. The new centres reflect the Group's strategy of focusing on diverse growth opportunities with 80% of new centres opened on variable or flexible lease deals reflecting the focus on low risk opportunities. New locations included Accra in Ghana, Jersey in the Channel Islands, Sendai and Kobe in Japan.

AMERICAS

Our business in the Americas comprises Canada, USA and South America, encompassing 483 centres across 14 countries. Our main business in the USA operates 398 centres. At actual exchange rates, the region delivered revenues of £215.4 million - down 5.1% on 2009 and average mature occupancy of 78% during the period (H1 2009: 80%). During the period, we opened 10 centres, which contributed to an increase in the average number of consolidated workstations from 72,290 in 2009 to 73,114 in 2010.

Our first half results reflect our ongoing efforts to maximise our business in this challenging economic environment. Our focus remains on driving additional enquiries through all channels and identifying the appropriate products which best fit the needs of our clients. We continue to make enhancements to our systems and processes which will position us well for the future.

EMEA

Our business in EMEA encompasses 265 centres across 46 countries. The region delivered revenues of £142.2 million - down 12.5% on 2009 and achieved an average mature occupancy of 77% (H1 2009: 81%). During the period we opened 20 centres which contributed to the increase in the average number of consolidated workstations from 34,174 in 2009 to 35,356 in 2010.

During the first half we opened our first centre in the new market of Ghana and added additional centres in high demand mature markets such as Berlin. We continue looking for expansion into additional new markets through low risk opportunities.

Moving forward, we will continue to focus on retaining occupancy and driving future revenue growth. We also continue to drive efficiencies in our cost base through the renewal of mature leases on favourable terms. Our Regional Service Centre in Prague is now fully operational and will enable us to drive process efficiencies and further cost savings.

ASIA PACIFIC

Our business in Asia operates in 123 centres across 16 countries. The region delivered revenues of £68.3 million - down 0.4% on 2009 and achieved an average mature occupancy of 78% (H1 2009: 76%). During the period we opened 8 centres including 3 new cities in Japan, which increased the average number of consolidated workstations from 21,305 in 2009 to 22,717 in 2010.

During the first half we have secured a number of partnerships which present significant opportunities to drive future growth. These include HSBC in India, Jet Airways and Visa Commercial with potential target databases in excess of 1.5 million customers.

Looking ahead, we remain well positioned to consolidate our position as the largest provider of flexible workspace solutions across all Asia Pacific markets. We remain focused on driving occupancy in our base business and driving revenue opportunities through pricing adjustments in our higher occupied centres.

UK

As previously stated, conditions during 2010 have been extremely challenging, with renewed pressure on key performance indicators. Set against this backdrop, the region delivered revenues of £88.9 million - down 9.7% on 2009 and achieved an average mature occupancy of 74% (2008: 78%). During the period, we opened 6 centres which contributed to the increase in the average number of consolidated workstations from 33,066 in 2009 to 34,700 in 2010.

Looking ahead we will continue to address the performance of our loss making centres in the UK. As communicated to you in March 2010, like many other companies with operations in the UK, we have

been seeking to renegotiate a number of leases where critical to improving a centre's performance and where historic rent was not reflective of current market conditions.

To a significant degree, these restructuring actions have now been completed and we enter the second half of the year having achieved savings of approximately £1 million per month. However, we are not complacent and will continue to seek further cost savings wherever possible.

To drive these savings we incurred £15.8 million of cost on a combination of asset write-downs, dilapidations, legal and professional fees, relocation costs, reorganisation costs and ancillary closure costs.

Allied to these cost savings, we remain focused on revenue growth through targeted marketing and promotional campaigns and continue to see the UK as an important and growing market for our business.

Our Strategy

The Group's primary focus remains on continued profit and cash generation through low-risk, controlled and disciplined growth. Alongside this, our business is being driven forward by ongoing structural changes in the way organisations and individuals work. We will seek to capitalise on the multitude of opportunities this presents by leveraging and maximising our experience, service excellence and extensive network.

This strategy is pursued through a mix of acquisitive and organic growth of existing and new locations, underpinned by a consistent management philosophy and customer-driven culture. By being more diverse, our dependency on individual customers, sectors or markets is reduced, making the overall Group more resilient.

When we invest in growth, we continue to focus on the longer term and with the awareness that trading conditions will vary over time. It has been our practice in the past and remains our intention in the future to maintain our presence in our chosen markets – but with a tight control over our costs. We remain vigilant to the need for decisive action on any underperforming elements of our network, focused ultimately on maintaining a continuous process of quality improvement in our portfolio for the future.

As our international presence increases, we believe that it is important to maintain a broad, global approach to maximising opportunities, with local adaptation. Although we will continue to retain our regional framework, we equally recognise the benefits to be garnered from reviewing certain specific countries more strategically as the need arises and to enable us to develop plans to capitalise on each country's unique priorities. Best practice will be rolled out to other countries in which we operate.

As an example the emerging market countries will be an area of increased focus. Not only do these markets benefit from above average levels of economic growth but it is also anticipated that the development of flexible working practices will be much more rapid - being unencumbered by "conventional" orthodoxies of how one should work.

The Market is moving toward Regus

Over the course of the next decade how and where work is done will be influenced by a wide variety of factors including, but not limited to, technological advancements, globalisation and changing workforce dynamics. Add to that an era of corporate belt-tightening, economic volatility and higher unemployment and the task of structuring an effective and productive work environment becomes

even more complex. How a business, irrespective of its size, goes about organising itself to work will determine profit or loss, expansion or contraction, success or failure.

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

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

The simple fact is that the traditional approach to corporate real estate is unable to deal with the challenges and significant opportunities which this inexorable shift to mobility is creating. As a result, the mismatch between these new ways of working and traditional corporate real estate is causing excessive waste for businesses - at a time they can ill afford. In some cases as much as 60% of the costs of working within a business are currently wasted.

The more time workers spend away from their company-owned offices, the more money a company wastes on unused square footage, energy and technology. Regus is benefiting from a desire by companies to divest corporate real estate and provide workers with anytime, anywhere workplace options such as pay-as-you-go offices, touchdown space, meeting rooms, and drop-in business centres. Two recent examples of high profile organisations Regus has recently helped in this way are Yell and GE.

This is a trend we are confident will continue to develop. With Regus well positioned as market leader, both locally and internationally, we are strongly placed to capitalise fully as the market grows and matures.

A compelling and tangible Growth Opportunity

We do not simply believe in growth for growth's sake – but equally, when we see low-risk, low-cost opportunities which will further meet our strategic and investment objectives and compliment our global network, it makes sense to move quickly and decisively.

As previously stated, we have been taking advantage of an increased level of growth opportunities.

The 44 new centres opened during the six months to June 30, 2010 represent a positive step in the right direction. To supplement this therefore, we have entered into further growth commitments over the remainder of 2010 which could see up to an additional 100 centres added to our portfolio and which could therefore see growth in our global centres of up to 15% in the full year to December 31, 2010.

Establishment of Global Research and Support centre

We took the step during the early part of this year to establish a Centre of Excellence based in Geneva. This centre is designed to have a dual role. Firstly, we expect it to become the research centre of the Group, further developing our understanding of changing working practices throughout the globe and then designing products and service offerings to meet these identified needs. Secondly,

we anticipate that it will become the operational centre of the business, supporting our strengthened country and regional management structures.

Board Changes

I am delighted to be able to welcome Alex Sulkowski and Elmar Heggen to the Board, who bring with them a wealth of global management skills and experience which will prove invaluable to Regus. Lance Browne, an existing Board Member, was appointed as Senior Non-Executive Independent Director. These changes reinforce the international nature of the Board and considerably develop its range of experience and independence.

Dividend

In line with our progressive dividend policy and continuing cash generation, the Board has resolved today to pay an interim dividend of 0.85p per share. The interim dividend will be paid on 8 October 2010, to shareholders on the register at the close of business on 10 September 2010.

Outlook

The market continues to be very challenging and difficult to predict. However, against this economic backdrop, the international diversity of our business mix, enhanced strength of our management teams and resilience of our balance sheet should enable the Group to maintain its momentum.

We remain committed to our strategy of recovering our margin in existing centres, opening new centres on attractive deals and continuing to focus on efficiency savings. With the increasing trend by companies and individuals toward flexible working, we are well placed as the market leader and will use our strong cash position to take advantage of this compelling growth opportunity. We remain firmly of the belief that we have the balance sheet strength, global diversity and scalable growth strategy to demonstrate the necessary resilience for the long term.

Mark Dixon
Chief Executive Officer
27 August 2010

Interim Management Report - Financial Review

Introduction

Despite the challenging trading conditions experienced across all of our markets, the business has remained strongly cash generative having produced £47.1 million of cash from operations in the first half (H1 2009 £62.2 million). This has enabled the business to pay an increased dividend (£15.5 million), buy back shares (£3.7 million), restructure the UK (£4.2 million to 30 June 2010) as well as invest in capacity growth (£14.0 million) with only a modest reduction in overall net cash balances.

Our net cash position at 30 June 2010 was £224.2 million compared to £237.0 million at 31 December 2009.

Revenue and gross profit (centre contribution)

Revenue for the Group decreased 7.5% to £515.5 million (H1 2009: £557.4 million) and gross profit (centre contribution) decreased 21.3% to £105.5 million (H1 2009: £134.0 million).

This movement can be analysed as follows:

(£ million)	Revenue	Gross profit	Margin %
H1 2009	557.4	134.0	24.0%
Impact of exchange rates	5.7	2.2	
H1 2009 at constant exchange rates	563.1	136.2	24.2%
Change in mature business	(49.5)	(28.6)	
Centres added in 2009	7.6	2.1	
Centres added in 2010	4.5	(2.7)	
Centres closed	(10.2)	(1.5)	
H1 2010 (pre exceptional costs)	515.5	105.5	20.5%
Exceptional costs	-	(11.8)	
H1 2010	515.5	93.7	18.2%

Whilst sterling strengthened against the US Dollar and Euro compared to H1 2009 it weakened against many other G20 currencies such that overall if we had translated our 2009 results at 2010 rates revenue and contribution would have increased by £5.7 million and £2.2 million respectively. On a constant currency basis revenue fell by 8.5% and contribution by 22.5%.

Our mature or “like for like” business decreased its revenues by £49.5 million and contribution by £28.6 million driven by reductions in both occupancy and price. This is partially offset by reductions in costs and the transfer of certain elements to overheads as part of the “Smartworking” programme.

Centres added in 2009 contributed £7.6 million of revenue and £2.1 million of contribution, reflecting the improving occupancy and ability to reduce the normal start up losses as centres mature.

New centres added by organic growth in 2010 contributed £4.5 million of revenue but reduced contribution by £2.7 million due to the normal start up losses incurred in establishing new centres.

The year on year impact of centre closures was to reduce revenue by £10.2 million and contribution by £1.5 million.

Taking all this together contribution margins (before exceptional costs) reduced from 24.0% to 20.5%.

Administration expenses

Administrative expenses (pre exceptional costs) increased by £12.3 million to £96.2 million in the first half of 2010 compared to the first half of 2009. This increase can be broadly analysed as follows:

£million	Administrative Costs
H1 2009	83.9
Impact of exchange rates	0.5
H1 2009 at constant exchange rates	84.4
Transfer of costs from centres	5.9
Impact of growth	1.8
2010 Investments (IT and Marketing)	5.4
Underlying cost savings	(1.3)
H1 2010 (pre exceptional costs)	96.2
Exceptional costs	4.0
H1 2010	100.2

During the first half, £5.9m of costs were transferred from centres as part of the “Smartworking” programme. This is a result of the further centralisation of certain functions and processes previously carried out by centre staff and the annualised effect of actions taken in 2009.

As a result of adding workstations overhead costs are also adversely affected as we invest in such costs as extra marketing, regional management, legal and other compliance costs. Year on year this is estimated at £1.8 million.

The Group also made a significant investment of £5.4 million in IT projects and marketing activities during the half in order to drive future cost benefits and improvements to the Group's revenue pipeline.

To drive enquiries and future revenue growth the Group has invested an extra £3.9 million in advertising and £1.5 million to centralise our IT support structure which will start to yield savings in 2011.

Net of the above there has been an underlying saving in overheads of £1.3 million.

Cost reduction initiatives

The cost management actions taken by the Group throughout 2009 have been progressed in the first half, delivering further cost savings in the underlying business. The most significant savings are being driven through centre costs, where we are now seeing the benefit of reduced rent and service charges with additional savings expected in H2 2010 particularly in the UK. Cost savings are also being made as we close underperforming centres and the centralisation of certain functions and processes has contributed operational efficiencies such as improved customer collections.

The trend in the total cost base is shown below. Excluding the extra costs that have been incurred increasing the capacity of the business and some specific investments in 2010, since the second half of 2008 annualised savings have been made of circa £100 million.

Cost Trend of base business at constant exchange

	H2 2008	H1 2009	H2 2009	H1 2010
Base Business	532.7	505.8	486.0	480.6
Growth Costs	2.5	5.5	8.9	20.2
2010 Investments	--	--	--	5.4
Total Costs	535.2	511.3	494.9	506.2

Operating profit (before exceptional items)

Arising from the above operating profit was £9.3 million (H1, 2009: £50.1 million), representing a margin of 1.8% (H1 2009: 9.0%).

Exceptional items

In the period ended 30 June 2010 the Group undertook a UK restructuring programme and incurred exceptional charges of £15.8 million. These costs relate to a combination of asset write-downs, dilapidations, legal and professional fees, relocation costs, reorganisation costs and ancillary closure costs net of any onerous lease or other property related provision releases.

Of the net £15.8 million, £4.2 million has so far been expended in cash.

As a result of the programme annualised rent savings have been achieved of £12 million.

Share of profit in joint ventures

In the period ended 30 June 2010, the share of joint venture profits attributable to Regus decreased to £0.9 million (H1 2009: £1.3 million). This reflects the acquisition of the remaining 50% of Regus Equity Business Centres on 31 December 2009 which is now fully consolidated.

Financing costs

Financing costs can be summarised as follows:

(£ million)	H1 2010	H1 2009
Interest payable	(0.5)	(0.9)
Interest receivable	0.9	1.3
Finance lease interest	(0.1)	(0.1)
Non-cash: Amortisation of deferred financing fees	--	(0.5)
Non-cash: UK acquisition related	(0.8)	(0.5)
Total financing costs	(0.5)	(0.7)

The lower interest payable reflects £0.4 million in relation to facility charges incurred on the Group's £100 million undrawn senior committed facility that was voluntarily surrendered in April 2009. The remaining interest payable is in relation to bank overdrafts in a limited number of countries and commissions on bank guarantees.

The £0.4 million decrease in interest receivable reflects the impact of lower global interest rates (reducing the Group's average yield from 1.2% to 0.8%) on a slightly higher average interest bearing cash balance of £228.6 million (H1 2009: £222.4 million).

Finance lease costs have remained unchanged reflecting the continued low level of finance lease liabilities held by the Group. The amortisation of deferred financing fees relates to the facility arrangement costs incurred for the new credit facilities entered into during 2006 and which were voluntarily surrendered in April 2009 resulting in the recognition of an accelerated amortisation charge of £0.4 million in that year. The unwinding of discounted fair value adjustments on the Regus UK

acquisition resulted in a non cash net financing charge of £0.8 million in the period to 30 June 2010, an increase of £0.3 million due to a one-off credit arising from the accelerated unwinding of the discount on a loan re-paid during H1, 2009.

Taxation

The Group has recognised a £1.4 million tax charge for the period. This includes a deferred tax charge of £0.5 million associated with the UK restructuring.

The tax rate for the interim period is 9.7%, excluding the exceptional item, compared to 28.1% pre exceptional in the comparative period.

This includes a deferred tax charge in relation to the reversal of previously recognised deferred tax assets on losses, which no longer satisfy the Group's recognition policy, giving rise to a decrease in the deferred tax asset from £65.1 million at 31 December 2009 to £51.4 million at 30 June 2010. In addition, the Group has benefited from a credit in relation to the settlement of a number of tax audits in relation to prior years. The underlying current tax rate excluding these two items is approximately 23%.

On a cash basis, the Group paid £9.1 million in tax. Cash tax represents approximately 98% of profit before tax (excluding the exceptional charge). This arises largely because taxes paid in H1 2010 include final payments for earlier periods.

Earnings per share

Earnings per share for the half year before exceptionals have decreased to 0.9p (H1 2009: 3.8p) with the impact of falling underlying operating profits partially offset by cost savings. The average number of shares in issue increased to 950,498,200 (H1, 2009: 947,001,077) which reflects the reissue of treasury shares held by the Group in order to settle the exercise of share awards.

Dividend

A payment of 1.6p per share was paid in May 2010 following shareholder approval (H1 2009 1.2p per share by Regus Group Limited, formerly Regus Group plc).

The Board intends to increase the interim dividend by 6% to 0.85p per share (H1 2009 0.8p) The Interim Dividend will be paid on Friday, 8 October 2009 to shareholders on the register at the close of business on Friday, 10 September 2010. The Group will continue to operate the Income Access Share arrangements for the interim dividend to enable shareholders to receive either UK source dividends or Luxembourg source dividends. Further details can be found on page 25 of this announcement.

Goodwill

Regus has £272.3 million of goodwill in the balance sheet arising mainly from the purchase in August 2004 of HQ Global Holdings Inc. and the purchase in April 2006 of the remaining 58% interest in the Regus UK business not already owned

Following the restructure of the UK business, the carrying value of the goodwill was tested for impairment, this indicated that no impairment was necessary. Although the short term performance of the business has worsened since the 2009 impairment review was carried out, the adverse impact of the resulting reduction in our anticipated future cash flows has been offset by the savings arising from the UK restructuring. It should be noted, however, that the headroom in the UK goodwill calculations still remains low. It is therefore possible that a future, non-cash, impairment may be necessary arising from relatively small changes in assumptions.

Cash flow

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

(£ million)	H1 2010	H1 2009
Cash from operations	47.1	62.2
Other income	0.0	0.2
Cash in	47.1	62.4
Maintenance capex	(9.2)	(6.8)
Interest and tax	(8.6)	(15.2)
Free cash flow	29.3	40.4
New centre openings	(14.0)	(16.6)
Share Buybacks, settlement of share awards and Dividends	(19.2)	(12.3)
Exceptional (cost)/receipt	(4.2)	18.5
Other	(3.3)	0.2
Cash out	(40.7)	(10.2)
Change in cash & cash equivalents	(11.4)	30.2
Opening Cash	245.1	219.5
FX	0.6	(12.2)
Closing balance -Cash, cash equivalents and liquid investments	234.3	237.5

Cash flow from operations has fallen £15.1 million from £62.2 million to £47.1 million driven by the reduced profitability offset by the year on year working capital improvements.

Nevertheless the business has remained strongly cash positive producing a free cash flow of £29.3 million. This has enabled the business to pay an increased dividend (£15.5 million), buy back shares (£3.7million), restructure the UK (£4.2 million) as well as invest in 44 new centres and other growth related projects (£14.0 million) with only a modest reduction in overall net cash balances.

The net cash balance can be analysed as follows:

(£ million)	H1 2010	H2 2009	H1 2009
Cash, cash equivalents and liquid investments	234.3	245.1	237.5
Bank and other loans	(5.5)	(6.0)	(5.5)
Finance leases	(4.6)	(2.1)	(2.5)
Net financial assets/net cash	224.2	237.0	229.5

Of the balance of £224.2 million, £76.5 million was held in Group immediately available for use, £75.2 million was held in the regions and £72.5 million is set aside to support letters of credit the business has issued and various other commitments of the Group.

Principal risks and uncertainties

The principal risks and uncertainties affecting Regus plc remain unchanged from those detailed on pages 28 and 29 of the Regus plc 2009 Annual Report and Accounts.

The principal risks and uncertainties described in the 2009 Annual Report and Accounts are:

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

Related parties

Details of related party transactions that have taken place in the period can be found in note 10 to the interim financial statements. There have been no changes to the type of related transactions entered into by the Group as described in the Regus plc 2009 Annual Report and Accounts that had a material effect on the interim financial statement for the period ended 30 June 2010.

Stephen Gleadle
Chief Financial Officer
27 August 2010

Condensed Consolidated Financial Information Consolidated Income Statement (unaudited)

£m	Note	Before exceptional items	Exceptional items	Six months ended 30 June 2010	Before exceptional items	Exceptional items	Six months ended 30 June 2009
Revenue		515.5	-	515.5	557.4	-	557.4
Cost of sales	3	(410.0)	(11.8)	(421.8)	(423.4)	-	(423.4)
Gross profit (centre contribution)		105.5	(11.8)	93.7	134.0	-	134.0
Administration expense	3	(96.2)	(4.0)	(100.2)	(83.9)	-	(83.9)
Net income from legal settlement		-	-	-	-	18.3	18.3
Operating profit		9.3	(15.8)	(6.5)	50.1	18.3	68.4
Share of post-tax profit of joint ventures		0.9	-	0.9	1.3	-	1.3
Profit/(loss) before financing costs		10.2	(15.8)	(5.6)	51.4	18.3	69.7
Finance expense		(1.4)	-	(1.4)	(2.6)	-	(2.6)
Finance income		0.9	-	0.9	1.9	-	1.9
Profit/(loss) before tax for the period		9.7	(15.8)	(6.1)	50.7	18.3	69.0
Tax credit/ (charge)		(0.9)	(0.5)	(1.4)	(14.3)	-	(14.3)
Profit/(loss) for the period		8.8	(16.3)	(7.5)	36.4	18.3	54.7
Profit (loss) attributable to:							
Equity shareholders of the parent		8.5	(16.3)	(7.8)	36.1	18.3	54.4
Non-controlling interests		0.3	-	0.3	0.3	-	0.3
Profit/(loss) for the period		8.8	(16.3)	(7.5)	36.4	18.3	54.7

Earnings per ordinary share (EPS):

	Six months ended 30 June 2010	Six months ended 30 June 2009
Basic (p)	(0.8)	5.7
Diluted (p)	(0.8)	5.7
Basic before exceptionals (p)	0.9	3.8
Diluted before exceptionals (p)	0.9	3.8

Consolidated Statement of Comprehensive Income (unaudited)

£m	Six months ended 30 June 2010	Six months ended 30 June 2009
(Loss)/Profit for the period	(7.5)	54.7
Other comprehensive income:		
Deferred tax effect of share options	0.2	0.1
Foreign currency translation differences for foreign operations	21.7	(39.3)
Other comprehensive income for the period, net of income tax	21.9	(39.2)
Total comprehensive income for the period	14.4	15.5
Total comprehensive income attributable to:		
Equity shareholders of the parent	14.1	15.2
Non-controlling interests	0.3	0.3
	14.4	15.5

Consolidated Statement of Changes in Equity (unaudited)

£m	Attributable to equity holders of the parent (note a)							Non-controlling interests	Total equity
	Share capital	Treasury shares	Foreign currency translation reserve	Revaluation reserve	Other	Retained earnings	Total		
Balance at 1 January 2009	9.5	(1.4)	67.0	10.0	15.3	379.6	480.0	0.3	480.3
Total comprehensive income for the period:									
Profit for the period	-	-	-	-	-	54.4	54.4	0.3	54.7
Other comprehensive income:									
Deferred tax effect of share options	-	-	-	-	-	0.1	0.1	-	0.1
Currency translation differences	-	-	(39.3)	-	-	-	(39.3)	-	(39.3)
Total other comprehensive income	-	-	(39.3)	-	-	0.1	(39.2)	-	(39.2)
Total comprehensive income for the period	-	-	(39.3)	-	-	54.5	15.2	0.3	15.5
Transactions with owners, recorded directly in equity:									
Share based payments	-	-	-	-	-	1.2	1.2	-	1.2
Ordinary dividend paid	-	-	-	-	-	(11.4)	(11.4)	-	(11.4)
Dividend paid to minority interest	-	-	-	-	-	-	-	(0.5)	(0.5)
Purchase of treasury shares	-	(0.4)	-	-	-	-	(0.4)	-	(0.4)
Exercise of share options	-	1.5	-	-	-	(1.5)	-	-	-
Balance at 30 June 2009	9.5	(0.3)	27.7	10.0	15.3	422.4	484.6	0.1	484.7
Balance at 1 January 2010	9.5	(0.4)	37.1	10.5	15.3	427.5	499.5	--	499.5
Total comprehensive income for the period:									
Profit for the period	-	-	-	-	-	(7.8)	(7.8)	0.3	(7.5)
Other comprehensive income:									
Deferred tax effect of share options	-	-	-	-	-	0.2	0.2	-	0.2
Currency translation differences	-	-	21.7	-	-	-	21.7	-	21.7
Total other comprehensive income	-	-	21.7	-	-	0.2	21.9	-	21.9
Total comprehensive income for the period	-	-	21.7	-	-	(7.6)	14.1	0.3	14.4
Transactions with owners, recorded directly in equity:									
Share based payments	-	-	-	-	-	2.2	2.2	-	2.2
Ordinary dividend paid	-	-	-	-	-	(15.2)	(15.2)	-	(15.2)
Dividend paid to minority interest	-	-	-	-	-	-	-	(0.3)	(0.3)
Purchase of treasury shares	-	(2.8)	-	-	-	-	(2.8)	-	(2.8)
Exercise of share options	-	0.4	-	-	-	(1.3)	(0.9)	-	(0.9)
Balance at 30 June 2010	9.5	(2.8)	58.8	10.5	15.3	405.6	496.9	-	496.9

(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 3,510,000 ordinary shares of the Group that were acquired for the purposes of the Group's employee share option plans and the share buyback programme. During the period 3,510,000 shares were purchased and 1,576,498 were utilised to satisfy the exercise of share options by employees. At 27 August 2010, 5,510,000 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.

Consolidated Balance Sheet

£m	As at 30 June 2010 (unaudited)	As at 30 June 2009 (unaudited)	As at 31 Dec 2009*
Non-current assets			
Goodwill	272.3	252.4	259.1
Other intangible assets	49.1	48.5	48.3
Property, plant and equipment	242.2	239.9	240.9
Deferred tax assets	51.4	65.8	65.1
Other long term receivables	35.8	28.4	33.0
Investments in joint ventures	5.4	4.7	4.4
	656.2	639.7	650.8
Current assets			
Trade and other receivables	206.8	210.6	202.8
Corporation tax receivable	13.0	10.1	10.1
Liquid investments	15.5	-	40.0
Cash and cash equivalents	218.8	237.5	205.1
	454.1	458.2	458.0
Total assets	1,110.3	1,097.9	1,108.8
Current liabilities			
Trade and other payables	(199.9)	(184.5)	(176.7)
Customer deposits	(150.8)	(149.5)	(149.3)
Deferred income	(114.9)	(111.8)	(114.7)
Corporation tax payable	(32.4)	(59.3)	(52.5)
Obligations under finance leases	(2.9)	(1.1)	(1.4)
Bank and other loans	(5.5)	(5.5)	(6.0)
Provisions	(2.7)	(1.5)	(3.9)
	(509.1)	(513.2)	(504.5)
Net current liabilities	(55.0)	(55.0)	(46.5)
Total assets less current liabilities	601.2	584.7	604.3
Non-current liabilities			
Other payables	(95.1)	(90.5)	(94.1)
Obligations under finance leases	(1.7)	(1.4)	(0.7)
Bank and other loans	-	-	-
Deferred tax liability	(0.4)	(0.1)	(0.7)
Provisions	(6.0)	(7.2)	(8.2)
Provision for deficit on joint ventures	(1.1)	(0.8)	(1.1)
	(104.3)	(100.0)	(104.8)
Total liabilities	(613.4)	(613.2)	(609.3)
Total assets less liabilities	496.9	484.7	499.5
Total equity			
Issued share capital	9.5	9.5	9.5
Treasury shares	(2.8)	(0.3)	(0.4)
Foreign currency translation reserve	58.8	27.7	37.1
Revaluation reserve	10.5	10.0	10.5
Other reserves	15.3	15.3	15.3
Retained earnings	405.6	422.4	427.5
Total shareholders' equity	496.9	484.6	499.5
Non-controlling interests	0.0	0.1	-
Total equity	496.9	484.7	499.5
Total equity and liabilities	1,110.3	1,097.9	1,108.8

* Extracted from the audited financial statements for the year ended 31 December 2009

Consolidated Cash Flow Statement (unaudited)

£m	Six months ended 30 June 2010	Six months ended 30 June 2009
Profit before tax for the period	(6.1)	69.0
Adjustments for:		
Net finance costs	0.5	0.7
Net share of profit on joint ventures	(0.9)	(1.3)
Depreciation charge	33.2	34.6
Loss on disposal of property, plant and equipment	0.1	0.1
Amortisation of intangible assets	2.8	3.3
(Decrease) in provisions	(3.5)	(0.8)
Exceptional costs/(net income)	15.8	(18.3)
Unrealised gains on fair value financial derivative instruments	(0.3)	(2.1)
Other non-cash movements – unrealised foreign currency loss/(gain)	0.4	1.3
– share based payment	2.2	1.2
Operating cash flows before movements in working capital	44.2	87.7
Decrease in trade and other receivables	0.9	6.3
(Decrease)/increase in trade and other payables	2.0	(31.8)
Cash generated from operations (before exceptional)	47.1	62.2
Cash (outflow)/inflow from exceptional item	(4.2)	18.5
Cash generated from operations (after exceptional)	42.9	80.7
Interest paid on finance leases	(0.1)	(0.1)
Interest paid on credit facilities	(0.5)	(0.9)
Tax paid	(9.1)	(15.4)
Net cash inflows from operating activities	33.2	64.3
Investing activities		
Purchase of subsidiary undertakings (net of cash acquired)	(0.1)	0.1
Dividends received from joint ventures	-	0.2
Purchase of property, plant and equipment	(23.2)	(22.8)
Purchase of intangible assets	-	(0.6)
Interest received	1.1	1.2
(Decrease)/Increase in liquid investments	24.5	-
Cash inflows/ (outflows) from investing activities	2.3	(21.9)
Financing activities		
Repayment of loans	(2.3)	0.8
Repayment of principal under finance leases	(0.9)	(0.7)
Purchase of treasury shares	(2.8)	(0.4)
Settlement of share awards	(0.9)	-
Payment of ordinary dividend	(15.2)	(11.4)
Payment of dividend to minority shareholders	(0.3)	(0.5)
Cash (outflows) from financing activities	(22.4)	(12.2)
Net increase in cash and cash equivalents	13.1	30.2
Cash and cash equivalents at beginning of period	205.1	219.5
Effect of exchange rate fluctuations on cash held	0.6	(12.2)
Cash and cash equivalents at end of period	218.8	237.5

Notes to the Interim Accounts (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 consolidated financial information as at and for the six months ended 30 June 2010 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 2009;
- comprise the Company and its subsidiaries (the "Group") and the Group's interests in jointly controlled entities;
- do not constitute statutory accounts as defined in section 434 of the Companies Act 2006. It should be read in conjunction with the statutory accounts for the year ended 31 December 2009, which was prepared in accordance with the IFRSs as adopted by the European Union and have been filed with both the Luxembourg Chamber of Commerce and the Jersey Companies Registry. The comparative figures for the financial year ended 31 December 2009 are not the Company's statutory accounts for that financial year. Those accounts have been reported on by the company's auditors and the report of the auditors was (i) unqualified, and (ii) did not include a reference to any matters to which the auditors drew attention by way of emphasis without qualifying their report. These accounts are available from the Company's website - www.regus.com; and
- the condensed consolidated interim financial information was approved by the Board of Directors on 24 August 2010.

Except as described below, the basis of preparation and accounting policies set out in the Report and Accounts for the year ended 31 December 2009 have been applied in the preparation of this half yearly report. In preparing these condensed consolidated interim financial statements, the significant judgments made by management and the key sources of estimation uncertainty were the same as those that applied to the Report and Accounts for the year ended 31 December 2009.

The following standards, interpretations and amendments to standards were applicable to the Group for periods commencing on or after 1 January 2010:

IFRS 3 Business Combinations (Revised) and IAS 27 Consolidated and Separate Financial Statements (Amended); the revised business combinations standard introduces significant changes in the accounting for business combinations. Changes affect the valuation of non-controlling interests, the accounting for transaction costs, the initial recognition and subsequent measurement of contingent consideration and business combinations achieved in stages. These changes will impact the amount of goodwill recognised, the reported results in the period that an acquisition occurs and future reported results.

IAS 27 (Amended) requires that a change in the ownership interest of a subsidiary (without loss of control) is accounted for as a transaction with owners in their capacity as owners. Therefore such transactions will no longer give rise to goodwill, nor will they give rise to a gain or loss. Furthermore the amended standard changes the accounting for losses incurred by a subsidiary as well as the loss of control of a subsidiary. The changes by IFRS 3 Revised and IAS 27 (Amended) will affect future acquisitions or loss of control of subsidiaries and transactions with non-controlling interests.

IFRS 2 Share Based Payment - Group Cash-Settled Share Based Payment Transactions; the standard has been amended to clarify the accounting for Group cash-settled share based payment transactions. This amendment also supersedes IFRIC 8 and IFRIC 11. The adoption of this amendment did not have any impact on the financial position or performance of the Group.

Improvements to IFRSs in April 2009; the International Accounting Standards Board issued its second omnibus of amendments to its standards, primarily with a view to removing inconsistencies and clarifying wording. The adoption of these amendments, which are effective from 1 January 2010, did not have any impact on the financial position or performance of the Group.

IFRIC 17 Distribution of Non-cash Assets to Owners this interpretation provides guidance on accounting for arrangements whereby an entity distributes non-cash assets to shareholders either as a distribution of reserves or as dividends. The interpretation had no effect on the financial position or performance of the Group.

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 2009. 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	Americas		EMEA		Asia Pacific		United Kingdom		All other segments		Total	
	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
Six months ended 30 June												
Revenues from external customers	215.4	227.0	142.2	162.5	68.3	68.6	88.9	98.5	0.7	0.8	515.5	557.4
Revenues from internal customers	-	-	0.4	0.6	-	0.1	0.4	0.5	-	-	0.8	1.2
Segment revenues	215.4	227.0	142.6	163.1	68.3	68.7	89.3	99.0	0.7	0.8	516.3	558.6
Reportable segment profit	14.3	22.8	10.3	26.0	11.0	13.2	(9.2)	0.2	0.4	0.3	26.8	62.5
Reportable segment assets	507.9	457.6	248.5	265.0	151.5	126.6	276.8	263.4	1.7	1.2	1,186.4	1,113.8

Reconciliation of reportable segment profit to published profit:

£m	Six months ended 30 June 2010	Six months ended 30 June 2009
Reportable segment profit	26.8	62.5
Elimination of inter-segment revenue	(0.8)	(1.2)
Corporate overheads	(17.2)	(10.6)
Non-recurring items	0.6	0.6
Exceptional net income from legal settlement	-	18.3
Restructuring & Reorganisation	(15.8)	-
Foreign exchange gains and losses on inter-segment transactions	(0.1)	(1.2)
Share of post-tax profit of joint ventures	0.9	1.3
Net financing expense	(0.5)	(0.7)
Published Group profit before tax	(6.1)	69.0

There have been no changes to the basis of segmentation or the measurement basis for the segment profit since 31 December 2009.

Note 2: Operating segments (continued)

	Americas	EMEA	Asia Pacific	UK	All other segments	Total
	2010	2010	2010	2010	2010	2010
Mature						
Workstations	71,205	32,886	20,988	32,953	-	158,032
Occupancy (%)	78.4	77.4	78.2	73.8	-	77.2
Revenue (£m)	212.0	136.1	65.0	87.2	0.7	501.0
Contribution (£m)	48.6	35.5	19.0	3.9	0.6	107.6
2009 Expansions						
Workstations	1,197	1,194	876	1,211	-	4,478
Occupancy (%)	58.9	60.5	48.8	37.5	-	51.6
Revenue (£m)	2.4	2.5	2.6	1.3	-	8.8
Contribution (£m)	(0.3)	0.1	1.5	(0.4)	-	0.9
2010 Expansions						
Workstations	406	1,203	853	202	-	2,664
Occupancy (%)	26.9	63.1	28.4	12.9	-	42.7
Revenue (£m)	0.3	3.4	0.7	0.1	-	4.5
Contribution (£m)	(1.0)	(0.4)	(1.2)	(0.1)	-	(2.7)
Closures						
Workstations	306	73	-	334	-	713
Occupancy (%)	67.3	70.7	-	63.1	-	65.7
Revenue (£m)	0.7	0.2	-	0.3	-	1.2
Contribution (£m)	(0.5)	(0.1)	-	(0.4)	-	(1.0)

Totals						
Workstations	73,114	35,356	22,717	34,700	-	165,887
Occupancy (%)	77.7	76.3	75.2	72.1	-	75.9
Revenue (£m)	215.4	142.2	68.3	88.9	0.7	515.5
Contribution (£m)	46.8	35.1	19.3	3.0	0.6	104.8
Unallocated contribution (£m)	-	-	-	-	-	0.7
REVPAW (£)	5,892	8,044	6,013	5,124	-	6,215

Note 2: Operating segments (continued)

	Americas	EMEA	Asia Pacific	UK	All other segments	Total
	2009	2009	2009	2009	2009	2009
Mature						
Workstations	69,731	33,030	20,923	32,343	-	156,027
Occupancy (%)	79.7	80.7	75.6	78.4	-	79.1
Revenue (£m)	221.3	158.1	67.7	97.0	0.8	544.9
Contribution (£m)	52.8	48.9	20.5	11.1	0.6	133.9
2009 Expansions						
Workstations	429	301	171	89	-	990
Occupancy (%)	36.0	27.5	21.3	12.1	-	28.7
Revenue (£m)	0.6	0.3	0.2	-	-	1.1
Contribution (£m)	(0.9)	(0.2)	0.1	(0.2)	-	(1.2)
2009 Closures						
Workstations	1,570	613	-	309	-	2,492
Occupancy (%)	67.1	75.7	-	77.7	-	70.5
Revenue (£m)	3.5	3.0	-	1.1	-	7.6
Contribution (£m)	(0.4)	0.8	-	0.3	-	0.7
2010 Closures						
Workstations	560	230	211	325	-	1,326
Occupancy (%)	79.8	55.2	96.4	69.7	-	75.7
Revenue (£m)	1.6	1.1	0.7	0.4	-	3.8
Contribution (£m)	(0.1)	(0.4)	0.3	(0.1)	-	(0.3)

Totals						
Workstations	72,290	34,174	21,305	33,066	-	160,835
Occupancy (%)	79.2	80.0	75.3	78.1	-	78.6
Revenue (£m)	227.0	162.5	68.6	98.5	0.8	557.4
Contribution (£m)	51.4	49.1	20.9	11.1	0.6	133.1
Unallocated contribution (£m)	-	-	-	-	-	0.9
REVPAW (£)	6,280	9,513	6,442	5,959	-	6,932

Notes:

- The mature business is defined as the performance from centres owned and operated at 1 January 2009
- Expansions include new centres opened and acquired businesses.
- A 2010 closure is defined as a centre closed during the period 1 January 2010 - 30 June 2010. A 2009 closure is defined as a centre closed during the period 1 January 2009 – 31 December 2009.
- Workstation numbers are calculated as the weighted average for the period.

Note 3: Exceptional items

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

The reasons for these exceptional items are:

1. Restructuring costs as a result of our UK restructuring programme of £15.8 million, this balance consists of expenditure on the following categories: reorganisation costs, space reduction costs, closure costs, other. An onerous lease and other property related provisions were identified during the restructure as being no longer required, which were released.
2. During the six months ended 30 June 2009 the Group received a net amount of £18.3 million in relation to the settlement of a dispute with a supplier. The amount represents the cash received in settlement of the dispute less the directly attributable costs associated with the successful outcome of the negotiations.

Note 4: Dividends

Equity dividends on ordinary shares paid during the period:

£m	Six months ended 30 June 2010	Six months ended 30 June 2009
Final dividend for the year ended 31 December 2009: 1.6 pence per share (2008: 1.2 pence per share)	15.2	11.4
Final dividend for the year ended 31 December 2009: 1.6 pence per share (2008: 1.2 pence per share) paid to Minority Interests	0.3	0.5

Note 5: Goodwill and indefinite life intangible assets

As at 30 June 2010, the carrying value of the Group's goodwill and indefinite life intangible asset was £272.3 million and £11.2 million respectively (31 December 2009: £259.1 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 2009 (and updated in February 2010) for the year ended 31 December 2009. As a result of the UK cash-generating unit's trading performance being below expectation for the period ended 30 June 2010 and the sensitivity in the assumptions used to determine the recoverable amount, the Group reviewed the estimated recoverable amount and concluded that it remained in excess of the carrying value as at 30 June 2010. As part of the UK restructure significant savings have been made in the form of reduced rent and service charges, these have positively impacted the UK's current and future cash flows.

Note 6: Property, plant and equipment

During the six months ended 30 June 2010, the Group acquired assets with a cost of £23.2 million (30 June 2009: £22.8 million). Assets with a net book of value £0.1 million (30 June 2009: £0.1 million) were disposed of during the period for £nil million (30 June 2009: £nil million).

Capital expenditure authorised and contracted for but not provided for in the accounts amounted to £16.5 million (30 June 2009: £2.9 million).

Note 7: Analysis of net financial resources

£m	At 1 Jan 2010	Cash flow	Non-cash changes	Exchange movement	At 30 June 2010
Cash and cash equivalents	205.1	13.1	-	0.6	218.8
Liquid Investments	40.0	(24.5)	-	-	15.5
Gross cash	245.1	(11.4)	-	0.6	234.3
Debt due within one year	(6.0)	2.3	(1.3)	(0.5)	(5.5)
Debt due after one year	-	-	-	-	-
Finance leases due within one year	(1.4)	0.3	(1.6)	(0.2)	(2.9)
Finance leases due after one year	(0.7)	0.6	(1.5)	(0.1)	(1.7)
	(8.1)	3.2	(4.4)	(0.8)	(10.1)
Net financial assets	237.0	(8.2)	(4.4)	(0.2)	224.2

Cash, cash equivalents and liquid investment balances held by the Group that are not available for use ("Blocked Cash") amounted to £72.5 million at 30 June 2010 (December 2009: £64.3 million).

Of this balance, £59.8 million is pledged as security against outstanding bank guarantees and a further £12.7 million is pledged against various other commitments of the Group.

Cash held within regions in order to meet working capital requirements amounted to £85.3m at 30 June 2010. The regions also held bank and other loans £5.5 million and finance leases of £4.6 million. Consequently the regions had operating cash balances of £75.2 million.

Liquid investments represent corporate bonds and cash placed on deposit by the Group with a maturity over three months. Non-cash changes comprise the amortisation of debt issue costs, new finance leases entered into and movements in debt maturity.

Note 8: Share based payment

During the period the Group awarded 2,072,764 options (2009: Nil) and 827,708 conditional share awards (2009: nil) under the Long term Incentive Plan and 4,949,602 (2009: nil) options under the Share Option Plan. During 2010 no awards were made under the Co-Investment Plan (2009: 7,174,395 options and 3,652,623 conditional share awards)

In the period to 30 June 2010 the Group charged £2.2 million in the accounts in relation to share based payment (2009: £1.2 million).

Note 9: Contingent liabilities

The Group has bank guarantees and letters of credit held with certain banks amounting to £62.8 million (December 2009: £47.0 million). As set out in note 7 these are secured against cash deposited with the guaranteeing banks. A number of lawsuits are pending against the Group, the outcome of which in aggregate is not expected to have a material effect on the Group.

Note 10: Related parties

The nature of related parties as disclosed in the consolidated financial statements for the Group as at and for the year ended 31 December 2009 has not changed. Transactions with related parties did not have a material effect on the financial results for the six months ended 30 June 2010. At 30 June 2010, £3.5 million (2009: £5.2 million) was due to the Group from joint ventures of which £nil of this debt has been provided for at the balance sheet date (2009: £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 2010.

Note 11: Events after the balance sheet date

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

Note 12: Earnings per share

Earnings per ordinary share (EPS):	Six months ended	Six months ended
	30 June, 2010	30 June, 2009
Basic (p)	(0.8)	5.7
Diluted (p)	(0.8)	5.7
Basic before exceptionals (p)	0.9	3.8
Diluted before exceptionals (p)	0.9	3.8

Basic earnings per share are calculated excluding the impact of exceptional items.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

The directors did not to engage the Group's auditor, KPMG Audit S.a.r.l., to perform a formal review of the condensed set of financial statements in the half-yearly report for the six months ended 30 June 2010.

The directors of Regus Plc are listed in the Group's Annual Report and Accounts for the year ended 31 December 2009.

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
Chief Executive Officer

Stephen Gleadle
Chief Financial Officer

27 August 2010

Shareholders are entitled to elect whether to receive UK source dividends or Luxembourg source dividends. Shareholders who do not elect to receive UK source dividends through the income access share arrangements are reminded that their dividends will be Luxembourg sourced and will generally be subject to Luxembourg withholding tax at the rate of 15 per cent. Unless an election is made to the contrary, shareholders who hold 25,000 or fewer shares in a particular account will be deemed to have elected to receive UK source dividends in respect of those shares. Shareholders who haven't already made an election and who wish to do so, or who wish to change their previous election, should obtain a dividend election form from the Company's registrar, Equiniti Limited, by writing to Aspect House, Spencer Road, Lancing, West Sussex, BN99 6DA. In order for elections to be valid, dividend election forms must be received by the Company's registrar by 5.00 p.m. (London time) on 10 September, 2010.

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

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