Regus plc Annual Report and Accounts 2008

workwithoutboundaries

Our mission

Our mission is to develop, deliver and support outsourced workplace solutions that allow individuals and companies to work however, wherever and whenever they need to.

Our vision

We aim to be the number one in all markets in which we operate, through our controlled and disciplined expansion strategy.

Our values

The commitment, loyalty and efforts of our team members play a key role in differentiating us from our competitors.

Regus Group key facts

978
business centres

171,277
workstations globally

74
countries

83%
average occupancy

5,442
employees worldwide

1 click
away from our customers

Contents

regus.com

For more information visit www.regus.com

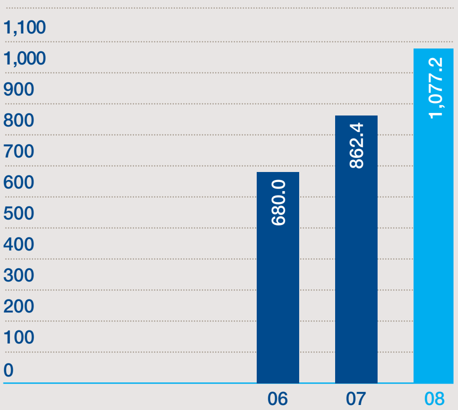
Annual and Interim Reports in electronic format online

To receive shareholder communications electronically in future, including your Annual Report and Interim Report, visit www.regus.com/investor

Financial highlights

Delivering the promise

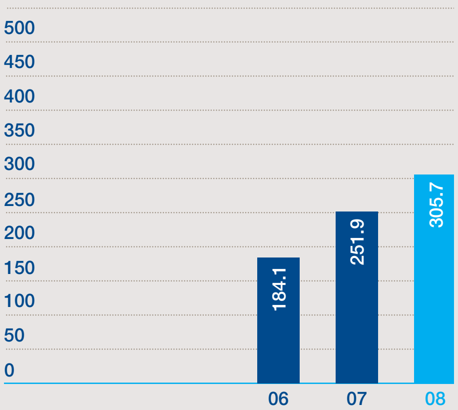
Revenue (£m)



£1,077.2m

+24.9%

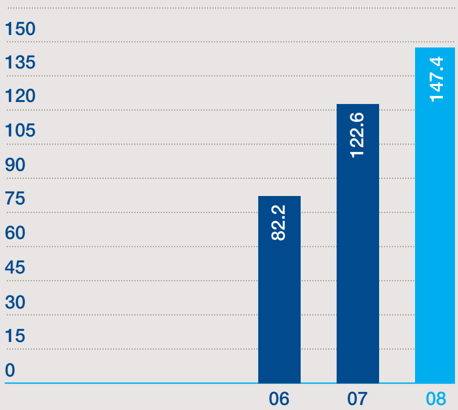
Gross profit (£m)



£305.7m

+21.4%

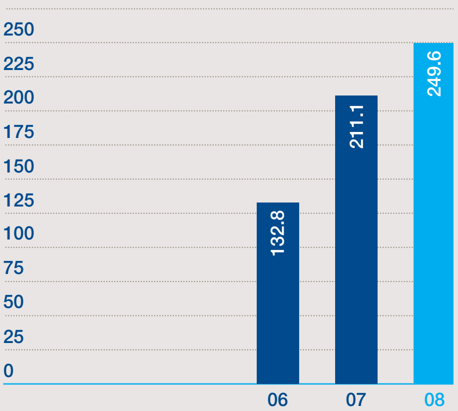
Operating profit (£m)



£147.4m

+20.2%

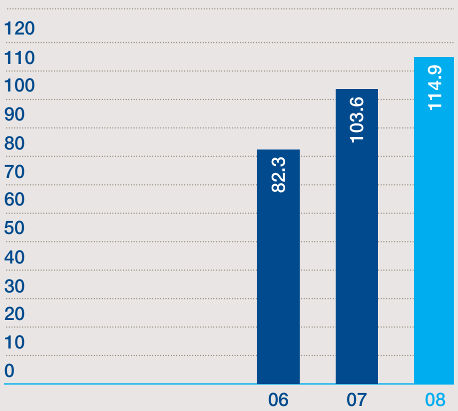
Cash from operations (£m)



£249.6m

+18.2%

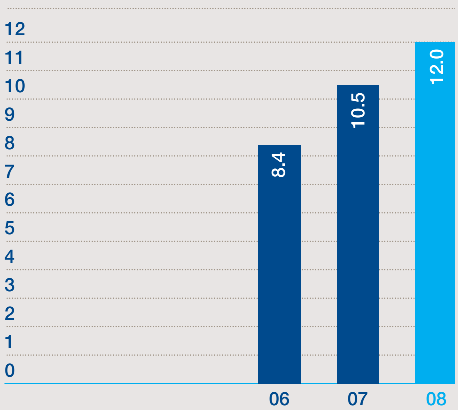
Profit after tax (£m)



£114.9m

+10.9%

Basic earnings per share (p)



12.0p

+14.3%

Chairman's statement

Another record year

John Matthews

I am pleased to report that whilst the market has become tougher in the final quarter of 2008, it has been another year of record results for Regus. We have delivered post-tax earnings of £114.9 million and increased our net cash balance by over 100% from £101.4 million to £211.2 million, despite having returned £36.3 million to shareholders, £37.5 million to the banks and invested £69.5 million in growing our workstation capacity.

Our business model remains strong, with our results clearly demonstrating the focused execution of our strategy for profitable growth and strong cash flow conversion in rapidly changing markets.

Financial performance

Group revenue has increased by 24.9% to £1,077.2 million and gross profit by 21.4% to £305.7 million. Excluding the impact of new centre growth the "like for like" improvement was 14.1% and 14.7% respectively.

This increase was the result of our continued, controlled blend of organic growth and targeted acquisition activity, coupled with the impact of currency translation, principally the strengthening of the dollar and euro, contributing 40% of the overall revenue increase.

Capacity growth

We have continued our measured approach to growth and in the year to 31 December 2008 we grew our average available workstations by 15.3%.

Our improved results were driven by average occupancy increasing to 82.9% from 82.7% in 2007 and revenue per available workstation ("REVPAW") increasing 8.4% to £7,029 from £6,487 in 2007. Earnings (profit after tax) grew by 10.9% to £114.9 million and basic earnings per share increased by 14.3% to 12.0p.

During the financial year, we opened 112 centres for a total investment of £69.5 million. Despite the ongoing challenges of the global economy, we anticipate continuing to make targeted investments to develop further our market presence.

Dividend

Given our strong performance the Board is recommending a 1.2p per share final dividend for the year. This will be in addition to the interim dividend of 0.6p per share paid by Regus Group Limited (then Regus Group plc) in October 2008. Subject to the approval of shareholders at the 2009 AGM, this final dividend will be paid on Friday 29 May 2009 to shareholders on the register at the close of business on Friday 1 May 2009.

Board

In order to achieve our objective of greater international diversity at board level, the appointment of three new non-executive directors – Douglas Sutherland, Ulrich Ogiermann and Lance Browne – took place from October 2008. Douglas replaces Stephen East as Chairman of the Audit Committee. I would like to thank Stephen and Roger Orf, who both departed Regus as non-executive directors at the end of 2008, for their longstanding service to the Company.

John Matthews
Chairman
20 March, 2009

Group overview

The world's leading provider of outsourced workplace solutions

Americas

Region

Operations

The region has 495 centres across 14 countries in North and South America. During the year we added 3,487 workstations from opening new centres.

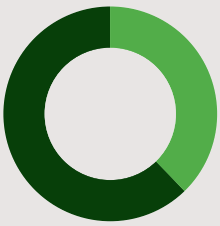
Financial highlights

Revenue
£414.9m
+23.4%

Operating profit
£67.3m
+5.6%

Contribution to Group revenue

38%



Opportunities for growth

- Maximising yield in existing centres.
- Expanding into new markets in Latin America and growing our portfolio in key cities where we have minimal representation.

United Kingdom

Region

Operations

The business in the UK operates in 131 centres. During the year we added 2,477 workstations from opening new centres.

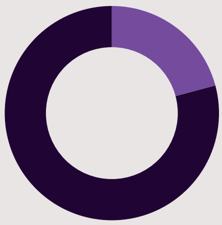
Financial highlights

Revenue
£222.1m
+6.7%

Operating profit
£15.7m
-7.6%

Contribution to Group revenue

21%



Opportunities for growth

- Driving operational efficiencies.
- Introducing new concepts and products to help drive sales.

New countries in 2008

• Malta • Monaco • Taiwan • El Salvador

find out more at: regus.com

EMEA

Region

Operations

The region has 240 centres across 43 countries. During the year we added 1,753 workstations from opening new centres.

Financial highlights

Revenue	Operating profit
£319.2m	£70.3m
+32.8%	+24.4%

Contribution to Group revenue

30%

Opportunities for growth

- Focusing on margins in mature centres.
- Continuing to look for low-risk opportunities to expand into new markets.

Asia Pacific

Region

Operations

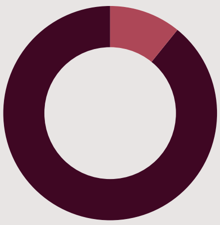
Our business in Asia operates in 112 centres across 15 countries. During the year we added 2,047 workstations from opening new centres.

Financial highlights

Revenue	Operating profit
£121.0m	£24.4m
+55.7%	+48.8%

Contribution to Group revenue

11%



Opportunities for growth

- Continuing to consolidate and develop our position across all markets.
- Focusing on our operational effectiveness.

Chief Executive's review

Focused on our priorities

Our strategy remains one of sustainable and measured development

Mark Dixon

Overview

Amidst a backdrop of deteriorating economic conditions, I am delighted to announce a fifth successive year of record results, with a 25% growth in revenues, a 20% growth in profitability and a doubling of our net cash balance at 31 December 2008.

The unique nature of our business will ensure that we continue to drive sustainable growth:

1 Strategy

Our consistent long-term strategy is that of measured, sustainable growth to maximise benefits for our stakeholders.

2 Business model

A scalable business model with considerable potential for further development.

3 Future prospects

We believe that we are in a good position to capitalise on our flexible product offering which makes us an ideal choice for many companies in times of uncertainty.

These results, achieved under difficult circumstances, especially during the final quarter of the year, reflect the continued successful application of our business model of sustainable, measured growth on a global basis. We continue to demonstrate our ongoing ability to return shareholder value with an 80% increase in our dividend alongside £19.9 million of share repurchases made during 2008. I am also pleased to end the year with a balance sheet reflecting a record level of cash, after repayment of our outstanding debt, which will enable us to further invest for the future in our people, products and technology.

Through the ongoing implementation of our core strategy of controlled, disciplined growth – via both organic expansion in existing and new markets and acquisitions – the Group has delivered substantial workstation growth in all regions during 2008. Average workstations grew 20,322 or 15.3% to 153,260 during 2008. The total number of available workstations at 31 December 2008 was 159,121. If non-consolidated workstations are also taken into account, the total number of workstations under management increases to 171,277.

We have seen the number of centres we operate increase by 60 net of closures. New locations include Karachi in Pakistan, Sharjah in the U.A.E., St Petersburg in Russia, Fukuoka in Japan and we opened our first centres in Malta, Monaco and Taiwan.

Strategy and objectives

In 2008, we have continued to adhere firmly to our strategy – to continue to grow profit and cash generation through measured, sustainable capacity growth.

Whilst we are acutely aware of the potential impact of the current downturn, and the unpredictability of its severity and duration, the core fundamentals of our strategy and current business model remain unaffected. We will continue to seek to take the business forward through disciplined growth, focused investment for the long term, and through keeping as nimble as possible in respect of cost control and operational flexibility. With a steady adherence to our fundamentals, we believe we are as well positioned as we could be to face the forthcoming challenges of 2009.

The delivery of our strategy will continue to come about through focus on our priorities;

- Brand and product development
- Systems and technology
- People and processes

Brand and product development

Our brand and market presence is strong, enabling us to respond to a wide variety of customer needs through a centre footprint which allows us to be local, regional or global. In short, we have the adaptability and agility to be many things to many customers. However, we recognise the need to continue to respond to our customers' needs and leverage further the core quality and flexibility of our products which differentiate us from our competitors.

The launch of our Business**world** programme in early 2008 has been a significant success, with membership expanding rapidly throughout the year and now encompassing 200,000 card holders who have signed up for one of four unique Business**world** membership packages. With external market research predicting that the number of mobile workers worldwide will reach one billion by 2011, we feel that we are the only company delivering the right product in the right place at the right time to help them compete in the current economic climate.

We remain focused on highlighting the significant cost savings our clients can secure through our product offerings.

Systems and technology

The roll-out of our internally developed, inventory, reservation and billing system across our worldwide network has now been completed, with all of our centres utilising this technology in their day to day operations (2007: 495 centres). We are already seeing tangible benefits in terms of control of our business (notably in discount and exception management) and in driving new sales opportunities.

Looking ahead, we anticipate this system being a key enabler in our newly established Regional Service Centres, and the system is being onward developed to ensure full integration into operational improvements being made in our centres (i.e. integration to photocopiers, telephone billing systems, franking, etc). Wherever possible, we are also seeking to integrate third-party vendors into this infrastructure.

1 A leading strategy for growth

Our priorities for 2009

Operational efficiency

We will continue to take early action on our cost structure to manage our cost base in line with future trading expectations.

Innovative "recession busting" products

Our product solutions for our customers are immediate, easily implemented and generally require no capital expenditure – all critical "recession busting" considerations which will enable them to obtain significantly more value for money and flexibility than a conventional lease.

Investments in systems and technology

Utilising our internally developed, inventory, reservation and billing system now rolled out across our entire worldwide network will ensure we continue to capture and bill for all revenue generating opportunities.

We have also made improvements during the year to our data capture and management systems, which will form a stronger platform from which to develop better, more timely reporting. Some early-adopting centres are already receiving daily activity and planning reports to allow them to focus on daily customer-focused priorities and enable quality planning for the next one to two weeks ahead.

People and processes

The strong results in 2008 have been driven largely by our 5,442 team members, and I would like to take this opportunity to thank all of them throughout the Group for their substantial efforts in the year. Our results are a testament to their hard work, diligence and commitment.

As we develop our business and invest for the future, we recognise the importance of enhancing skill sets through training and development programmes. Ultimately, the quality of our team members and their ability to deliver high quality customer service remain fundamental to the continued long-term delivery of our business model.

We will continue to rely heavily on our people and their enthusiasm, talent and focus to further develop the success of our business, regardless of external economic factors.

Change of residence and appointment of three new non-executive directors

In successfully implementing our strategy of diversification, both geographically and in our product offerings, we have developed a more balanced global revenue platform.

The creation of a new corporate structure and organisation for Regus, incorporated in Jersey and resident in Luxembourg, has therefore given us a chance to further internationalise our business in keeping with our ongoing strategy. Coupled with this, the appointment of three new international non-executive directors further enhances our global perspective.

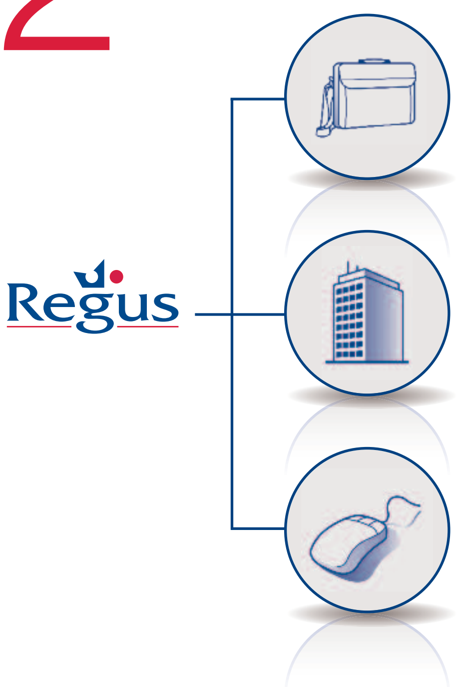
Responding to market conditions

Whilst we have delivered a strong set of 2008 results, we anticipate that market conditions will be challenging during 2009. However, we have the potential to outperform our competition by maximising revenue and cash growth whilst keeping a tight control on costs, and maintaining focus on our core strategy.

With respect to our cost structure, we will continue to take early action to manage our cost base in line with future trading expectations. Our costs throughout 2008 have continued to become less fixed in nature as we increase the number of flexible leases in our portfolio and

2 Business model

A globally diversified business



Mobile and home working leader

- Virtual office, video-conferencing and meeting rooms
- Business lounges, membership cards and day offices

Business centre leader

- 978 centres in 74 countries
- 159,121 workstations

Corporate outsourcing

- Training room
- Managed offices

Regus value proposition

For the customer

- Cheaper opex
- Zero capex
- Flexible
- Immediate, no fuss
- Reliable, outsourced solution
- National, regional, global

For the landlord

- Allows small customers
- Market rent or better
- Incubator
- Amenity
- Regus brand
- Immediate and easy

reduce our exposure to longer, conventional leases. In addition, throughout 2008 we have continued to implement a number of cost saving programmes throughout our organisation, which we anticipate will continue to ensure we are able to act with maximum speed and efficiency.

As part of this process, we have accelerated plans to consolidate certain central and regional administrative functions into a number of newly established Regional Service Centres. We expect that these will be fully operational in the next financial year, with a focus on reducing overall costs and ensuring better integrated finance, information technology and other support functions across the Group.

Outlook

We are not at all complacent about the outlook.

In the last two months of 2008, the increasing pressure that we were seeing on our revenues translated into a softening in our occupancy and price KPIs which has continued into 2009.

However, although many of the countries in which we operate are experiencing increasingly difficult economic conditions, we believe that we are taking the necessary actions and expect to strengthen our current market leading position. Our global footprint, strong balance sheet and cash generation ensure that we are well positioned to take advantage of appropriate opportunities to increase shareholder value as they arise.

We recognize that we will have to continue to challenge ourselves to become more efficient and drive down costs, whilst at the same time not losing sight of the need for continued long-term investment in growing our business. With a strong global brand driven by the stewardship of our customer-focused teams, a broad and flexible product range, and a business model we have continued to adhere firmly to and deliver upon, I am confident of our position to meet the challenging market conditions ahead.

Mark Dixon
Chief Executive Officer

3 Future prospects

United Kingdom
- Continued early adopter of new sales and product concepts
- Heightened focus on efficiency and cost
- Migration of all centres onto centralised billing and credit control

EMEA
- Consolidation of processes into a regional service centre to improve efficiency of collections, reporting and compliance
- Identification of low risk opportunities for expansion

Americas
- Expansion into new markets in Latin America
- Maximising yield in existing centres
- Exploiting new marketing partnerships

Asia Pacific
- New centralised customer service centre to handle customer administration
- Consolidate and develop our position as the largest provider of serviced offices in the region

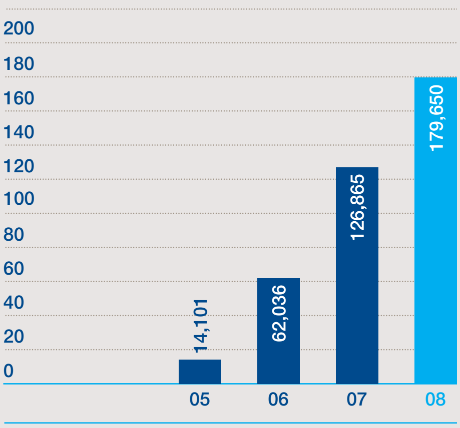
find out more at: regus.com

Product variety

The Regus product offering includes many "recession busting" products, giving our customers significantly more value for money and flexibility than a conventional lease.

Business**world**, the Regus membership card, is gaining momentum with both individual and corporate customers looking for workplace flexibility whatever their needs – whether it is through our lounge access gold card or the ability to utilise offices by the day anywhere across the Regus global network through our platinum membership.

Membership Numbers



179,650

Members in 2008

Platinum
- 5 or 10 days per month or unlimited use of any office in any of Regus' 1,000 business centres worldwide.*
- Pricing levels to suit local, national or global packages.
- Includes all the benefits of gold membership.

Gold
- Unlimited walk-in access to 1,000 business lounges and cafes worldwide.
- Complimentary internet and refreshments on every visit.
- 10% discount on meeting rooms, video conferencing and day offices.
- Access to all other Regus services on a "pay-as-you-go" basis.

Blue
- 10% discount on meeting rooms, video conferencing and day offices.
- Access to all other Regus services on a "pay-as-you-go" basis.
- Free monthly members' newsletter with special offers from Regus and our partners.

*Private offices are subject to availability. Product terms and conditions apply.

Generating revenues and cashflow
With extensive marketing and sales focus during 2008, Businessworld experienced a 42% growth in members and a nine-fold increase in revenues year on year. It is anticipated that continued development of the product in 2009 will lead to further growth in the future.

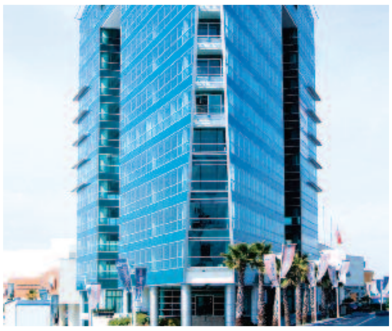
42%
Growth in members

900%
Growth in revenues

Other "recession-busting" products
The Group believes that it is ideally positioned to deliver the right product in the right place at the right time to help our customers compete in the current economic climate with a range of "recession-busting" products – such as Businessworld, video conferencing, virtual offices or campus offices.

98%
Growth in recession busting product revenues half on half

Americas



Group strategy

The strategy for the Americas is to maximise yield in our existing centres whilst targeting growth in key cities where we have minimal representation.

Key performance indicators	2008	2007
Total contribution	£117.0m	£102.7m
Mature margin	32%	32%
Mature occupancy	86%	86%

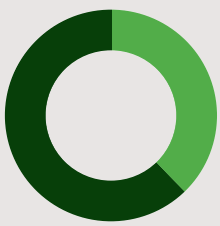
Opportunities in 2009

Expansion into new markets in Latin America, maximisation of yield in our existing centres and development of new partnerships.

Revenue (£m)

Gross profit: £117.0m +13.9%

Contribution to Group 38%



08

Performance

Our business in the Americas comprises Canada, USA and South America and has 495 centres across 14 countries, with our main business in the USA operating 411 centres. During the year we added 3,487 workstations from opening new centres, which contributed to the increase in the average number of workstations from 61,160 in 2007 to 70,173 in 2008. Acquisitions accounted for 14 of these new centres, with the balance coming from the opening of 25 fully owned centres. The region delivered revenues of £414.9 million – up 23.4% on 2007 – and achieved an average mature occupancy of 86% through the year (2007: 86%).

Outlook

Looking ahead into 2009, we will continue our aim to maximise yield in our existing centres and look to grow our portfolio in key cities where we have minimal representation. The trends toward flexible working practices and strengthening environmental awareness will both act to further increase the demand for our product.

find out more at: regus.com

United Kingdom

Group strategy

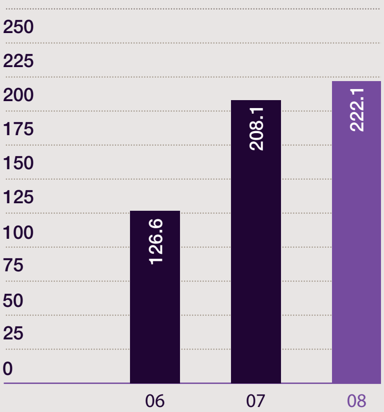
The strategy for the UK is to drive operational efficiencies in a challenging market and introduce new products to support new sales growth.

Key performance indicators	2008	2007
Total contribution	£40.0m	£41.4m
Mature margin	20%	22%
Mature occupancy	84%	84%

Opportunities in 2009

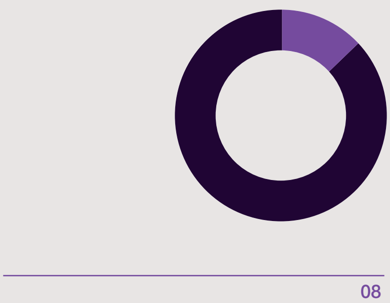
Heightened focus on efficiency and cost and migration of all centres onto centralised billing and credit control.

Revenue (£m)



Gross profit: £40.0m -3.4%

Contribution to Group 13%



Performance

Our business in the UK operates in 131 centres. During the year we added 2,477 workstations from opening new centres, which contributed to the increase in the average number of workstations from 27,905 in 2007 to 30,899 in 2008. Acquisitions accounted for seven of these new centres, with the balance of nine coming from the opening of seven fully owned centres and two managed centres. The region delivered revenues of £222.1 million – up 6.7% on 2007 – and achieved an average mature occupancy of 84% through the year (2007: 84%).

Outlook

Looking ahead into 2009, we are firmly focused on driving operational efficiencies in a challenging market alongside the introduction of new concepts and products to support new sales growth.

find out more at: regus.com

EMEA

Group strategy

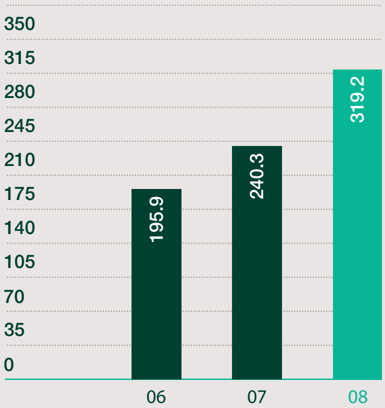
To continue to focus on margins in our mature centres and to look for further low-risk opportunities to expand our network into new markets.

Key performance indicators	2008	2007
Total contribution	£111.2m	£80.3m
Mature margin	37%	36%
Mature occupancy	89%	87%

Opportunities in 2009

Improved efficiency through the consolidation of processes into a regional service centre and continued identification of low-risk opportunities for expansion.

Revenue (£m)



Gross profit: £111.2m +38.5%

Contribution to Group 37%

Performance

Our business in EMEA encompasses 240 centres across 43 countries. During the year we added 1,753 workstations from opening new centres, which contributed to the increase in the average number of workstations from 29,125 in 2007 to 32,352 in 2008. Acquisitions accounted for six of these new centres, with the balance of 29 coming from new centre growth – 20 fully owned centres, one joint venture and eight managed centres. We opened centres in two new markets – Malta and Monaco. The region delivered revenues of £319.2 million – up 32.8% on 2007 – and achieved an average mature occupancy of 89% through the year (2007: 87%).

Outlook

Looking ahead into 2009, whilst continuing to focus on margins in our mature centres we will continue to look for low-risk opportunities to expand our network into new markets.

find out more at: regus.com

Asia Pacific

Group strategy

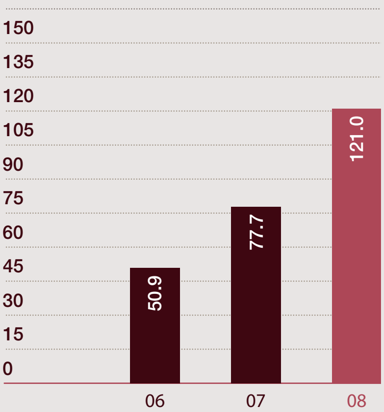
To continue to consolidate and develop our position as the largest provider of serviced offices across all Asia Pacific markets.

Key performance indicators	2008	2007
Total contribution	£37.5m	£27.5m
Mature margin	38%	38%
Mature occupancy	82%	80%

Opportunities in 2009

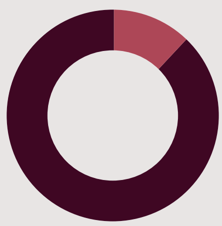
To improve our operational effectiveness through a new customer service centre to handle all customer administration in the region.

Revenue (£m)



Gross profit: £37.5m +36.4%

Contribution to Group 12%



Performance

Our business in Asia operates in 112 centres across 15 countries. During the year we added 2,047 workstations from opening new centres, which contributed to the increase in the average number of workstations from 14,748 in 2007 to 19,836 in 2008. Acquisitions accounted for one of these new centres, with the balance coming from the opening of 21 fully owned centres. During the year, we opened one centre in the new market of Taiwan. The region delivered revenues of £121.0 million – up 55.7% on 2007 – and achieved an average mature occupancy of 82% through the year (2007: 80%).

Outlook

Looking ahead into 2009 we will continue to consolidate and develop our position as the largest provider of serviced offices across all Asia Pacific markets. To achieve this objective we intend to continue our measured growth plan while continuing to focus on the operational effectiveness of our current portfolio of centres. To facilitate this, we will be adding a new customer service centre in the Philippines to handle all customer administration in the region.

find out more at: regus.com

Financial review

Strong cash generation

Increased profits despite toughening economic conditions

Stephen Gleadle

Revenue
£1,077.2m
+24.9%

Average no. of workstations
153,260
+15.3%

Average mature occupancy
83%
+ 0.2 points

REVPAW
£7,029
+8.4%

The business model continued to work well.

In addition to seeing increased profits from the sites we opened and acquired in 2007 we have continued to see the profits in our older more mature sites improve. This has enabled us to both grow the strength of our balance sheet whilst at the same time continue our expansion programme which then forms the basis for future profitable growth.

Taking the business as a whole, we grew its capacity as measured by the weighted average number of workstations by 15.3% to 153,260. At the same time the average occupancy of these workstations increased from 82.7% to 82.9% and we sold each one on average for 8.1% more.

These factors have delivered a £24.8 million increase in operating profit rising from £122.6 million in 2007 to £147.4 million in 2008.

Revenue and gross profit (centre contribution)

Revenue for the Group rose 24.9% to £1,077.2 million (2007: £862.4 million) and gross profit (centre contribution) increased 21.4% to £305.7 million (2007: £251.9 million).

This movement can be analysed as follows:

(£ million)	Revenue	Gross profit	% of revenue
31 December 2007	**862.4**	**251.9**	**29.2%**
Impact of exchange rates	86.3	26.9	
31 December 2007 at constant exchange rates	**948.7**	**278.8**	**29.4%**
Growth in mature business	33.2	9.9	
Growth in centres added in 2007	75.9	31.1	
Growth in centres added in 2008	33.4	(10.3)	
Centres closed	(14.0)	(3.8)	
31 December 2008	**1,077.2**	**305.7**	**28.4%**

Sterling weakened in value against the US dollar by an average of 8.1% and against the euro by an average of 14.2% in 2008 when compared to 2007. This increased our revenue by £86.3 million and contribution by £26.9 million.

Our mature, or "like for like", business increased its revenues by £33.2 million and its contribution by £9.9 million driven by improvements in occupancy and price.

Centres that were added in 2007 contributed a further £75.9 million of revenue and £31.1 million of contribution.

New centres added in 2008, both organic and by acquisition, contributed a further £33.4 million of revenue but reduced contribution by £10.3 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 £14.0 million and contribution by £3.8 million.

Taking all this together, contribution margins decreased from 29.2% to 28.4%.

Administrative expenses

Administrative expenses increased by £29.0 million in 2008 compared to 2007 (£18.5 million excluding the impact of exchange). However, as a proportion of revenue, they reduced from 15.0% in 2007 to 14.7% in 2008.

Included within administrative expenses were the £4.8 million costs incurred on the Group reorganisation and Scheme of Arrangement completed in October 2008. Excluding these one-off exceptional costs, overheads were 14.2% of revenues.

This falling percentage was achieved even though the Group continued to invest in its systems and processes.

Operating profit

Operating profit was £147.4 million (2007: £122.6 million), representing a margin of 13.7% (2007: 14.2%).

Share of profit in joint ventures

In the twelve months ended 31 December 2008, the share of joint venture profits attributable to Regus increased to £2.3 million (2007: £0.8 million profit). This reflected the improving profitability in mature joint ventures in the Americas and EMEA regions as well as improved performance from more recently opened joint ventures in the Middle East.

Net financing costs

Net financing costs can be analysed as follows:

(£ million)	2008	2007
Interest payable on bank loans	(3.5)	(4.4)
Interest receivable	5.3	3.4
Finance lease interest	(0.2)	(0.2)
Non-cash: Amortisation of deferred financing fees	(0.6)	(0.5)
Non-cash: UK acquisition related	(1.5)	(2.3)
Total net financing costs	**(0.5)**	**(4.0)**

The lower interest payable reflects the reduction in the Group's average debt over the year and the impact of falling interest rates in the Group's primary markets. The average Libor rate for 2007 was 5.85% compared to 5.04% for 2008.

The substantial increase in interest receivable reflects a continued increase in the Group's average free cash balance to £150.3 million (£81.4 million in 2007). In addition, improvements in the management of the Group's cash partially offset the impact of falling global interest rates during the year.

The movement in the cash balance has been explained in the cash flow section below.

Underlying finance lease costs remained unchanged as the maturing of older leases have been offset by new leases. The amortisation of deferred financing fees relates to loan arrangement costs incurred for the new credit facilities entered into during 2006 to fund the UK acquisition and include a £0.1 million impact from accelerated amortisation resulting from the early repayment of the Group's debt under the credit facility.

The unwinding of discounted fair value adjustments on the Regus UK acquisition resulted in a non-cash net financing charge of £1.5 million in the period to 31 December 2008 compared to £2.3 million in 2007. The decrease was as a result of a one-off credit of £0.8 million arising from the accelerated unwinding of the discounting resulting from the partial waiver of a loan with a joint venture.

Following an internal review of our facility arrangements in March 2009 and given the strength of the Group's cash position, the Board has approved the early surrender of our £100 million revolving credit facility. On an annualised basis this will save £0.9 million of financing costs. Going forward we will utilise our cash resources to support the letters of credit which were previously covered by our facility.

Taxation

The continued improvements in the Group results have meant that there are less unrecognised losses available to be offset in the income statement against rising current tax charges. Consequently the Group has recognised a £34.3 million tax charge for the period (representing an accounting tax rate of 23% of profit before tax) compared to £15.8 million (or 13%) in the comparative period.

The current tax charge for the period was £57.3 million (2007: £22.3 million charge) – an increase from 19% to 38% of profit before tax. Deferred tax was a £23.0 million credit in the period (2007: £6.5 million credit). On a cash tax basis the Group paid £31.3 million in tax. This represents approximately 21.0% of profit before tax compared to 13.5% in the same period in 2007.

Earnings per share

Earnings per share for the year increased 14.3% from 10.5p to 12.0p. The average number of shares in issue during the year reflected the share buyback programme in 2008 and therefore reduced to 950,319,978 (2007: 980,961,569).

Currency hedging

Given the continued volatility in exchange rates, in January 2009 the Board approved a policy which allows the Group to hedge, subject to strict limits, the rates at which we translate our overseas earnings. This will enable the Group to have more certainty over the sterling value of these earnings.

Goodwill

The Group has £274.5 million of goodwill in the balance sheet largely arising 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.

While impairment tests at the year end on the carrying value of goodwill indicated that no impairment was necessary, given the relatively high discount rates the market is currently applying to our future cash flows and the need for prudence in a recessionary environment, the headroom in these calculations was low.

It is therefore possible that a future non-cash impairment may be necessary arising from relatively small changes in assumptions. Full details of the approach taken and sensitivities can be found in note 12 to the Accounts.

Cash flow

Strong operating cash flow remains a prime feature and continued objective of the Group. The improvement in operating profit and continued working capital inflows resulted in the operating cash flow increasing by £38.5 million to £249.6 million (2007: £211.1 million).

The Group's cash flow statement has been summarised below.

(£ million)	2008	2007
Cash generated from operations	**249.6**	**211.1**
Tax and net interest paid	(30.2)	(16.9)
Maintenance capex	(32.9)	(29.8)
Free cash flow	**186.5**	**164.4**
New centre openings	(57.4)	(50.9)
Other acquisitions and JV investments	(12.1)	(17.8)
Share buyback and dividend	(36.3)	(20.6)
Loan repayment	(37.5)	(17.0)
Exercises of share options, dividend income and disposal proceeds	1.9	0.5
Change in cash	**45.1**	**58.6**
Opening cash	**142.9**	**80.9**
Change in cash	45.1	58.6
Effect of exchange rates on cash held	31.5	3.4
Closing cash	**219.5**	**142.9**

The strong cash performance has enabled the Group to invest in growth. Specifically, during the year, 84 new centres were opened at a cost of £57.4 million. A further 28 business centres were acquired for a net cash consideration of £12.1 million.

To highlight, during the year, the Group has:

- repaid to our investors £36.3 million through both our share buyback and dividend activity
- reduced our debt by £37.5 million
- invested £69.5 million in capacity growth

and still ended the year with an increased cash position.

This can be analysed as follows:

(£ million)	2008	2007
Cash and cash equivalents	219.5	142.9
Bank and other loans	(5.3)	(40.3)
Finance leases	(3.0)	(1.5)
Un-amortised financing fees	–	0.3
Financial assets	**211.2**	**101.4**

Overall the Group enters 2009 in a strong financial position to meet the challenges of a difficult economic climate and capitalise on opportunities as they arise.

Stephen Gleadle
Chief Financial Officer

Corporate responsibility

Driving competitive advantage

Aligning our business strategy and the needs of our stakeholders remains a critical component of the ongoing sustainable development of our business

Whilst mindful of the current economic environment, we do not believe that this should result in a diminution of our commitment to corporate responsibility ("CR"). Our employee, environmental, charitable and social activities in 2008, together with continued plans in these areas for 2009, bear this out, and we firmly believe that our obligations are ongoing – not only during more positive trading conditions. Regus remains active in managing its corporate responsibility, and we recognize that with the evolving nature of our stakeholders there will remain a continuous need to meet and exceed our previous benchmarks.

The establishment, in 2007, of our CR committee has allowed us to structure our direction and communications more effectively regarding our core employee, environmental and social activities. There have been continued developments in 2008 relating to employee training, appraisals and career development opportunities, and considerable time has been spent re-aligning our sales training to enhance focus on the customer. However, there remain areas where we are keen to improve, most notably the roll-out of more globally consistent environmental guidelines and the communication of an updated CR framework with global applicability.

People

Fundamental to these goals is an ongoing commitment to our employees, whose engagement and focus are vital to ensuring we continue to deliver successfully on our strategy. With over 5,400 team members throughout our global network, the majority of whom work directly in customer facing roles, our people remain the driving force behind the sustainable growth of our business. We recognise the need to continue to strengthen our teams, through ensuring that our people feel valued, rewarded and recognized for their efforts, that they have career advancement opportunities and that they are provided with quality training to allow them to continue to develop.

find out more at: regus.com

To this end, formal training during 2008 – provided supplementally to on-the-job development – has resulted in the following:

- over 2,500 team members participating in classroom training, at a cost of £1.4 million;
- the completion of over 17,000 hours of online training using the Brainshark learning management system;
- the roll-out of worldwide sales re-training to align our sales forces to the current economic challenges faced by our customers; and
- over 400 team members trained as "experts" on our new internal inventory, reservations and billing system.

We have also continued to highlight to our employees both our Global Code of Ethics and our confidential whistleblowing service. The former encapsulates the core principles by which all of our companies and employees are expected to work, whilst the latter provides a service that allows team members to confidentially highlight issues of concern or wrongdoing in the workplace, with review of these identified matters at the highest level.

Environment and sustainability

During the year, we have continued to highlight to our stakeholders the environmental benefits that a number of our products and services offer, most notably video conferencing ("VC") and our underlying worldwide network of international, regional and local offices which can allow our customers to materially reduce the amount of travelling they need to undertake. Specific examples of our environmental activities include:

- With increases in our VC business during 2008, we have been able to build on the air miles saved by our customers year on year.
- Distribution of our "Why Commute" leaflets in a number of US cities, promoting the use of our suburban centres instead of commuting to city centre locations.
- Localised initiatives, including eliminating printing out spare copies of invoices, reducing paperwork in general.
- Considering centre environmental impacts – our Atlantic Station centre is based in Atlanta's first pre-certified Leadership in Energy and Environmental Design (LEED) Gold high-rise, low-impact office building.

Within our offices, we have also continued to encourage recycling on the part of our employees and customers, and wherever possible to incorporate low-energy solutions into the day-to-day operations of our centres.

Community

We remain committed to supporting the local communities in which we do business through fundraising activities by our employees, through providing office space and ancillary services or through more direct corporate avenues.

The introduction of the "Get Started" initiative encapsulates one of the more significant corporate initiatives we have undertaken recently. "Get Started" offers office space and practical support for start-ups that need help getting off the ground. Under the scheme, we are offering free use of business lounges and cafés – worth approximately £10 million – in over 1,000 locations worldwide by signing people up to our Business**world** programme. We anticipate that the campaign could help many entrepreneurs realise their business ambitions whilst mitigating some of the risk.

Other causes which we have supported during the year include:

- Great Causes and Debra via the 2008 London Triathlon (over £25,000 of direct contributions).
- $20,000 raised in our US business through considerable numbers of staff donating their Christmas gift cheques to charity.
- Significant numbers of staff-driven initiatives to support local causes, such as providing toys and presents for local children. More than 20 team members in the Chicago area helped prepare and package freeze-dried nutritional meals that were shipped to over 59 countries, including the US, in order to feed malnourished children. As a group, the team prepared 12,690 meal packs, which can feed 34 children for one year.

Board of directors

An international team

The Board has a blend of experience demonstrating both depth and global perspective

1. John Matthews (c)
Chairman
John (64, British) was appointed Chairman of Regus Group plc in July 2002 and had previously been an independent director since joining Regus in 1995. John was appointed Chairman of Regus plc on 27 August 2008. He is currently an independent director of Diploma plc, Minerva plc and SDL plc. A Chartered Accountant, he was, until 2007, Chairman of Crest Nicholson plc, and prior to that had been a Managing Director of County Natwest and Deputy Chairman of Beazer plc. John is Chairman of the Nomination Committee.

2. Mark Dixon
Chief Executive Officer
Mark (49, British, resident in Monaco) founded the Regus Group in 1989 and has been Chief Executive for over 19 years, leading the Group’s worldwide expansion programme and the development of pioneering workplace solutions. Prior to 2007, Mark was located in the USA overseeing the integration of the HQ Global Workplaces acquisition and has now re-located to Europe. Prior to Regus, he established businesses in the retail and wholesale food industry. He was appointed as director of Regus plc on 18 August 2008.

3. Stephen Gleadle
Chief Financial Officer
Stephen (50, British) joined the Regus Group as Chief Financial Officer in October 2005. Prior to Regus, he was Group Financial Controller of Tarmac plc and Finance Director at both Synstar plc and lastminute.com plc. Stephen is a Chartered Accountant. He was appointed director of Regus plc on 18 August 2008.

4. Martin Robinson (a,b,c)
Independent senior non-executive director
Martin (46, British) was appointed independent senior non-executive director of Regus plc on 27 August 2008 and has been a non-executive director of the Regus Group since August 2002. Martin is Chairman of Center Parcs UK, Chairman of Alta Velocita, a director of Figaro LLP and a director of the Supervisory Board of EuroDisney SCA. Until 2007, he was Chairman of Health Club Holdings and is a former CEO and Chairman of Center Parcs Europe. He has previously held senior management positions with Scottish and Newcastle plc and Sara Lee Corporation and worked as a Management Consultant for four years with McKinsey & Co Inc. Martin is Chairman of the Remuneration Committee.

5. Lance Browne (a,b,c)
Independent non-executive director
Lance (59, British, resident in Shanghai) was appointed a non-executive director of Regus plc on 27 August 2008. Lance is Vice Chairman of Standard Chartered Bank (China) Limited, Chairman of China Goldmines plc, non-executive director of Earthport plc and Chairman of the IMI China Advisory Board. He was previously China Senior Advisor to the City of London, non-executive director of IMI plc and Director of Business Development at Powergen International (HK).

6. Ulrich Ogiermann (a,b,c)
Independent non-executive director
Ulrich (49, German, resident in Luxembourg) was appointed a non-executive director of Regus plc on 27 August 2008. Ulrich is President and Chief Executive of Cargolux Airlines International SA. Ulrich previously held a senior position with Lufthansa.

7. Douglas Sutherland (a,b,c)
Independent non-executive director
Douglas (52, United States citizen, resident in Luxembourg) was appointed a non-executive director of Regus plc on 27 August 2008. Douglas was previously Chief Financial Officer of Skype during its acquisition by eBay in October 2005 and was also Chief Financial Officer at SecureWave during its acquisition by PatchLink in July 2007. Prior to this, Douglas enjoyed a career of over 20 years with Arthur Andersen (as a partner for over a decade). Douglas is Chairman of the Audit Committee.

Notes
(a) Member of the Audit Committee
(b) Member of the Remuneration Committee
(c) Member of the Nomination Committee

Other information

The directors[1] present their Annual Report and the audited financial statements of the Company[2] and its subsidiaries for the year ended 31 December 2008.

Directors

The directors of the company who held office during the financial year were:

Executive directors

Mark Dixon
Rudy Lobo (resigned 14 October 2008)
Stephen Gleadle

Non-executive directors

John Matthews
Martin Robinson
Lance Browne (appointed 27 August 2008)
Ulrich Ogiermann (appointed 27 August 2008)
Douglas Sutherland (appointed 27 August 2008)
Stephen East (resigned 14 October 2008)
Roger Orf (resigned 14 October 2008)

Biographical details of the directors are shown on pages 22 and 23.

Details of the directors' interests and shareholdings are given in the Remuneration Report on pages 33 to 39.

The Corporate Responsibility Statement, Corporate Governance Statement, Remuneration Report and Director Statements on pages 20 and 21 and 26 to 39 all form part of this report.

Principal activity

Regus plc S.A. is the world's leading provider of global office outsourcing services.

Business review

The directors have presented a business review as follows:

The Chief Executive's Review and Financial Review on pages 6 to 19 respectively address:

- Review of the company's business (pages 12 to 15).
- Trends and factors likely to affect the future development, performance and position of the business (page 9).
- Development and performance during the financial year (pages 16 to 18).
- Position of the business at the end of the year (page 19).

The Corporate Responsibility Report on pages 20 and 21 includes the sections of the Business Review in respect of:

- Environmental matters.
- Employees.
- Social and community issues.

The Corporate Governance Statement on pages 26 to 32 includes a description of the principal risks and uncertainties facing the Company.

The Director Statements on page 32 include the statutory statement in respect of disclosure to auditors.

Results and dividends

Profit before taxation for the year was £149.2 million (2007: £119.4 million).

The directors are pleased to recommend the payment of a final dividend for 2008 of 1.2 pence per share (2007: 1.0 pence per share). This is in addition to the interim dividend of 0.6 pence per share paid by Regus Group Limited (then Regus Group plc) in October 2008. The final dividend of £11.3 million (2007: £9.5 million) is expected to be paid on 29 May 2009 to shareholders on the register at the close of business on 1 May 2009.

Policy and practice on payment of creditors

The Group does not follow a universal code dealing specifically with payments to suppliers but, where appropriate, our practice is to:

- Agree the terms of payment upfront with the supplier.
- Ensure that suppliers are made aware of these terms of payment.
- Pay in accordance with contractual and other legal obligations.

At 31 December 2008, the number of creditor days outstanding for the Group was 22 days (2007: 25 days) and for the Company, 36 days.

Going Concern

The directors, having made appropriate enquiries, have a reasonable expectation that the Group and the Company have adequate resources to continue in operational existence for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the Accounts on pages 41 to 81.

Further details on the going concern basis of preparation can be found in note 23 to the Accounts on page 64.

Employees

The Group treats applicants for employment with disabilities with full and fair consideration according to their skills and capabilities. Should an employee become disabled during their employment, efforts are made to retain them in their current employment or to explore opportunities for their retraining or redeployment elsewhere within the Group.

Political and charitable donations

It is the Group's policy not to make political donations either in the UK or overseas. The Group made charitable donations of £0.1 million during the year (2007: £0.1 million).

1 For purposes of this report and the Corporate Governance section which follows the definition of the Board or directors includes the Board of Directors of Regus Group plc up until 14 October 2008.
2 For purposes of this report the definition of the Company includes Regus Group plc until 14 October 2008 and Regus plc thereafter.

Capital structure

The Company's share capital comprises 945,019,822 issued and fully paid up ordinary shares of 1p nominal value in Regus plc (2007: 950,818,822 issued and fully paid up ordinary shares of 5p nominal value in Regus Group plc). As at 20 March 2009, the Company held 5,950,000 ordinary shares as treasury shares. All ordinary shares, except treasury shares, have the same rights to vote at general meetings of the Company and to participate in distributions. There are no securities in issue that carry special rights in relation to the control of the Company. The Company's shares are traded on the London Stock Exchange.

On 14 October 2008, the Group completed a capital reorganisation which resulted in the introduction of the new holding company of the Group, Regus plc, a company incorporated in Jersey with its place of central administration (head office) in Luxembourg and accordingly being registered as a société anonyme. The ordinary shares of Regus plc were admitted to listing on the main market of the London Stock Exchange. The ordinary shareholders of Regus Group plc acquired ordinary shares in Regus plc in the same proportions in which they held Regus Group plc ordinary shares immediately prior to the reorganisation and Regus Group plc became a wholly owned subsidiary of Regus plc. The ordinary shares of Regus Group plc were delisted from the London Stock Exchange. The transaction was accounted for as a reverse acquisition in the consolidated accounts and details can be found in note 2 of the Accounts on page 45.

Details of the role of the Board and the process for the appointment of directors can be found on pages 26 to 28.

At the Regus plc Extraordinary General Meeting held on 27 August 2008, prior to the Scheme of Arrangement, the shareholders of the Company at that time approved a resolution giving authority for the Company to purchase in the market up to 94,884,382 shares being no more than 10% of the issued share capital. At the Annual General Meeting of Regus Group plc on 20 May 2008, the shareholders approved a resolution giving authority for Regus Group plc to purchase in the market up to 94,996,882 ordinary shares, representing approximately 10% of the ordinary shares in issue as at 15 April 2008.

Details of the Company's employee share schemes can be found in the report of the Remuneration Committee on pages 33 to 39. The outstanding awards and options do not carry any rights in relation to the control of the company.

Substantial interests

At 20 March 2009, the Company has been notified of the following interests held in the issued share capital of the Company.

	Number of ordinary shares	% of issued share capital
Estorn Limited*	359,058,783	37.87%
BlackRock Inc	90,758,402	9.55%
Prudential plc	88,124,110	9.32%
Standard Life Group	46,538,104	4.93%
Tree Top Convertible SICAV**	45,167,670	4.75%
Legal & General Group plc	28,446,376	3.01%

* Mark Dixon indirectly owns 100% of Estorn Limited.

** The interest held by Tree Top Convertible SICAV relates to a financial instrument convertible into ordinary shares of the Company and not ordinary shares held.

Auditors

In accordance with the Articles of Association of the Company, a resolution for the re-appointment of KPMG Audit S.à.r.l. as auditors of the Company is to be proposed at the forthcoming Annual General Meeting.

Approval

This report was approved by the Board on 20 March 2009.

On behalf of the Board

Tim Regan
Company Secretary
20 March 2009

Governance framework

The Board is committed to the high standards of corporate governance set out in the Combined Code published in June 2006 ("the Code") for financial periods beginning after 1 November 2006. The Board is accountable to the Company's shareholders and this report describes how the Board applied the principles of good governance. In its prospectus dated 8 September 2008 the Company stated its intention to voluntarily comply with the Combined Code so far as it is practical for a Luxembourg company to do so. There is no similar corporate governance regime in Luxembourg applicable to the Company.

The Board

At 31 December 2008, the Board of Directors was made up of seven members comprising the Chairman, two executive directors and four non-executive directors. Biographical details of the directors are set out on pages 22 and 23.

During the year, as a result of the Group reorganisation and Scheme of Arrangement completed on 14 October 2008, Regus Group plc ceased to be the holding company of the Regus Group and a new parent company, Regus plc, was created. The Board and committees of Regus plc after the reorganisation were therefore treated as a continuation of the Board and committees of Regus Group plc prior to the reorganisation.

Role of the Board

The primary role of the Board is to provide entrepreneurial leadership and to review the overall strategic development of the Group. The Board approves the corporate plan and the annual budget and reviews performance against targets at every meeting. Through the Audit Committee, the directors ensure the integrity of financial information and the effectiveness of financial controls and the internal control and risk management system. The Board has delegated authority to the Remuneration Committee to set the remuneration policy for directors and senior management. The Nomination Committee recommends the appointment of Board directors and has responsibility for succession planning at Board level. The various Board Committees have authority to make decisions in their areas of expertise.

Frequency of meetings

There were three scheduled Regus Group plc and two Regus plc Board meetings during 2008.

The number of meetings of the Board and Committees and individual attendance by the directors are shown below. Details for Regus Group plc are for the period 1 January 2008 until 14 October 2008 and for Regus plc for the period 14 October 2008 until 31 December 2008.

Regus Group plc	Main Board	Audit Committee	Remuneration Committee	Nomination Committee
Total meetings	3	2	3	2
Mark Dixon	3			
Stephen Gleadle	3			
Rudy Lobo	3			
John Matthews	3			2
Stephen East	3	2	3	2
Roger Orf	3	1	3	2
Martin Robinson	3	2	3	2

Regus plc	Main Board	Audit Committee	Remuneration Committee	Nomination Committee
Total meetings	2	1	–	–
Mark Dixon	2			
Stephen Gleadle	2			
John Matthews	2			–
Martin Robinson	2	1	–	–
Lance Browne	2	1	–	–
Ulrich Ogiermann	2	1	–	–
Douglas Sutherland	2	1	–	–

Matters reserved for the Board

The Board has a formal schedule of matters reserved to it for its decision, to ensure that no one individual has unfettered powers of decision. These include:

- Approval of regulatory announcements including the interim and annual financial statements.
- Terms of reference and membership of the Board and its Committees.
- Changes to the Group's capital structure.
- Changes to the Group's management and control structure.
- Capital investment in excess of £5 million.
- Material contracts (annual value in excess of £5 million).

Minutes are taken of all Board discussions and decisions and all directors are encouraged to request inclusion of any unresolved concerns that they may have in the Board minutes.

Roles of Board members

There is a clear division of responsibilities between the Chairman and the Chief Executive.

The Chairman

John Matthews is responsible for leadership of the Board, setting its agenda and monitoring its effectiveness. He ensures effective communication with shareholders and that the Board is aware of the views of major shareholders. He facilitates both the contribution of the non-executive directors and constructive relations between the executive directors and non-executive directors.

The Chairman, together with the Company Secretary, is responsible for ensuring that all directors are properly briefed on issues arising at Board meetings and that they have full and timely access to relevant information.

The Chairman is not deemed to be independent because he has been a non-executive director for more than ten years.

The Chief Executive

Mark Dixon is responsible for formulating strategy and for its delivery once agreed by the Board. He creates a framework of strategy, values, organisation and objectives to ensure the successful delivery of key targets, and allocates decision-making and responsibilities accordingly.

Non-executive directors

The non-executive directors each bring their own senior level of experience and objectivity to the Board. The independent counsel brought to the Group by the non-executives enhances the overall decision making of the Board. Non-executives are appointed for an initial three-year term, subject to election by shareholders at the first Annual General Meeting ("AGM") after their appointment. The Board consider the non-executive directors to be independent.

Company Secretary

The Company Secretary, Tim Regan, is responsible for advising the Board, through the Chairman, on all governance matters and for ensuring that appropriate minutes are taken of all Board meetings and discussions. The appointment and removal of the Company Secretary are matters reserved for the Board.

Board Committees

The Board has delegated certain of its governance responsibilities to the Audit, Nomination and Remuneration Committees. The Company Secretary acts as secretary to all of the Board Committees and minutes of meetings are circulated to all Board members.

The terms of reference of these committees have been documented and approved by the Board and are available on the Company's website www.regus.com. A brief summary of the members, activities and terms of reference of the Board Committees is provided below.

Audit Committee

Douglas Sutherland (appointed and Chairman from 14 October 2008)
Martin Robinson
Ulrich Ogiermann (appointed 14 October 2008)
Lance Browne (appointed 14 October 2008)
Roger Orf (Chairman until 10 March 2008; resigned 14 October 2008)
Stephen East (Chairman from 10 March 2008; resigned 14 October 2008)

The Board has delegated the responsibility for applying an effective system of internal control and compliance, accurate external financial reporting, fulfiling its obligations under law and the Combined Code, and managing the relationship with the Company's external auditors to the Audit Committee. The Committee consists entirely of non-executive directors.

The Audit Committee meets at least three times a year. At the request of the Chairman, the external auditors, the executive directors, the Company Secretary and the Head of Risk Management attend each meeting.

Summary terms of reference:

- Financial Reporting – provide support to the Board by monitoring the integrity of the published financial statements of the Group and any formal announcements relating to the Company's financial performance and ensuring that they comply fully with the relevant statutes and accounting standards.
- Internal control and risk systems – review the effectiveness of the Group's internal controls and risk management systems.
- Internal audit – monitor and review the annual internal audit programme ensuring that the internal audit function is adequately resourced and free from management restrictions and review and monitor responses to the findings and recommendations of the internal auditors.
- External audit – the Committee advises the Board on the appointment, re-appointment, remuneration and removal of the external auditors. The Committee has the opportunity to meet with the external auditors without senior management being present.
- Employee concerns – the Committee reviews the Company's arrangements under which employees may in confidence raise any concerns regarding possible wrongdoing in financial reporting or other matters. The Committee ensures that these arrangements allow proportionate and independent investigation and appropriate follow-up action.

The Committee also meets independently with the Company's auditors and with the Head of Risk Management to informally discuss matters of interest.

External auditors

KPMG Audit S.à.r.l. were the Company's auditors for the year ended 31 December 2008. For 2009, the Committee has recommended to the Board that a resolution to re-appoint KPMG Audit S.à.r.l. as the Company's auditors be proposed at the AGM. The Committee will continue to keep under review the independence and objectivity of the external auditors, the effectiveness of the audit process and the rotation of the lead audit partner.

The scope and extent of non-audit work undertaken by the Company's external auditor is monitored by and, above certain thresholds, requires prior approval from the Committee to ensure that the provision of non-audit services does not impair their independence or objectivity. During the year, KPMG performed statutory work in relation to the Group reorganisation. KPMG is prohibited from providing services that would be considered to jeopardise their independence such as book-keeping services, valuations and system design.

Remuneration Committee

Martin Robinson (Chairman)
Lance Browne (appointed 14 October 2008)
Ulrich Ogiermann (appointed 14 October 2008)
Douglas Sutherland (appointed 14 October 2008)
Roger Orf (resigned 14 October 2008)
Stephen East (resigned 14 October 2008)

Details of the Remuneration Committee are set out in the Remuneration Report on pages 33 to 39.

Nomination Committee

John Matthews (Chairman)
Martin Robinson
Lance Browne (appointed 14 October 2008)
Ulrich Ogiermann (appointed 14 October 2008)
Douglas Sutherland (appointed 14 October 2008)
Roger Orf (resigned 14 October 2008)
Stephen East (resigned 14 October 2008)

The Committee meets as required during the year to consider matters delegated to it under its terms of reference.

Board effectiveness, performance and leadership were discussed informally by the Board as a whole.

Summary terms of reference:

- Board appointment and composition – to regularly review the structure, size and composition of the Board and make recommendations on the role and nomination of directors for

Governance framework continued

appointment and reappointment to the Board for the purpose of ensuring a balanced Board in respect of skills, knowledge and experience.
- Board Committees – to make recommendations to the Board in relation to the suitability of candidates for membership of the Audit and Remuneration Committees. The appointment and removal of directors are matters reserved for the full Board.
- Board effectiveness – to assess the role of Chairman and Chief Executive and make appropriate recommendations to the Board.
- Board performance – to assist the Chairman with the annual performance evaluation to assess the overall and individual performance and effectiveness of the Board.
- Leadership – to remain fully informed about strategic issues and commercial matters affecting the Company and to keep under review the leadership needs of the organisation to enable it to compete effectively.

Principal risks and uncertainties

There are a number of risks and uncertainties which could have an impact on the Group's long-term performance. The Group has a risk management structure in place designed to identify, manage and mitigate business risks. Risk assessment and evaluation are an essential part of the annual planning, budgeting and forecasting cycle.

The directors have identified the following principal risks and uncertainties affecting the Company. These do not constitute all of the risks facing the Group.

Economic downturn in significant markets

The Group has a significant proportion of its centres in the Americas (predominantly the USA) and Europe. An economic downturn in these markets could adversely affect the Group's operating revenues thereby reducing operating performance or, in an extreme downturn, resulting in operating losses.

Generally, the terms on which the Group earns revenues from customers and pays its suppliers (principally landlords) are matched to reduce working capital needs. However, a reduction in revenues, with no immediate decline in the cost base, could result in significant funding shortfalls in the business. Any funding shortfall may require the Group to seek external funding or sell assets in the longer term.

In addition, competition may increase as a result of landlords offering surplus space at discounted prices and companies seek to reduce their costs by sub-letting space. These factors could result in reduced revenue for the Group as the prices it is able to charge customers would be reduced.

The Group has taken a number of actions to mitigate this risk:

- The Group has entered into performance-based leases with landlords where rent costs vary with revenues earned by the centre.
- Building lease contracts include break clauses at periodic intervals to allow the Group to exit leases should they become onerous. In cities with a number of centres this allows the Group to stagger leases such that an orderly reduction in exposure to the location may be facilitated.
- The profile of clients in a centre is continually reviewed to avoid undue reliance on a particular client or clients in a particular industry group.

Additionally, in the event of a downturn, the Group has a number of options for mitigating losses, for example by closing centres at lease break points.

The Group's strategy also focuses its growth into emerging markets that will reduce the proportion of the Group's revenue generated from the USA and Europe over time and provide better protection to the Group from an economic downturn in a single market.

Exposure to movements in property markets

A number of the Group's lease contracts contain market rent review clauses. This means that the costs of these leases may vary as a result of external movements in the property market. In particular, in the UK, lease contracts typically contain "upward only" rent reviews which means that should open market rents decrease, then Regus could be exposed to paying higher than market rent in these locations.

If the Group is unable to pass on increased rent costs to customers due to local property market conditions then this could result in reduced profitability or operating losses in these markets.

Equally, for Group lease contracts without market rent review clauses, the Group may benefit from paying below market rent in a market with increasing open market rents. This may allow the Group to improve profitability if the movements in open market rents are passed on to clients.

The length of the Group's leases (or the period after which the Group can exercise any break option in the leases) is usually significantly longer than the duration of the Group's contracts with its customers. If demand falls, the Group may be unable to increase or maintain occupancy or price levels and if revenue declines the Group may be unable to reduce the lease cost base. Additional costs could be incurred if the Group disposes of unprofitable centres.

Exposure to movements in exchange rates

The Group has significant overseas operations whose businesses are generally conducted in the currency of the country in which they operate. The principal exposures of the Group are to the US dollar and the euro with approximately 38% of the Group's revenues being attributable to the US dollar and 19% to the euro respectively.

Given that transactions generally take place in the functional currency of Group companies, the Group's exposure to transactional foreign exchange risk is limited. However, the translation into sterling of overseas profits and net assets will be affected by prevailing exchange rates. In the event that either the US dollar or euro were to significantly depreciate or appreciate against sterling, this would have an adverse or beneficial impact on the Group's reported performance and position respectively.

The financial risk management objectives and policies of the Group, together with an analysis of the exposure to such risks, are set out in note 23 of the Accounts. Wherever possible, the Group attempts to create natural hedges against currency exposures through matching income and expense and assets and liabilities in the same currency.

Given the continued volatility in exchange rates, in January 2009 the Board approved a policy which allows the Group to hedge, subject to strict limits, the rates at which overseas earnings are translated. This will enable the Group to have more certainty over the sterling value of these earnings.

Group reorganisation and restructuring

In October 2008, the Group entered into a reorganisation to create a new Group structure. Reorganisations of international groups can lead to a risk of a significant tax liability. In addition, as a result of the scheme, it is expected that Regus plc will be regarded as tax resident solely in Luxembourg. If Regus plc were nonetheless to be treated as tax resident in any other jurisdiction, this could lead to an increase in the overall effective tax rate and tax compliance costs of the Group.

As a Jersey-incorporated company having its place of central administration (head office) in Luxembourg and being tax resident in Luxembourg, Regus plc is required to comply with both Jersey law and Luxembourg law, where applicable. In addition, Regus plc's ordinary shares are listed on the Official List of the UKLA and admitted to trading on the main market of the London Stock Exchange. It is possible that conflicts may arise between the obligations of Regus plc under the laws of each of these jurisdictions or between the applicable laws and the Listing Rules. If an irreconcilable conflict were to occur then Regus plc may not be able to maintain its status as a company tax resident in Luxembourg.

The Group manages the risk that a significant tax liability could arise by taking appropriate advice, both in carrying out the Group reorganisation and on an ongoing basis. In addition, the Group believes that under current laws and regulations the risk of irreconcilable conflicts between current laws and regulations impacting Regus plc is low.

As part of the Group reorganisation, the Group announced plans to operate an income access share (IAS) arrangement for the payment of dividends. The Group expects that dividends will be paid to Regus plc shareholders who make (or are deemed to make) an IAS election through the IAS arrangements. However, there can be no certainty that dividends will be paid in this way and the IAS arrangements may be suspended or terminated at any time and for any reason. If the IAS arrangements do not operate shareholders will be paid dividends by Regus plc which may be subject to Luxembourg withholding tax. In addition, there is a low risk that share buy-backs undertaken by Regus plc could also be subject to Luxembourg withholding tax.

Centrally managed applications and systems

The Group has moved to a centrally managed applications and systems environment with the resultant effect that all systems and applications are housed in a central data centre. Should the data centre be impacted as a result of circumstances outside the Group's control there could be an adverse impact on the Group's operations and therefore its financial results. This risk is managed through a detailed service agreement with our external data centre provider which incorporates appropriate back-up procedures and controls.

Internal controls

The Board has ultimate responsibility for maintaining a sound system of internal control and for periodically reviewing its effectiveness.

In accordance with the guidance set out in the Turnbull Report "Internal Control: Guidance for Directors on the Combined Code", an ongoing process has been established for identifying, managing and evaluating the risks faced by the Group. The Group's system of internal controls is designed to:

- facilitate the effective and efficient response to risks which might affect the achievement of the Group's objectives.
- safeguard assets from inappropriate use or from loss or fraud.
- help ensure the quality of internal and external financial reporting.
- help ensure compliance with applicable laws and regulations.

No system of internal control can provide absolute assurance against material mis-statement or loss. The Group's system of controls helps to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable assurance that potential problems will normally be prevented or will be detected in a timely manner for appropriate action.

Strategy and risk management

The Board conducts regular reviews of the Group's strategic direction. Country and regional strategic objectives, quarterly plans and performance targets for 2009 have been set by the executive directors and are regularly reviewed by the main Board in the context of the Group's overall objectives.

There is an ongoing process for identifying, evaluating and managing the risks faced by the Group. Major business risks and their financial implications are appraised by the responsible executives as part of the budget process and these are endorsed by regional management. Key risks are reported to the Board and the Audit Committee. The appropriateness of controls is considered by the executives, having regard to cost/benefit, materiality and the likelihood of risks crystallising. Key risks and actions to mitigate those risks are regularly considered by the Board and are formally reviewed and approved by the Board annually.

Control environment

High standards of behaviour are demanded from staff at all levels in the Group. The following procedures are in place to support this:

- the induction process is used to educate new team members on the standards required from them in their role, including business ethics and compliance, regulations and internal policies.
- all team members are provided with a copy of the "Team Member Handbook" which contains detailed guidance on employee policies and the standards of behaviour required of staff.
- policies and procedures manuals and guidelines are readily accessible through the Group's intranet site.
- operational audit and self-certification tools require individual centre managers to confirm their adherence to Group policies and procedures.

Governance framework continued

To underpin the effectiveness of controls, it is the Group's policy to recruit and develop appropriately skilled management and staff of high calibre, integrity and with appropriate disciplines.

The Group has also established an externally hosted whistle-blowing channel to enable all staff to report issues and concerns in confidence.

Control processes

The Group has had procedures in place throughout the year and up to 20 March 2009, the date of approval of this Annual Report, which accord with the Internal Control Guidance for directors on the Combined Code. These include the following:

- The Board normally meets with regional executives every six months to carry out a wide-ranging review of Group and regional financial performance, business development opportunities, Group infrastructure and general Group management issues.
- The annual budget process is driven from senior management meetings. Budgets are prepared at a detailed level by business centre and roll-up at a country and regional level. The executive directors review regional budgets to ensure consistency with regional strategic objectives, and the final budget is reviewed and approved by the Board. The approved budget forms the basis of business management throughout the year.
- Operational reports and financial reports are prepared and distributed to the Board on a monthly basis. Actual results are reviewed against budget and forecast and explanations are received for all material movements.
- Key policies and control procedures (including finance, operations, and health and safety) are documented in manuals having Group-wide application. These are available to all staff on the Group's intranet system.
- The Board has formal procedures in place for the review and approval of investment and acquisition projects. The Group Investment Committee (comprising the executive directors) reviews all investments prior to approval by the Board. Additionally, the form and content of investment proposals are standardised to facilitate the review process.
- The Group has clearly delegated authority limits with regard to the approval of transactions. Purchase orders must be obtained in advance for all purchases in excess of £1,000.
- Numerous reports are generated from the Group's sales and operating systems on a daily, weekly and monthly basis to provide management at all levels with performance data for their area of responsibility which helps them to focus on operational issues that may require their input.

Information and communications processes

The senior management team is integrally involved in the business and to this extent regularly discusses and addresses issues and opportunities with regional and functional teams. Formal business review meetings, chaired by Mark Dixon, are held with the regional teams and functional heads on a monthly basis.

Regular staff communications include general information on the business from senior management as well as operational guidance on changes in policies and procedures.

Sales staff and operational management periodically attend regional sales or management conferences at which information on operational issues is shared. Delegates present the key messages to employees who did not attend the event.

Monitoring effectiveness

The following key mechanisms were available to the Board at various times during the year in the conduct of its review of internal controls:

- Review of the Group's monthly management accounts which contain detailed analysis of financial performance for the Group and each of the Group's geographic reporting segments.
- An ongoing process of review, through Board meetings, senior management meetings and divisional reviews as well as other management meetings, for the formal identification of significant operational risks and mitigating control processes.
- Internal audit reviews of key risk areas. The findings and recommendations of each review are reported to management and the Audit Committee.
- Quarterly post-investment reviews are presented to the Audit Committee to allow appraisal of the effectiveness of investment activity.
- A bi-annual internal control self-assessment and management certification exercise covering the effectiveness of financial and operational controls. This is based on a comprehensive internal control questionnaire collated and reviewed by Internal Audit. Results and any necessary mitigating action plans are presented to senior management and the Board.

Other matters

Board Performance Evaluation

During 2008, a formal annual performance evaluation was conducted in respect of the Board, its Committees and each individual director by means of an internally produced written questionnaire. This required performance to be scored on a scale of 1 to 5 against a number of criteria with 1 representing a need for urgent improvement in performance, 3 representing adequate performance and 5 representing excellent performance.

The results of these evaluations were consolidated by the Chairman and presented to the Board for formal consideration. All criteria were scored as adequate or better and therefore no formal corrective actions have been initiated. The independent senior non-executive director reviewed the Chairman's performance.

Training and resources

Appropriate training is made available for all new directors to assist them in the discharge of their responsibilities. Training is provided on an ongoing basis to meet particular needs with the emphasis on governance and accounting developments.

During the year the Company Secretary, Tim Regan, provided updates to the Board on relevant governance matters, whilst the Audit Committee regularly considers new accounting developments through presentations from management, internal audit and the external auditors. The Board programme includes presentations from management at which, together with site visits, the non-executive directors' understanding of the business and sector is increased.

All directors have access to the advice and services of the Company Secretary, who is responsible for ensuring that Board procedures, corporate governance and regulatory compliance are followed and complied with. Should a director request independent professional advice to carry out his duties, such advice is available to him at the Company's expense.

Directors and officers insurance

The Group's insurance programme is reviewed annually and appropriate insurance cover is obtained to protect the directors and senior management in the event of a claim being brought against any of them in their capacity as directors and officers of the Company.

Dialogue with shareholders

Regus reports formally to shareholders twice a year, with the half-year results announced in August/September and the annual results normally announced in March. There are programmes for the Chief Executive and Chief Financial Officer to give presentations of these results to the Company's institutional investors, analysts and media in London and other locations. The Chief Executive and Chief Financial Officer maintain a close dialogue with institutional investors on the Company's performance, governance, plans and objectives. These meetings also serve to develop an ongoing understanding of the views and any concerns of the Company's major shareholders. The non-executive directors are given regular updates as to the views of the institutional shareholders and the Chairman is available to meet with these shareholders on request. The principal communication with private shareholders is through the Annual Report, the Interim Report and the AGM. The Company has engaged the services of Brunswick Group plc as their Investor Relations adviser.

AGM

The AGM will be held in May in Luxembourg and will be attended, other than in exceptional circumstances, by all members of the Board. In addition to the formal business of the meeting, there is normally a trading update and shareholders are invited to ask questions and are given the opportunity to meet the directors informally afterwards.

Notice of the AGM, together with any related documents is mailed to shareholders at least 20 working days before the meeting and separate resolutions are proposed on each issue. The level of proxy votes cast and the balance for and against each resolution, together with the level of abstentions, if any, are announced to the meeting following voting by a show of hands. Substantial resolutions of the shareholders require a poll to be taken.

Financial and other information is made available on the Company's website www.regus.com.

Re-election of the Board

All directors submit themselves for re-election by shareholders at least every three years and directors appointed during the period are required to seek election at the next AGM.

Non-executive directors are subject to the re-election requirements and serve the Company under letters of appointment, which have an initial three-year term.

Compliance statement

The Company has complied with the provisions set out in section 1 of the Combined Code throughout the year ended 31 December 2008, with the exception of the following:

- Provision D.1.1 – The senior independent non-executive director, Martin Robinson, does not have regular meetings with major external shareholders.

The Board considers it appropriate for the Chairman to be the main conduit with investors, rather than the senior independent non-executive director. The Chairman participates in investor meetings and makes himself available for questions, in person, at the time of major announcements. The Chairman regularly updates the Board and particularly the senior independent non-executive director, on the results of his meetings and the opinions of investors. On this basis, Regus considers that the senior independent non-executive director is able to gain full awareness of the issues and concerns of major shareholders. Notwithstanding this policy, all directors have a standing invitation to participate in meetings with investors.

Director statements

Statement of directors' responsibilities in respect of the annual report and financial statements

The directors are responsible for preparing the Annual Report and the Group and parent company financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare Group and parent company financial statements for each financial year. Under that law they are required to prepare the Group financial statements in accordance with IFRSs as adopted by the EU and applicable law and are required to prepare the parent company financial statements in accordance with Luxembourg Generally Accepted Accounting Practice and applicable law.

The Group financial statements are required by law and IFRSs as adopted by the EU to present fairly the financial position and performance of the Group.

In preparing each of the Group and parent company financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- for the Group financial statements, state whether they have been prepared in accordance with IFRSs as adopted by the EU; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the parent company and Group will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the parent company and to enable them to ensure that its financial statements comply with applicable law and regulations. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

The directors are also responsible for preparing a Directors' Report, a Remuneration Report and Corporate Governance Statement.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in Luxembourg governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions and the Company's Articles of Association permit the Company to communicate with shareholders in a similar way to that permitted by UK company law.

Statutory statement as to disclosure to auditors

The directors who held office at the date of approval of this Directors' Report confirm that:

- so far as they are aware, there is no relevant audit information of which the Company's auditor is unaware; and
- each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

The annual accounts have been approved by the directors of Regus plc. The directors confirm that the annual accounts have been prepared in accordance with applicable law and regulations and that they include a fair review of the development and performance of the business and the position of the parent company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

By order of the Board

Mark Dixon
Chief Executive Officer
20 March 2009.

Stephen Gleadle
Chief Financial Officer

Remuneration Report

The report has been prepared by the Remuneration Committee (the "Committee") of Regus plc[1] and approved by the Board of Directors of Regus plc (the "Board")[2]. The report complies with the UK Directors' Remuneration Report Regulations 2002 and, in compliance with such regulations, a separate resolution approving this report will be put to shareholders at this year's Annual General Meeting.

This report sets out the Company's policy on directors' remuneration for the forthcoming year as well as information on remuneration paid to directors during the year.

Information relating to the emoluments and pension contributions to the directors and directors' interests in the Company's shares and under Employee Share Plans is unaudited.

Unaudited Information

Membership and responsibilities of the Committee

The Committee is made up of non-executive directors and chaired by Martin Robinson, the Company's independent senior non-executive director. During the year the members of the Committee were:

- Martin Robinson
- Stephen East (resigned 14 October 2008)
- Roger Orf (resigned 14 October 2008)
- Lance Browne (appointed 14 October 2008)
- Ulrich Ogiermann (appointed 14 October 2008)
- Douglas Sutherland (appointed 14 October 2008)

The Committee met three times during the year.

The Committee has responsibility for determining, in consultation with the Chairman and/or Chief Executive as appropriate, the total remuneration package of each executive director and senior manager, including bonuses, incentive payments and share options or other share awards.

The Board has delegated to the Committee responsibility to:

- Determine and agree with the Board the remuneration policy for the executive directors and the Group's other senior management.
- Approve the design of, and determine targets for, any performance related pay schemes operated by the Company and approve the total annual payments made under such schemes.

Following its acquisition of Halliwell Consulting, the Committee receives advice on executive remuneration from PriceWaterhouseCoopers ("PWC"), an external consultancy which has wide experience of executive remuneration in UK listed companies. PWC has no other connection with the Company.

Directors are not permitted, under Regus plc's Articles of Association, to vote on their own terms and conditions of remuneration.

The Committee's terms of reference are available on the Company's website, www.regus.com. The members of the Committee attend the Company's AGM and are available to answer shareholders' questions about directors' remuneration.

Compliance with the best practice provisions

In accordance with the Board's commitment to maintaining high standards of Corporate Governance, the Committee has complied with all remuneration related aspects of the Code during the year.

Remuneration policy

The principal objectives of the Committee's remuneration policy are:

- To focus on rewarding exceptional pay for exceptional performance, executives should be focused on delivering exceptional returns to shareholders over both the short and long terms and given the opportunity to receive exceptional levels of reward if such performance is delivered. Conversely, if returns are conservative compensation levels should be extremely conservative.
- To provide remuneration packages that will attract, retain and motivate people of the highest calibre and experience needed to shape and execute the Company's strategy and to deliver shareholder value.

The guiding principles which the Committee has regard to and balances, as far as practicable, in determining policy and objectives for 2008 and future years are:-

- to maintain a competitive package of total compensation, commensurate with comparable packages available with similar companies operating in similar markets (the "Comparator Group");
- to make a significant percentage of potential maximum reward conditional on short and long-term performance;
- to ensure that the interests of the executives are closely aligned with those of the Company's shareholders through the provision of share-based incentives;
- to link reward to the satisfaction of targeted objectives which are the main drivers of shareholder value; and
- to be sensitive in determining executive directors' remuneration to pay and employment conditions throughout the Group.

1 For purposes of this report the definition of the Committee includes the Regus Group plc Remuneration Committee, which ceased to exist on 14 October 2008.
2 For purposes of this report the definition of the Board includes the Board of Directors of Regus Group plc up to 14 October 2008.

Remuneration Report continued

In order to achieve the above policy, the Committee capped the pay rise applicable to the fixed elements of the executives' compensation package for 2008 at 2.5% (this did not apply to the Chief Financial Officer's salary which following completion of his probationary period increased from £250,000 to £300,000 per annum).

This ensured a greater weighting towards variable remuneration with the opportunity for total compensation packages to be in the upper quartile of salaries earned within the Comparator Group dependent upon the degree to which the associated stringent performance conditions attached to the short and long-term incentive schemes had been satisfied.

The table below illustrates the balance between fixed and performance related (variable) compensation for each executive director for the year ended 31 December 2008:

	Mark Dixon Chief Executive Officer %	Rudy Lobo* Chief Operating Officer %	Stephen Gleadle Chief Financial Officer %
Fixed	30.9	28.4	30.0
Variable	69.1	71.6	70.0

*Resigned from the Board 14 October 2008

Fixed compensation comprises salary, benefits and pension contributions. Variable compensation comprises the annual bonus paid in relation to the year ended 31 December 2008 and the total fair value of share awards granted in the year (excluding entitlements under the Value Creation Plan). For Rudy Lobo this is pro-rata for the period to 14 October 2008.

The main elements of the packages and the performance conditions are described below.

Non-executive directors are remunerated with fees, set at levels that are sufficient to attract and retain their services and are in line with market rates. The non-executive directors do not receive any pension or other benefits, other than appropriate expenses, nor do they participate in any bonus or share option schemes.

Service contracts

Details of contracts currently in place for Directors are as follows:

	Effective date of contract	Term	Notice period and maximum provision for compensation
Executive			
Mark Dixon	18.08.08	–	12 months
Stephen Gleadle	18.08.08	–	12 months
Non-executive			
John Matthews	27.08.08	3 yrs	6 months
Lance Browne	27.08.08	3 yrs	6 months
Ulrich Ogiermann	27.08.08	3 yrs	6 months
Martin Robinson	27.08.08	3 yrs	6 months
Douglas Sutherland	27.08.08	3 yrs	6 months

Remuneration packages

The remuneration for executive directors during the year comprised a basic salary, a benefit package, an annual performance-based short-term incentive award paid partly in cash and partly in shares and participation in the Company's share incentive arrangements, the Regus Co-Investment Plan and the Value Creation Plan.

Basic salary and benefits

The basic salaries of executive directors are reviewed annually and any increases are effective from 1 January.

In light of current market conditions salaries for the Chief Executive Officer and Chief Financial Officer during 2009 will be unchanged from 2008, being £522,750 and £300,000 respectively.

Benefits comprise a company car or allowance, fuel, private medical insurance, disturbance allowance and a living allowance for the Chief Executive Officer.

The Chairman has agreed to serve at a reduced annual fee of £114,000 and the Senior Independent Non-Executive has agreed to serve without a fee.

Annual bonus scheme

The Committee believes firmly in the financial effectiveness of short-term incentives. Accordingly, every employee in the Group participates in some form of incentive scheme.

The Committee sets bonus targets and levels of eligibility each year.

The maximum bonus potential, for the executive directors, for the year ending 31 December 2008 was 300% of salary, consisting of a standard bonus and a discretionary bonus.

The Committee are of the opinion that all financial and personal measures and targets were achieved by the executive directors and as such, bonuses of 100% of salary were paid for this element. 50% of this bonus payment will be paid in cash and 50% deferred to purchase shares ("Investment Shares") in Regus plc. These shares are awarded under the Co-Investment Plan with the opportunity to receive an additional award of shares ("Matching Shares") after a three-year period subject to certain conditions. Share awards will be granted in the form of either a nil-cost option or a conditional share award.

Although the cash element of the bonus has been approved, at the time of the drafting of this report the award of Investment Shares and associated Matching Shares has not been made due to the Company being in a close period. The Committee will provide full details of the award and relevant performance conditions in its Remuneration Report for the year ending 31 December 2009. The maximum number of share awards to be granted to the executive directors will be based on the price of an ordinary share at the time of the grant and the monetary value of Investment Shares will not exceed 50% of salary and 200% of salary for Matching Shares.

In addition, the Company's operating profit exceeded external forecasts based on a consensus of analysts' estimates and the

Committee have rewarded this exceptional performance with a discretionary bonus of 36% of salary paid out of the self-financing "pool" system. For exceptional performance in relation to his work in relation to the recent Scheme of Arrangement which became effective on 14 October 2008 the Committee has awarded the Chief Financial Officer a one-off cash bonus of £30,000.

For the year ending 31 December 2009, in consideration of current market conditions, the Committee has decided to reduce the maximum potential bonus from 300% to 200% of salary. The standard bonus will remain at a maximum of 100% of salary linked to the achievement of stretching short-term financial and individual performance targets, while the maximum discretionary element for exceptional out-performance will be capped at 100%. The discretionary bonus will be based on a self-financing bonus "pool" system defined by reference to a percentage of operating profits in excess of external forecasts based on a consensus of analysts' estimates.

Bonuses are non-pensionable. Non-executive directors do not receive a bonus.

Pension benefits

The executive directors participate in the Company's Money Purchase (Personal Pension) Scheme. The Company matches contributions up to a maximum of 7.0% of basic salary. The Committee considers that the pension benefits of the executive directors are low compared with comparative companies but prefers to offer enhanced variable compensation (rather than a fixed additional pension contribution).

The Group does not operate a defined benefit pension scheme and has no plans to introduce such a scheme.

Long Term Incentives

Overview

The Company operates three long term incentive plans, the Regus plc Co-investment Plan ("CIP"), the Regus plc Share Option Scheme and the Regus plc 2008 Value Creation Plan (the "VCP").

Co-investment Plan ("CIP")

There are two elements to the CIP:

The first element operates in conjunction with the annual bonus whereby a gross bonus up to 50% of salary will be taken as a deferred award of shares to be released at the end of a three-year period with the balance paid in cash.

Matching Shares will be awarded linked to the number of Investment Shares awarded and will vest depending on the Company's future performance (see below). Matching Shares are awarded at no cost to participants.

The maximum number of Matching Shares which can be awarded to a participant in the CIP is 200% of salary. As such the maximum number of Matching Shares which can be awarded based on Investment Shares awarded is 4:1. The Committee have determined that this ratio will apply to any payout of the annual bonus.

Grants during the year ending 31 December 2008:

	Mark Dixon	Rudy Lobo*	Stephen Gleadle
CIP award face value (% of salary)	200%	200%	200%
Fair value** of CIP award	£775,560	£415,911	£380,176
Fair value of CIP award as a % of salary	152%	152%	152%

* Resigned 14 October 2008.

** The fair value was calculated by taking the face value of the shares on the date of award and adjusting this value by the probability of the performance condition being satisfied at this date (in accordance with the principles of IFRS 2).

The second element is that the Committee may also make stand alone whole share awards ("LTIP Awards") without reference to the annual bonus, up to a maximum of 100% of salary per annum. An LTIP Award is a conditional right over a whole number of shares with the release being dependent on the extent to which (if at all) the challenging performance conditions set by the Committee at the time the LTIP Award is made are satisfied.

No LTIP award was made in 2008. It is unlikely that future stand-alone LTIP Awards will be made to existing executive directors unless there are exceptional circumstances.

The performance conditions associated with the release of the LTIP Awards and CIP Matching Shares awards made in the years 2005, 2006 and 2007 are set out in the following table:

Growth in FCF per share over 3 years	(a) (b)	11p 15%	12p 20%	13p 25%	14p 30%
10%		6%	13%	19%	25%
15%		13%	25%	38%	50%
20%		19%	38%	56%	75%
25%		25%	50%	75%	100%

(a) For Nov 2005 LTIP and March 2006 CIP Adjusted EPS (p) for the year ended 31 December 2008.

(b) For March 2007 CIP % increase in published EPS for the year ended 31 December 2009 compared to the prior year.

In addition, no LTIP Awards or CIP Matching Shares are to be released unless the Company's TSR is at least at the median when compared against that of the companies comprising the FTSE 350 Support Services Sector at the date of grant, unless the Remuneration Committee at its discretion decides otherwise.

The Company achieved the EPS and FCF performance targets in full for the awards made in 2005 and 2006. As a result of the level of performance against these key corporate fundamentals the Remuneration Committee has partially waived the TSR underpin as the attainment of these conditions has not been reflected in the share price of the Company over the performance period and accordingly 80% of the matching shares and LTIP shares have been released.

It should be noted that for issues relating to commercial sensitivity and the extreme volatility in the global economic

Remuneration Report continued

environment in which the Company operates, the Committee believes that it is not practical to set the specific performance conditions relating to the release of Matching Shares granted in 2008 at this time. The Committee also intends to take a similar position in relation to the performance conditions applying to the Matching Shares to be granted in March 2009 relating to the bonus paid for the year ending 31 December 2008. Once there is more certainty as to the long-term corporate performance outlook the Committee will set targets for the release of Matching Shares in accordance with the Company's performance as measured against some or all of the following corporate fundamentals:

- comparative TSR;
- EPS growth;
- free cash flow;
- growth in revenue; and
- growth in EBIT.

The Committee will ensure that only 25% of the Matching Share award is released for achievement of an "acceptable" level of performance and that full release (a 4:1 match) will only occur for exceptional performance against the relevant metrics.

To give comfort to shareholders that there is integrity of process in relation to the application of the performance targets and the operation of the CIP the Committee will lodge full details of the performance conditions with its auditors once set and then disclose details of the targets in the Company's Remuneration Report for the year in which the conditions have been set.

Share Option Scheme

The options granted to executive directors prior to the introduction of the CIP are set out below. The Company continues to grant options on an ad hoc basis to certain non-participants of the CIP.

Regus plc 2008 Value Creation Plan (the "VCP")

The VCP was introduced in 2008 with the objective of delivering exceptional rewards to participants provided absolute returns to shareholders are exceptional.

The VCP operates over a five year period from May 2008 to March 2013. Participants in the VCP are granted entitlements ("VCP Entitlements") to receive a maximum number of shares which shall be earned by the conversion of the VCP Entitlements into an option or series of options (the "VCP Options") which may be granted on certain dates (the "Measurement Dates") based on the Company's share price performance. The exercise price for VCP Options will be the closing share price on the date of the Company's 2008 AGM.

VCP Entitlements granted in 2008:

	Mark Dixon	Rudy Lobo*	Stephen Gleadle
Number of shares subject to VCP Entitlement**	3,500,000	3,000,000	3,000,000

* Resigned 14 October 2008
** VCP Entitlements hold no value.

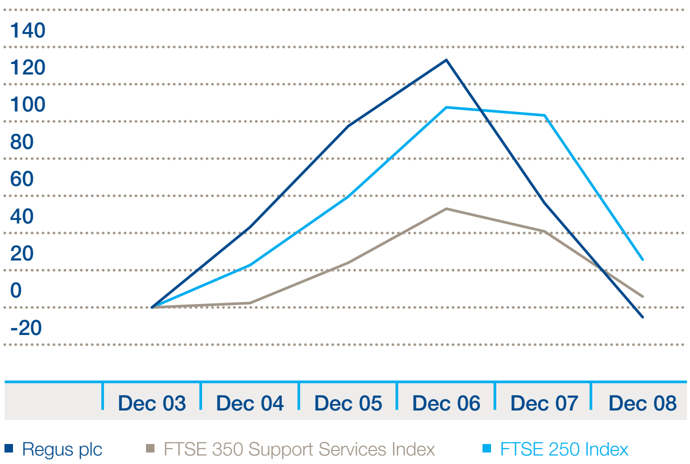
The share price of the Company will be calculated at each Measurement Date, the first of which is 31 March 2010, and compared against a matrix of extremely stretching fixed share price targets to determine the number of shares subject to the VCP Entitlement over which a VCP Option will be granted. If a lower share price target is achieved a VCP Option shall be granted over a lesser number of shares with the ability for the balance to be received at a subsequent measurement date subject to relevant share price targets being achieved.

The share price targets for the VCP Entitlements granted in 2008 are as set out in the following table:

Measurement date (Shares awarded at each date less those already earned in a prior year)	31/03/10	31/03/11	31/03/12	31/03/13
Share price is less than £2.60	–	–	–	–
Share price is more than £2.60 but less than £3.50	2.5m	1.8m	1.2m	0.6m
Share price is more than £3.50 but less than £4.50	3.5m	2.5m	1.8m	1.2m
Share price is £4.50 or more		3.5m	2.5m	1.8m

The number of Ordinary shares above are based on the entitlements of the Chief Executive Officer. For the Chief Financial Officer the number of ordinary shares will be lower but based on the same ratios.

Total Shareholder Return (TSR)



The above graph shows the Company's performance, measured by TSR for the Group compared with the performance of the FTSE 250 Index and the FTSE 350 Support Services Index. The Committee consider the FTSE 250 Index relevant since it is an index of companies of similar size to Regus plc. As detailed earlier in the report, the Company considers its TSR performance for share awards under the CIP in comparison to that of the FTSE 350 Support Services Index.

External appointments

Executive directors are permitted to accept appointments on external boards or committees so long as these are not deemed to interfere with the business of the Group. Any fees received in respect of these appointments are retained directly by the relevant executive director. At 31 December 2008, the executive directors did not hold any external positions for which they received fees.

Directors' emoluments

The aggregate emoluments, excluding pensions of the directors were as follows:

2008	Salary £'000	Fees £'000	Benefits £'000	Bonus £'000	Total £'000
Chairman					
John Matthews[(a)]		**237.2**			**237.2**
Executive					
Mark Dixon	**522.8**	**–**	**101.7**	**449.5**	**1,074.0**
Rudy Lobo[(b)]	**220.6**	**–**	**11.3**	**189.7**	**421.6**
Stephen Gleadle[(c)]	**300.0**	**–**	**19.0**	**288.0**	**607.0**
Non-executive					
Roger Orf[(b)]		**41.0**			**41.0**
Martin Robinson[(d)]		**47.6**			**47.6**
Stephen East[(b)]		**39.5**			**39.5**
Lance Browne[(e)]		**16.4**			**16.4**
Ulrich Ogiermann[(f)]		**13.8**			**13.8**
Douglas Sutherland[(g)]		**15.9**			**15.9**
	1,043.4	**411.4**	**132.0**	**927.2**	**2,514.0**

2007	Salary £'000	Fees £'000	Benefits £'000	Bonus £'000	Total £'000
Chairman					
John Matthews	–	190.0	–	–	190.0
Executive					
Mark Dixon	510.0	–	101.5	382.5	994.0
Rudy Lobo[(b)]	273.5	–	13.4	205.1	492.0
Stephen Gleadle	250.0	–	15.4	187.5	452.9
Non-executive					
Roger Orf[(b)]		41.0			41.0
Martin Robinson		41.0			41.0
Stephen East[(b)]		35.0			35.0
	1,033.5	307.0	130.3	775.1	2,245.9

(a) The remuneration for John Matthews includes a basic fee of £190,000 with an additional fee of £6,000 in his capacity as Chairman of the Nomination Committee. In 2008, his fee included a fee of £36,000 in relation to the additional work on the Group reorganisation and Scheme of Arrangement and a disturbance allowance effective from 27 August 2008 of £5,178. The fee relates to serving as Chairman of both Regus Group plc (until 14 October 2008) and Regus plc (from 27 August 2008).

(b) The remuneration for 2008 only includes the remuneration paid during the year in the capacity as directors of Regus Group plc until 14 October 2008.

(c) The remuneration for Stephen Gleadle includes a bonus of £30,000 in relation to the Group reorganisation and Scheme of Arrangement and a disturbance allowance effective from 27 August 2008 of £2,589.

(d) The remuneration for Martin Robinson includes a basic fee of £40,000 with an additional fee of £5,042 in his capacity as senior non-executive director and Chairman of the Remuneration Committee (effective from 27 August 2008). In 2008, his fee included a disturbance allowance effective from 27 August 2008 of £2,589. The fee relates to serving as a non-executive director of both Regus Group plc (until 14 October 2008) and Regus plc (from 27 August 2008).

(e) The remuneration for Lance Browne includes an annualised basic fee of £40,000. In 2008, his fee included a disturbance allowance effective from 27 August 2008 of £2,589. The fee relates to serving as a non-executive director Regus plc for the period from 27 August 2008.

(f) The remuneration for Ulrich Ogiermann includes an annualised basic fee of £40,000. The fee relates to serving as a non-executive director of Regus plc for the period from 27 August 2008.

(g) The remuneration for Douglas Sutherland includes an annualised basic fee of £40,000 with an additional fee of £6,000 in his capacity as Chairman of the Audit Committee. The fee relates to serving as a non-executive director of Regus plc for the period from 27 August 2008.

Remuneration Report continued

Mark Dixon was the highest paid Director in both 2008 and 2007. Benefits include car and fuel allowance, medical insurance, life assurance and, for Stephen Gleadle, a disturbance allowance. Mark Dixon also received a housing allowance (2008: £100,000; 2007: £100,000).

Pension contributions

£'000	**2008**	2007
Mark Dixon	**36.6**	39.6
Rudy Lobo (until 14 October 2008)	**15.4**	19.1
Stephen Gleadle	**21.0**	17.5
	73.0	76.2

Directors' share interests

The following directors held beneficial interests in the share capital of the Company at 31 December 2007, 31 December 2008 and 20 March 2009.

	20 March 2009 Ordinary Shares of 1p in Regus plc	31 December 2008 Ordinary Shares of 1p in Regus plc	31 December 2007 Ordinary Shares of 5p in Regus Group plc
Executive			
Mark Dixon(a)	359,058,783	359,058,783	363,613,783
Rudy Lobo(b)	N/A	N/A	4,697,098
Stephen Gleadle	121,500	121,500	121,500
Non-executive			
John Matthews	1,005,777	961,397	894,869
Roger Orf(c)	N/A	N/A	747,750
Martin Robinson	215,978	190,509	121,568
Stephen East(d)	N/A	N/A	28,914
Lance Browne	–	–	N/A
Ulrich Ogiermann	–	–	N/A
Douglas Sutherland	150,000	150,000	N/A

(a) The interests of Mark Dixon are held indirectly through Estorn Limited, an entity in which Mark Dixon controls 100% of the share capital.
(b) Resigned 14 October 2008.
(c) Resigned 14 October 2008.
(d) Resigned 14 October 2008.

Directors' share options

As at 20 March 2009, the beneficial interests of the Directors in options granted under the Regus Group Share Option Plan are shown below.

Director	Grant date	Interest in options and awards over ordinary shares	Exercise price (p)	Date from which exercisable	Expiry date of grant or award
Mark Dixon	08/09/04	1,708,108	64.75	08/09/07	08/09/14

All options were granted at the then prevailing market price. There have been no movements in the year. All the options vested and became exercisable in September 2007.

Directors' interests under the Long Term Incentive Plan ("LTIP")

Details of awards over ordinary shares in the Company granted to the Directors under the LTIP, all for nil consideration, are as follows:

LTIP	At 31 December 2008
Mark Dixon	337,398
Stephen Gleadle	325,203

No LTIP Awards vested or were granted during the year. The entitlement to shares under the LTIP was subject to achieving the performance conditions referred to in the LTIP section on page 35.

The performance period for the LTIP Awards was 3 November 2005 to 31 December 2008.

Directors' interests under the CIP

Details of awards over ordinary shares in the Company granted to the directors under the CIP, all for nil consideration, are as follows:

CIP	At 1 January 2008	Shares awarded	At 31 December 2008
Investment Shares			
Mark Dixon	372,869	316,770	689,639
Rudy Lobo (resigned 14 October 2008)	198,178	169,875	N/A
Stephen Gleadle	87,832	155,279	243,111
Matching shares			
Mark Dixon	1,491,476	1,267,080	2,758,556
Rudy Lobo (resigned 14 October 2008)	792,712	679,500	N/A
Stephen Gleadle	351,328	621,116	972,444

No CIP Awards vested during the year. The entitlement to Matching Shares under the CIP is subject to achieving the performance conditions referred to in the CIP section on page 35.

The performance period for the CIP Matching Share Awards made in 2008 is 1 January 2008 to 31 December 2010. The market price of the Company's ordinary shares at 31 December 2008 was 49.50p and the range during the year was 41.25p to 109.00p.

None of the Directors had a beneficial interest in any contract of any significance in relation to the business of the Company or its subsidiaries at any time during the financial year.

Annual resolution

Shareholders will be given the opportunity to approve the Remuneration Report at the AGM on 19 May 2009.

Audit requirement

Under Luxembourg law and regulations there is no requirement for the sections on Directors' remuneration, shareholdings and pension benefits on pages 37 to 39 inclusive to be audited; therefore all sections of the Remuneration Report are un-audited.

On behalf of the Board

Martin Robinson
Chairman, Remuneration Committee
20 March 2009

Independent Auditors' report to the shareholders

Report of the Réviseurs d'Entreprises on the consolidated financial statements

We have audited the consolidated financial statements of Regus plc S.A., which comprise the consolidated balance sheet as at 31 December 2008 and the consolidated income statement, consolidated statement of changes in equity and consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes as set out on pages 41 to 80.

Board of directors' responsibility for the consolidated financial statements

The Board of directors is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Responsibility of the Réviseur d'Entreprises

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing as adopted by the Institut des Réviseurs d'Entreprises. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the judgement of the Réviseur d'Entreprises, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the Réviseur d'Entreprises considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements set out on pages 41 to 80 give a true and fair view of the consolidated financial position of Regus plc S.A. as of 31 December 2008, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Report on other legal and regulatory requirements

The consolidated Directors' report, which is the responsibility of the Board of directors, is consistent with the consolidated financial statements.

Luxembourg, 20 March 2009

KPMG Audit S.à r.l.
9 allée Scheffer, L-2520 Luxembourg
Réviseurs d'Entreprises
Thierry Ravasio

Consolidated income statement

	notes	Year ended 31 Dec 2008 £m	Year ended 31 Dec 2007 £m
Revenue	3	**1,077.2**	862.4
Cost of sales		**(771.5)**	(610.5)
Gross profit (centre contribution)		**305.7**	251.9
Administration expenses		**(158.3)**	(129.3)
Operating profit	5	**147.4**	122.6
Share of post-tax profit of joint ventures	20	**2.3**	0.8
Profit before financing costs		**149.7**	123.4
Finance expense	8	**(6.8)**	(8.1)
Finance income	8	**6.3**	4.1
Profit before tax for the year		**149.2**	119.4
Tax charge	9	**(34.3)**	(15.8)
Profit after tax for the year		**114.9**	103.6
Attributable to:			
Equity shareholders of the parent		**113.9**	103.1
Minority interests		**1.0**	0.5
		114.9	103.6
Earnings per ordinary share (EPS):			
Basic (p)	10	**12.0**	10.5
Diluted (p)	10	**11.8**	10.4

Consolidated balance sheet

	notes	As at 31 Dec 2008 £m	As at 31 Dec 2007 £m
Non-current assets			
Goodwill	12	**274.5**	223.0
Other intangible assets	13	**55.8**	46.9
Property, plant and equipment	14	**278.0**	184.7
Deferred tax assets	9	**79.0**	46.8
Other long term receivables	15	**38.3**	24.1
Investments in joint ventures	20	**4.0**	1.6
		729.6	527.1
Current assets			
Trade and other receivables	16	**231.8**	186.4
Corporation tax receivable		**8.3**	5.1
Cash and cash equivalents		**219.5**	142.9
		459.6	334.4
Total assets		**1,189.2**	861.5
Current liabilities			
Trade and other payables	17	**(214.8)**	(168.9)
Customer deposits		**(174.8)**	(130.4)
Deferred income		**(132.6)**	(96.0)
Corporation tax payable		**(61.7)**	(33.2)
Obligations under finance leases	18	**(1.3)**	(0.8)
Bank and other loans	18	**(5.1)**	(15.5)
Provisions	19	**(2.0)**	(3.4)
		(592.3)	(448.2)
Net current liabilities		***(132.7)***	*(113.8)*
Total assets less current liabilities		***596.9***	*413.3*
Non-current liabilities			
Other payables	17	**(99.8)**	(62.4)
Obligations under finance leases	18	**(1.7)**	(0.7)
Bank and other loans	18	**(0.2)**	(24.5)
Deferred tax liability	9	**(5.4)**	(6.4)
Provisions	19	**(8.5)**	(7.4)
Provision for deficit on joint ventures	20	**(1.0)**	(2.1)
		(116.6)	(103.5)
Total liabilities		**(708.9)**	(551.7)
Total assets less liabilities		***480.3***	*309.8*
Total equity			
Issued share capital	21	**9.5**	49.2
Treasury shares		**(1.4)**	(13.4)
Foreign currency translation reserve		**67.0**	(20.1)
Revaluation reserve		**10.0**	10.0
Other reserves		**15.3**	(22.6)
Retained earnings		**379.6**	306.2
Total shareholders' equity		**480.0**	309.3
Minority interests		**0.3**	0.5
Total equity		**480.3**	309.8
Total equity and liabilities		**1,189.2**	861.5

Approved by the Board on 20 March 2009.

Mark Dixon
Chief Executive Officer

Stephen Gleadle
Chief Financial Officer

Consolidated cash flow statement

	notes	Year ended 31 Dec 2008 £m	Year ended 31 Dec 2007 £m
Profit before tax for the year		**149.2**	119.4
Adjustments for:			
Net finance costs		**0.5**	4.0
Net share of profit on joint ventures		**(2.3)**	(0.8)
Depreciation charge		**56.2**	39.2
Loss on disposal of property, plant and equipment		**0.7**	0.2
Amortisation of intangible assets		**6.3**	6.4
Decrease in provisions		**(1.5)**	(4.2)
Other non-cash movements – share based payments		**4.8**	4.5
Operating cash flows before movements in working capital		**213.9**	168.7
Increase in trade and other receivables		**(6.2)**	(28.2)
Increase in trade and other payables		**41.9**	70.6
Cash generated from operations		**249.6**	211.1
Interest paid on finance leases		**(0.2)**	(0.2)
Interest paid on credit facilities		**(4.0)**	(4.0)
Tax paid		**(31.3)**	(16.1)
Net cash inflow from operating activities		**214.1**	190.8
Investing activities			
Purchase of subsidiary undertakings (net of cash acquired)	25	**(12.1)**	(17.8)
Purchase of interest in joint ventures		**–**	(0.3)
Dividends received from joint ventures		**1.0**	–
Sale of property, plant and equipment		**0.9**	0.3
Purchase of property, plant and equipment		**(87.7)**	(79.2)
Purchase of intangible assets		**(2.6)**	(1.5)
Interest received		**5.3**	3.4
Net cash outflow from investing activities		**(95.2)**	(95.1)
Financing activities			
Repayment of loans		**(36.1)**	(14.5)
Repayment of capital elements of finance leases		**(1.4)**	(2.5)
Purchase of treasury shares		**(19.9)**	(14.7)
Payment of ordinary dividend		**(15.2)**	(5.9)
Payment of dividend to minority shareholders		**(1.2)**	–
Exercise of share options		**–**	0.5
Net cash outflow from financing activities		**(73.8)**	(37.1)
Net increase in cash and cash equivalents		**45.1**	58.6
Cash and cash equivalents at beginning of year		**142.9**	80.9
Effect of exchange rate fluctuations on cash held		**31.5**	3.4
Cash and cash equivalents at end of year	22	**219.5**	142.9

Consolidated statement of changes in equity

	Attributable to equity holders of the parent[a]								
	Share capital £m	Treasury shares £m	Foreign currency translation reserve £m	Revaluation reserve £m	Other £m	Retained earnings £m	Total equity attributed to equity holders £m	Minority interests £m	Total equity £m
Balance at 1 January 2007	**49.2**	**–**	**(17.5)**	**10.0**	**(22.6)**	**205.4**	**224.5**	**–**	**224.5**
Profit attributable to equity holders	–	–	–	–	–	103.1	103.1	–	103.1
Profit attributable to minority interest	–	–	–	–	–	–	–	0.5	0.5
Currency translation differences	–	–	(2.6)	–	–	–	(2.6)	–	(2.6)
Deferred tax effect of share options	–	–	–	–	–	(0.1)	(0.1)	–	(0.1)
Total recognised income and expense for the year			(2.6)	–	–	103.0	100.4	0.5	100.9
Share based payments	–	–	–	–	–	4.5	4.5	–	4.5
Ordinary dividend paid	–	–	–	–	–	(5.9)	(5.9)	–	(5.9)
Exercise of share options	–	1.3	–	–	–	(0.8)	0.5	–	0.5
Purchase of treasury shares	–	(14.7)	–	–	–	–	(14.7)	–	(14.7)
Balance at 31 December 2007	**49.2**	**(13.4)**	**(20.1)**	**10.0**	**(22.6)**	**306.2**	**309.3**	**0.5**	**309.8**
Profit attributable to equity holders			–	–	–	113.9	113.9		113.9
Profit attributable to minority interest			–	–	–	–	–	1.0	1.0
Currency translation differences			87.1	–	–	–	87.1	–	87.1
Total recognised income and expense for the year			87.1	–	–	113.9	201.0	1.0	202.0
Share based payments	–	–	–	–	–	4.8	4.8	–	4.8
Ordinary dividend paid	–	–	–	–	–	(15.2)	(15.2)	–	(15.2)
Dividend paid to minority interest	–	–	–	–	–	–	–	(1.2)	(1.2)
Scheme of Arrangement[b]	(37.9)	–	–	–	37.9	–	–	–	–
Purchase of treasury shares in Regus Group plc	–	(18.5)	–	–	–	–	(18.5)	–	(18.5)
Cancellation of treasury shares in Regus Group plc	(1.8)	31.9	–	–	–	(30.1)	–	–	–
Purchase of treasury shares in Regus plc	–	(1.4)	–	–	–	–	(1.4)	–	(1.4)
Balance at 31 December 2008	**9.5**	**(1.4)**	**67.0**	**10.0**	**15.3**	**379.6**	**480.0**	**0.3**	**480.3**

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

- Share capital represents the net proceeds (the nominal value) on the issue of the Company's equity share capital (prior to 14 October 2008 the equity share capital of Regus Group plc).
- Treasury shares represent 5,950,000 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 2008, prior to the Scheme of Arrangement on 14 October 2008, 24,624,000 shares in Regus Group plc were acquired and 36,571,702 shares were cancelled. Subsequent to the Scheme of Arrangement 2,750,000 foundation shares in Regus plc were acquired and a further 3,200,000 Regus plc shares were acquired in the market.
  At 20 March 2009, 5,950,000 treasury shares were held. As a result of the purchase of treasury shares,the distributable reserves of the Group were reduced by £1.4 million.
- 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.

(b) On 14 October 2008, the Group entered into a Court approved Scheme of Arrangement. As a result of the Scheme of Arrangement shares in Regus Group plc were cancelled and shares in the new Group holding company, Regus plc, were issued on the basis of one Regus plc share (nominal value one pence) for one share previously held in Regus Group plc (nominal value five pence). As a result, the shareholders of Regus Group plc became the shareholders of Regus plc. The transaction was accounted for as a reverse acquisition and consequently the aggregate of the Group reserves have been attributed to Regus plc.

Notes to the accounts

1. Authorisation of financial statements

The Group and Company financial statements for the year ended 31 December 2008 were authorised for issue by the Board of directors on 20 March 2009 and the balance sheets were signed on the Board's behalf by Mark Dixon and Stephen Gleadle. 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 Group financial statements have been prepared and approved by the directors in accordance with International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs"). The Company is required to prepare its parent company financial statements in accordance with Luxembourg GAAP; extracts from these are presented on page 81.

2. Accounting policies

Basis of preparation

The Group financial statements consolidate those of the parent company and its subsidiaries (together referred to as the "Group") and equity account the Group's interest in the associate and jointly controlled entities. The extract from the parent company financial statements presents information about the Company as a separate entity and not about its Group.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these Group financial statements. Amendments to adopted IFRSs issued by the International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee (IFRIC) with an effective date from 1 January 2008 did not have a material effect on the Group financial statements.

IFRIC 11 "IFRS 2: Group and Treasury Share Transactions" was applicable for accounting periods commencing on or after 1 March 2007. The Interpretation addresses how share based payment should be accounted for within a Group and therefore the adoption of IFRIC 11 had no impact on the reported income or net assets of the Group.

Judgements made by the directors in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 31.

The financial statements are prepared on a historical cost basis, with the exception of certain financial assets and liabilities that are measured at fair value. The financial statements have also been prepared on the basis that the Group will continue as a going concern for the foreseeable future. Further details on the Group's financial risks, including liquidity and credit risk, can be found in note 23 to the accounts.

The Group and Company financial statements are presented in Pounds Sterling and all values are in million pounds, rounded to one decimal place, except where indicated otherwise.

Adopted IFRSs not yet applied

The Group did not adopt the following standards, interpretations and amendments to standards which were available for optional early adoption and were relevant to the Group:

- IFRS 8 "Operating Segments" will be applicable for accounting periods commencing on or after 1 January 2009. The Standard requires the disclosure of segmental information on the basis of the components of an entity that management monitors in making operating decisions. Therefore, the adoption of IFRS 8 will have no impact on the reported income or net assets of the Group.
- Amendments to IFRS 1 and IAS 27 "Cost of an investment in a subsidiary, jointly controlled entity or associate" requires that all dividends from a subsidiary, jointly controlled entity or associate should be recognised as income when the right to receive the dividend is established.
- Amendments to IAS 1 "Presentation of Financial Statements: A Revised Presentation" will require the presentation of both a statement of comprehensive income and a statement of changes in equity as financial statements.
- Amendments to IFRS 2 "Share Based Payment: Vesting Conditions and Cancellations" clarifies the nature of vesting conditions as service conditions and performance conditions. All other conditions are non-vesting conditions.
- Improvements to IFRS (2007) contains 24 amendments that result in accounting changes for presentation, recognition or measurement purposes.

The adoption of any of the above standards or amendments to standards is not expected to have a material impact on the Group's financial statements.

Basis of consolidation

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that are currently exercisable or convertible are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences. The results are consolidated until the date control ceases or the subsidiary qualifies as a disposal group at which point the assets and liabilities are carried at the lower of fair value less costs to sell and carrying value.

The attributable results of those companies acquired or disposed of during the year are included for the periods of ownership. Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies. The consolidated financial statements include the Group's share of the total recognised income and expense of associates on an equity accounted basis, from the date that significant influence commences until the date that significant influence ceases or the associate qualifies as a disposal group at which point the investment is carried at the lower of fair value less costs to sell and carrying value.

Joint ventures include jointly controlled entities that are those entities over whose activities the Group has joint control, established by contractual agreement. The consolidated financial statements include the Group's share of the total recognised gains and losses of jointly controlled entities on an equity accounted basis, from the date that joint control commences until the date that joint control ceases or the jointly controlled entity qualifies as a disposal group at which point the investment is carried at the lower of fair value less costs to sell and carrying value.

Notes to the accounts continued

2. Accounting policies continued

When the Group's share of losses exceeds its interest in a joint venture, the Group's carrying amount is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of a joint venture.

On 19 April 2006 the Group acquired the remaining 58% of the shares of the UK business that were not already owned by the Group. As a result the Group fully consolidated the UK business from that date. The acquisition was accounted for through the purchase method and as a consequence the entire assets and liabilities of the UK business were revalued to fair value. The effect of these adjustments on the 42% of the UK business already owned was reflected in the revaluation reserve.

On 14 October 2008, Regus plc acquired the entire share capital of Regus Group plc in exchange for the issue of new shares of Regus plc on the basis of one share in Regus plc for one share held previously in Regus Group plc. At the date of the transaction, Regus plc had nominal assets and liabilities and therefore the transaction was accounted for as a reverse acquisition of Regus plc by Regus Group plc.

Consequently no fair value acquisition adjustments were required and the aggregate of the Group reserves have been attributed to Regus plc.

Goodwill

All business combinations are accounted for using the purchase method. Goodwill represents the difference between the cost of acquisition over the share of the fair value of identifiable assets (including intangible assets), liabilities and contingent liabilities of a subsidiary, associate or jointly controlled entity at the date of acquisition.

Business combinations that took place prior to the Group's transition date to IFRS on 1 January 2004 have not been restated under the requirements of IFRS.

Positive goodwill is stated at cost less any provision for impairment in value. An impairment test is carried out annually and, in addition, whenever indicators exist that the carrying amount may not be recoverable. Positive goodwill is allocated to cash-generating units for the purpose of impairment testing.

Impairment

The carrying amounts of the Group's assets other than deferred tax assets, are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

For goodwill, assets that have an indefinite useful life and intangible assets that are not yet available for use, the recoverable amount was estimated at 31 October 2008 and updated in February 2009.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the income statement.

Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit and then to reduce the carrying amount of the other assets in the unit on a pro rata basis. A cash generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

Calculation of recoverable amount

The recoverable amount of relevant assets is the greater of their fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

Intangible assets

Intangible assets acquired separately from the business are capitalised at cost. Intangible assets acquired as part of an acquisition of a business are capitalised separately from goodwill if their fair value can be identified and measured reliably on initial recognition.

Intangible assets are amortised on a straight-line basis over the estimated useful life of the assets as follows:

Brand – Regus brand	Indefinite life
Brand – other acquired brands	20 years
Computer software	3–5 years
Customer lists	1–2 years*
Management agreements	Minimum duration of the contract

* Customer lists recognised on the acquisition of the remaining 58% interest in the UK business are amortised over four years.

Amortisation of intangible assets is expensed through administration expenses in the income statement.

Leases

Plant and equipment leases for which the Group assumes substantially all of the risks and rewards of ownership are classified as finance leases. All other leases, including all of the Group's property leases, are categorised as operating leases.

Finance leases

Plant and equipment acquired by way of a finance lease is capitalised at the commencement of the lease at the lower of its fair value and the present value of the minimum lease payments at inception. Future payments under finance leases are included in creditors, net of any future finance charges. Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. Finance charges are recognised in the income statement over the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Operating leases

Minimum lease payments under operating leases are recognised in the income statement on a straight-line basis over the lease term. Lease incentives and rent free periods are included in the calculation of minimum lease payments. The commencement of the lease term is the date from which the Group is entitled to use the leased asset.

The lease term is the non-cancellable period of the lease, together with any further periods for which the Group has the option to continue to lease the asset and when at the inception of the lease it is reasonably certain that the Group will exercise that option.

Contingent rentals include rent increases based on future inflation indices or non-guaranteed rental payments based on centre turnover or profitability and are excluded from the calculation of minimum lease payments. Contingent rentals are recognised in the income statement as they are incurred.

Non-recurring items

Non-recurring items are those significant items which are separately disclosed by virtue of their size or incidence to enable a full understanding of the Group's financial performance. Transactions which may give rise to non-recurring items are restructuring, reorganisation costs and onerous commitments.

Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation and any impairment in value.

Depreciation is calculated on a straight-line basis over the estimated useful life of the assets as follows:

Fixtures and fittings	Over the shorter of the lease term and 10 years
Furniture	10 years
Office equipment and telephones	5 – 10 years
Motor vehicles	4 years
Computer hardware	3 – 5 years

Revenue

Revenue from the provision of services to customers is measured at the fair value of consideration received or receivable (excluding sales taxes).

Workstations

Workstation revenue is recognised when the provision of the service is rendered. Amounts invoiced in advance are deferred and recognised as revenue upon provision of the service.

Customer service income

Service income (including the rental of meeting rooms) is recognised as services are rendered. In circumstances where Regus acts as an agent for the sale and purchase of goods to customers, only the commission fee earned is recognised as revenue.

Management and franchise fees

Fees received for the provision of initial and subsequent services are recognised as revenue as the services are rendered. Fees charged for the use of continuing rights granted by the agreement, or for other services provided during the period of the agreement, are recognised as revenue as the services are provided or the rights used.

Membership card income

Revenue from the sale of membership cards is deferred and recognised over the period that the benefits of the membership card are provided.

These categories represent all material sources of revenue earned from the provision of global workplace solutions.

Employee benefits

The Group's contributions to defined contribution plans and other paid and unpaid benefits earned by employees are charged to the income statement as incurred.

Share based payments

The share option programme entitles certain employees and directors to acquire shares of the ultimate parent company; these awards are granted by the ultimate parent.

The fair value of options granted is recognised as an employee expense with a corresponding increase in equity. The fair value is measured at grant date and spread over the period during which the employees become unconditionally entitled to the options. The fair value of the options granted is measured using the Black Scholes valuation model or the Monte Carlo method, taking into account the terms and conditions upon which the options were granted.

The amount recognised as an expense is adjusted to reflect the actual number of share options that vest except where forfeiture is due only to share prices not achieving the threshold for vesting.

Share appreciation rights (CIP) are also granted by the Company to certain employees. The fair value of the amount payable to the employee is recognised as an expense with a corresponding increase in equity. The fair value is initially recognised at grant date and spread over the period during which the employees become unconditionally entitled to payment. The fair value of the share appreciation rights is measured based on the Monte Carlo valuation model, taking into account the terms and conditions upon which the instruments were granted.

The Group also operates a Value Creation Plan (VCP) which awards entitlements to certain employees and directors of the Group. These entitlements are convertible into options over ordinary shares subject to the Group's share price reaching certain targets. The fair value of the amount payable to the employee is recognised as an expense with a corresponding increase in equity. The fair value is initially recognised at the date of the award of the entitlements and spread over the period during which the entitlements are convertible into ordinary shares. The fair value of the entitlements is based on the Monte Carlo valuation model, taking into account the terms and conditions upon which the instruments were granted.

Taxation

Tax on the profit for the year comprises current and deferred tax. Tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill; the initial recognition of assets and liabilities that affect neither accounting nor taxable profit other than in a business combination; and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the

Notes to the accounts continued

2. Accounting policies continued

foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Provisions

A provision is recognised in the balance sheet when the Group has a present legal or constructive obligation as a result of a past event that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

Restructuring provisions are made for direct expenditures of a business reorganisation where the plans are sufficiently detailed and well advanced and where the appropriate communication to those affected has been undertaken at the balance sheet date.

Provision is made for onerous contracts to the extent that the unavoidable costs of meeting the obligations under a contract exceed the economic benefits expected to be delivered, discounted using an appropriate weighted average cost of capital.

Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the closing rate of exchange at the balance sheet date and the gains or losses on translation are taken to the income statement. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. The results and cash flows of overseas operations are translated using the average rate for the period.

Assets and liabilities, including goodwill and fair value adjustments, of overseas operations are translated using the closing rate with all exchange differences arising on consolidation being recognised in the foreign currency translation reserve. Exchange differences are released to the income statement on disposal.

Under the transition requirements of IFRS, cumulative translation differences for all foreign operations have been set to zero at 1 January 2004.

Finance charges

Interest charges and income are accounted for in the income statement on an accruals basis. Financing transaction costs that relate to financial liabilities are charged to interest expense using the effective interest rate method and are recognised within the carrying value of the related financial liability on the balance sheet. Fees paid for the arrangement of credit facilities are recognised as a prepayment and recognised through the finance expense over the term of the facility. In the event of a facility being drawn the relevant unamortised portion of the fee is recognised within the carrying value of the financial liability and charged to the interest expense using the effective interest rate method.

Where assets or liabilities on the Group balance sheet are carried at net present value, the increase in the amount due to unwinding the discount is recognised as a finance expense or finance income as appropriate.

Interest bearing borrowings and other financial liabilities

Financial liabilities, including interest bearing borrowings, are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, financial liabilities are stated at amortised cost with any difference between cost and redemption value being recognised in the income statement over the period of the borrowings on an effective interest basis.

The Group derecognises financial liabilities when the Group's obligations are discharged, cancelled or expire.

Financial liabilities are classified as financial liabilities at fair value through profit or loss where the liability is either held for trading or is designated as held at fair value through profit or loss on initial recognition. They are stated at fair value with any resultant gain or loss recognised in the income statement.

Financial assets

Financial assets are classified as either at fair value through profit or loss, held to maturity investments, available for sale financial assets or loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined on initial recognition.

Trade and other receivables that have fixed or determinable payments and are not quoted in an active market are classified as loans and receivables. Loans and receivables are measured at amortised cost using the effective interest rate method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when recognition would be immaterial.

Derivative financial instruments

The Group's policy on the use of derivative financial instruments can be found in note 23. Derivative financial instruments are measured initially at fair value and changes in the fair value are recognised through profit or loss unless the derivative financial instrument has been designated as a cash flow hedge whereby the effective portion of changes in the fair value is deferred in equity.

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand and are subject to an insignificant risk of changes in value.

Foreign currency translation rates

	At 31 December		Annual average	
	2008	2007	**2008**	2007
US dollar	**1.45**	2.00	**1.84**	2.01
Euro	**1.03**	1.36	**1.25**	1.46
Japanese yen	**131**	224	**190**	236

3. Segmental analysis – statutory basis

Segment information is presented in respect of the Group's geographical segments. The Group's primary activity and only business segment is the provision of global workplace solutions. Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. There is no inter-segment trading. Management fees are in consideration of subsidiaries' use of Group services including, but not limited to, intellectual property, business development services, purchasing, information technology, sales and marketing, finance and treasury, human resources and legal services. Unallocated items comprise mainly interest bearing loans, borrowings and expenses, and corporate assets and expenses. Segment capital expenditure is the total cost incurred during the period to acquire segment assets that are expected to be used for more than one year. 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 was added following the acquisition on 19 April 2006 of the remaining 58% of the share capital of the UK business. The United Kingdom segment does not include the Group's non-trading holding companies that are based in the UK. The EMEA segment does not include the Group's non-trading head office and holding companies that are based in Luxembourg. These are shown as unallocated. The results of business centres in each of these regions form the basis for reporting geographical results.

	Americas	EMEA	Asia Pacific	United Kingdom	Unallocated	Total
	2008 £m	2008 £m	2008 £m	2008 £m	2008 £m	2008 £m
Revenue	414.9	319.2	121.0	222.1	–	1,077.2
Gross profit (centre contribution)	117.0	111.2	37.5	40.0	–	305.7
Management fees – income/(charges)	(24.7)	(20.8)	(8.1)	(12.9)	66.5	–
Operating profit	42.6	49.5	16.3	2.8	36.2	147.4
Share of profit of joint ventures	1.3	0.9	–	0.1	–	2.3
Finance expense					(6.8)	(6.8)
Finance income					6.3	6.3
Profit before tax					149.2	149.2
Tax charge					(34.3)	(34.3)
Profit after tax	–	–	–	–	114.9	114.9
EBITDA (see note 4)	93.4	82.2	32.3	31.2	(29.2)	209.9
Depreciation	23.7	11.5	7.7	12.9	0.4	56.2
Amortisation	2.4	0.4	0.2	2.6	0.7	6.3
Increase in provision for bad debts	1.8	2.1	–	1.6	–	5.5
Share based payment	–	–	–	–	4.8	4.8
Non-recurring items	–	0.6	–	(2.5)	(5.3)	(7.2)
Assets	399.4	157.3	96.8	226.8	308.9	1,189.2
Liabilities	(206.0)	(202.0)	(71.8)	(143.2)	(85.9)	(708.9)
Net assets/(liabilities)	193.4	(44.7)	25.0	83.6	223.0	480.3
Capital expenditure incurred	37.0	21.2	11.9	17.1	3.1	90.3

Notes to the accounts continued

3. Segmental analysis – statutory basis continued

	Americas 2007 £m	EMEA 2007 £m	Asia Pacific 2007 £m	United Kingdom 2007 £m	Unallocated 2007 £m	Total 2007 £m
Revenue	336.3	240.3	77.7	208.1	–	862.4
Gross profit (centre contribution)	102.7	80.3	27.5	41.4	–	251.9
Management fees – income/(charges)	(15.5)	(13.2)	(3.9)	(8.7)	41.3	–
Operating profit	48.2	43.3	12.5	8.3	10.3	122.6
Share of profit/(loss) of joint ventures	0.8	0.3	–	(0.3)	–	0.8
Finance expense					(8.1)	(8.1)
Finance income					4.1	4.1
Profit before tax					119.4	119.4
Tax charge					(15.8)	(15.8)
Profit after tax	–	–	–	–	103.6	103.6
EBITDA (see note 4)	82.8	63.8	20.9	31.2	(30.5)	168.2
Depreciation	16.1	7.0	4.3	11.6	0.2	39.2
Amortisation	3.0	0.3	0.2	2.6	0.3	6.4
Increase in provision for bad debts	1.4	1.1	0.2	0.4	–	3.1
Share based payment	–	–	–	–	4.5	4.5
Non-recurring items	0.9	1.9	–	(0.2)	(2.5)	0.1
Assets	282.7	101.9	62.4	215.9	198.6	861.5
Liabilities	(138.6)	(136.0)	(44.6)	(133.0)	(99.5)	(551.7)
Net assets/(liabilities)	144.1	(34.1)	17.8	82.9	99.1	309.8
Capital expenditure incurred	28.4	18.5	15.9	16.9	1.0	80.7

Assets and liabilities within the unallocated category comprise financing and tax items which are used across the Group and cannot be allocated to segments on a meaningful basis.

4. Reconciliation of operating profit to adjusted EBIT and EBITDA

Year ended 31 Dec 2008	**Americas £m**	**EMEA £m**	**Asia Pacific £m**	**United Kingdom £m**	**Other £m**	**Total £m**
Operating profit (excluding management charges)	**67.3**	**70.3**	**24.4**	**15.7**	**(30.3)**	**147.4**
Adjusted EBIT	**67.3**	**70.3**	**24.4**	**15.7**	**(30.3)**	**147.4**
Depreciation and amortisation	**26.1**	**11.9**	**7.9**	**15.5**	**1.1**	**62.5**
Adjusted EBITDA	**93.4**	**82.2**	**32.3**	**31.2**	**(29.2)**	**209.9**

Year ended 31 Dec 2007	Americas £m	EMEA £m	Asia Pacific £m	United Kingdom £m	Other £m	Total £m
Operating profit (excluding management charges)	63.7	56.5	16.4	17.0	(31.0)	122.6
Adjusted EBIT	63.7	56.5	16.4	17.0	(31.0)	122.6
Depreciation and amortisation	19.1	7.3	4.5	14.2	0.5	45.6
Adjusted EBITDA	82.8	63.8	20.9	31.2	(30.5)	168.2

Note:
Adjusted EBIT and EBITDA excludes the results of the joint ventures.

5. Operating profit

Operating profit has been arrived at after charging:

	2008 £m	2007 £m
Depreciation on property, plant and equipment		
Owned assets	**55.4**	38.9
Finance leases	**0.8**	0.3
Provision for bad debts	**5.5**	3.1
Amortisation of intangibles	**6.3**	6.4
Loss on disposal of fixed assets	**0.7**	0.2
Exchange differences recognised in the income statement – (gain)/loss	**(8.2)**	(1.1)
Rents payable in respect of operating leases		
Property	**336.9**	270.6
Equipment	**3.3**	3.1
Contingent rents paid	**13.9**	8.3
Amortisation of UK acquisition fair value adjustments	**(5.2)**	(5.7)
Staff costs (see note 7)	**196.4**	154.6
Fees payable to the Group's auditor for the audit of the Group accounts	**0.2**	0.2
Fees payable to the Group's auditor and its associates for other services:		
The audit of the Company's subsidiaries pursuant to legislation	**1.0**	0.8
Other services pursuant to legislation	**0.4**	–
Due diligence on acquisitions (included within cost of acquisitions)	**–**	0.1
Other services	**0.2**	0.1

6. Non-recurring items

Included in the results for the year to 31 December 2008 were non-recurring items amounting to a charge of £7.2 million (2007: credit of £0.1 million).

	2008 £m	2007 £m
Cost of sales:		
(Charge)/reversal of provision for onerous leases	**(1.5)**	1.0
	(1.5)	1.0
Administration expenses:		
Costs related to the Group reorganisation and Scheme of Arrangement	**(4.8)**	–
Severance pay	**(0.9)**	(0.4)
Provision for disputed supplier agreement	**–**	(2.3)
Reversal of provision for an indemnity claim with landlord	**–**	1.8
	(5.7)	(0.9)
	(7.2)	0.1

The above items have been reported as non-recurring items and are disclosed separately as they are relevant to the understanding of the Group's financial performance.

Notes to the accounts continued

7. Staff costs and numbers

	2008 £m	2007 £m
The aggregate payroll costs were as follows:		
Wages and salaries	**162.7**	128.6
Social security	**27.1**	20.2
Pension costs	**1.8**	1.3
Share based payments	**4.8**	4.5
	196.4	154.6

	2008 Average full time equivalents	2007 Average full time equivalents
The average number of persons employed by the Group (including executive directors), analysed by category and geography, was as follows:		
Centre staff	**4,109**	3,613
Sales staff	**406**	333
Finance staff	**351**	299
Other staff	**576**	485
	5,442	4,730
Americas	**2,307**	2,035
EMEA	**1,403**	1,246
United Kingdom	**802**	775
Asia Pacific	**798**	595
Corporate functions	**132**	79
	5,442	4,730

Details of directors' emoluments and interests are given in the Remuneration Report on pages 33 to 39.

8. Net finance expense

	2008 £m	2007 £m
Interest payable and similar charges on bank loans	**(3.5)**	(4.4)
Interest payable and similar charges on finance leases	**(0.2)**	(0.2)
Total interest expense	**(3.7)**	(4.6)
Deferred financing fees	**(0.6)**	(0.5)
Unwinding of discount rates	**(2.5)**	(3.0)
Total finance expense	**(6.8)**	(8.1)
Total interest income	**5.3**	3.4
Unwinding of discount rates	**1.0**	0.7
Total finance income	**6.3**	4.1
Net finance expense	**(0.5)**	(4.0)

Deferred financing fees relate to loan arrangement costs and facility fees on the £150 million senior credit facilities signed in March and April 2006.

9. Taxation

(a) Analysis of charge in the year

	2008 £m	2007 £m
Current taxation		
Corporate income tax	**(66.6)**	(23.0)
Previously unrecognised tax losses and temporary differences	**11.2**	0.8
Under provision in respect of prior years	**(1.9)**	(0.1)
Total current taxation	**(57.3)**	(22.3)
Deferred taxation		
Origination and reversal of temporary differences	**19.9**	(22.7)
Previously unrecognised tax losses and temporary differences	**4.4**	27.6
(Under)/over provision in respect of prior years	**(1.3)**	1.9
Impact of rate changes	**–**	(0.3)
Total deferred taxation	**23.0**	6.5
Tax charge on profit	**(34.3)**	(15.8)

(b) Reconciliation of taxation charge

	2008		2007	
	£m	%	£m	%
Profit before tax	**149.2**		119.4	
Tax on profit at 28.5% (2007: 30%)	**(42.5)**	**(28.5)**	(35.8)	(30.0)
Tax effects of:				
Expenses not deductible for tax purposes	**(33.0)**	**(22.1)**	(7.7)	(6.4)
Items not chargeable for tax purposes	**3.7**	**2.5**	4.5	3.7
Recognition of previously unrecognised deferred tax assets	**15.6**	**10.4**	28.4	23.8
Movements in temporary differences in the year not recognised in deferred tax	**(1.2)**	**(0.8)**	(3.3)	(2.7)
Other movements in temporary differences	**25.4**	**17.0**	–	–
Adjustment to tax charge in respect of previous years	**(3.2)**	**(2.1)**	1.8	1.5
Differences in tax rates on overseas earnings	**0.9**	**0.6**	(3.7)	(3.1)
	(34.3)	**(23.0)**	(15.8)	(13.2)

The applicable tax rate is determined based on the tax rate in the UK which was the corporate tax rate applicable in the country of domicile of the parent company of the Group from the beginning of the financial year until 14 October 2008. The tax rate in the UK reduced from 30.0% to 28.0% on 1 April 2008 and the reconciliation for 2008 has been included at the effective UK rate for the year of 28.5%. From 14 October 2008, when the parent company of the Group became Regus plc, the country of domicile became Luxembourg where the corporate tax rate is 29%.

(c) Factors that may affect the future tax charge

Unrecognised tax losses to carry forward against certain future overseas corporation tax liabilities have the following expiration dates:

	2008 £m	2007 £m
2008	**–**	0.6
2009	**0.3**	0.9
2010	**0.2**	0.1
2011	**1.0**	1.3
2012	**4.6**	4.0
2013	**1.2**	0.4
2014	**1.1**	0.2
2015 and later	**27.8**	22.0
	36.2	29.5
Available indefinitely	**56.4**	55.3
Tax losses available to carry forward	**92.6**	84.8
Amount of tax losses recognised in the deferred tax asset	**43.1**	76.8
Total tax losses available to carry forward	**135.7**	161.6

Notes to the accounts continued

9. Taxation continued

The following deferred tax assets have not been recognised due to uncertainties over recoverability.

	2008 £m	2007 £m
Intangibles	**325.6**	–
Accelerated capital allowances	**0.6**	0.6
Tax losses	**27.2**	28.1
Short term timing differences	**4.9**	8.6
	358.3	37.3

(d) Corporation tax

	2008 £m	2007 £m
Corporation tax payable	**(61.7)**	(33.2)
Corporation tax receivable	**8.3**	5.1

(e) Deferred taxation

The movement in deferred tax is analysed below:

	Intangibles £m	Property, plant and equipment £m	Tax losses £m	Rent £m	Short term temporary differences £m	Total £m
Deferred tax asset						
At 1 January 2007	(23.1)	12.9	32.1	8.1	6.1	**36.1**
Current year movement	(2.5)	4.5	(5.4)	4.5	3.5	**4.6**
Prior year movement	–	(1.4)	–	0.1	4.3	**3.0**
Deferred tax on share options recognised directly in reserves	–	–	–	–	(0.1)	**(0.1)**
Acquisitions	(0.1)	–	0.6	–	0.1	**0.6**
Transfers	5.2	0.8	1.0	0.6	(5.0)	**2.6**
Exchange movement	0.5	–	(0.2)	0.1	(0.4)	**–**
At 1 January 2008	(20.0)	16.8	28.1	13.4	8.5	**46.8**
Current year movement	21.4	(1.2)	(14.8)	13.9	3.8	**23.1**
Prior year movement	(1.0)	4.4	(1.3)	(8.1)	4.4	**(1.6)**
Transfers	0.3	0.2	–	0.1	(0.1)	**0.5**
Exchange movement	(6.8)	4.8	7.7	2.9	1.6	**10.2**
At 31 December 2008	**(6.1)**	**25.0**	**19.7**	**22.2**	**18.2**	**79.0**
Deferred tax liability						
At 1 January 2007	–	(0.3)	–	(0.1)	(1.3)	**(1.7)**
Current year movement	1.0	(0.2)	(0.2)	0.1	(0.7)	**–**
Prior year movement	–	1.0	1.2	–	(3.3)	**(1.1)**
Acquisitions	–	–	–	–	(1.0)	**(1.0)**
Transfers	(5.4)	(0.8)	(1.0)	(0.6)	5.2	**(2.6)**
At 1 January 2008	(4.4)	(0.3)	–	(0.6)	(1.1)	**(6.4)**
Current year movement	0.5	0.2	0.1	0.1	0.3	**1.2**
Prior year movement	–	(1.0)	–	0.6	0.8	**0.4**
Transfers	(0.4)	(0.2)	–	(0.1)	0.1	**(0.6)**
At 31 December 2008	**(4.3)**	**(1.3)**	**0.1**	**–**	**0.1**	**(5.4)**

Deferred tax assets recognised on short term temporary differences consist predominantly of provisions deductible when paid and share based payments. Deferred tax assets have been recognised in excess of deferred tax liabilities on the basis that there are forecast taxable profits in the entities concerned.

At the balance sheet date, the temporary difference arising from unmerited earnings of overseas subsidiaries was £50.2 million (2007: £39.0 million). It is considered that no significant tax liability would arise should these reserves be remitted due to available overseas tax credits.

10. Earnings per ordinary share (basic and diluted)

	2008	2007
Profit attributable to equity shareholders of the parent	**£113.9m**	£103.1m
Weighted average number of shares outstanding during the year	**950,319,978**	980,961,569
Average market price of one share during the year	**74.1p**	125.6p
Weighted average number of shares under option during the year	**6,356,625**	6,995,284
Exercise price for shares under option during the year	**60.64p**	60.47p

	Profit		Earnings per share	
	2008 £m	2007 £m	**2008 pence**	2007 pence
Basic and diluted profit for the year attributable to shareholders and basic earnings per share	**113.9**	103.1	**12.0**	10.5
Diluted earnings per share			**11.8**	10.4
Weighted average number of shares for basic EPS (number)			**950,319,978**	980,961,569
Weighted average number of shares under option during the year			**6,356,625**	6,995,284
Weighted average number of shares that would have been issued at average market price			**(5,203,468)**	(3,367,657)
Weighted average number of awards under the CIP and LTIP			**12,362,709**	2,997,134
Weighted average number of shares for diluted EPS (number)			**963,835,844**	987,586,330

Options are considered dilutive when they would result in the issue of ordinary shares for less than the market price of ordinary shares in the period. The amount of the dilution is taken to be the average market price of shares during the period minus the issue price. The number of awards granted under the 2008 CIP is an indicative number based on the year-end share price.

11. Dividends

	2008	2007
Dividends per Regus plc ordinary share proposed (2007: Regus Group plc ordinary share)	**1.2p**	1.0p
Interim dividends per Regus Group plc ordinary share declared and paid during the year	**0.6p**	–

Dividends of £15.2 million were paid during the year (2007: £5.9 million). The Company has proposed to shareholders that a final dividend of 1.2p per share will be paid (2006: 1.0p). Subject to shareholder approval it is expected that the dividend will be paid on 29 May 2009.

Notes to the accounts continued

12. Goodwill

	£m
Cost	
At 1 January 2007	212.1
Recognised on acquisition of subsidiaries	12.0
Exchange differences	(1.1)
At 31 December 2007	**223.0**
At 1 January 2008	223.0
Recognised on acquisition of subsidiaries	3.7
Exchange differences	47.8
At 31 December 2008	**274.5**
Net book value	
At 1 January 2008	223.0
At 31 December 2008	**274.5**

Cash-generating units, comprising individual business centres, are grouped by country of operation for the purpose of carrying out impairment reviews of non-current assets as this is the lowest level at which goodwill can be assessed. Goodwill acquired through business combinations is held at a country level and is subject to impairment reviews based on the cash flows of these cash-generating units. The goodwill attributable to the reportable business segments is as follows:

	2008 £m	2007 £m
Carrying amount of goodwill included within the Americas business segment	**168.6**	123.6
Carrying amount of goodwill included within the EMEA business segment	**5.0**	3.1
Carrying amount of goodwill included within the Asia Pacific business segment	**10.6**	7.7
Carrying amount of goodwill included within the UK business segment	**90.3**	88.6
	274.5	223.0

The carrying value of goodwill and indefinite life intangibles allocated to two cash-generating units, the USA and UK, is material relative to the total carrying value comprising 90% of the total. The remaining 10% of the carrying value is allocated to a further 23 countries (23 cash-generating units). The goodwill and indefinite life intangibles allocated to the USA and the UK cash-generating units is set out below:

	Goodwill £m	Intangible assets £m	**2008 £m**	2007 £m
USA	156.1	–	**156.1**	112.9
UK	90.3	11.2	**101.5**	99.8
Other cash-generating units	28.1	–	**28.1**	21.5
	274.5	11.2	**285.7**	234.2

The indefinite life intangible asset relates to the brand value arising from the acquisition of the remaining 58% of the UK business in the year ended 31 December 2006 (see note 13).

The recoverable amount of each of the cash-generating units above has been determined based on their value in use, calculated as the present value of future cash flows attributable to the unit.

The value in use for each cash-generating unit has been determined using a model which derives the individual value in use for each unit from the value in use of the Group as a whole. Although the model includes budgets and forecasts prepared by management, it also reflects external factors, such as capital market risk pricing as reflected in the market capitalisation of the Group, and prevailing tax rates, which have been used to determine the risk-adjusted discount rate for the Group. As the model reflects current market risk factors, management believe that the the actual performance of the business is more likely than not to exceed the projections used in the value in use model in the medium to long term. However, as described below, in the event that trading conditions deteriorate beyond the assumptions used in the projections, it is also possible that impairment charges could arise in future periods.

The following key assumptions have been used in calculating value in use for each group of cash-generating units:

- future cash flows are based on budgets for 2009 approved by the Board and have been adjusted for specific risks and uncertainties identified for each cash-generating unit. The model excludes cost savings and restructurings that are anticipated but had not been committed to at the date of the determination of the value in use. Thereafter forecasts have been prepared by management for a further four years that reflect a steady growth rate of 3% and an unchanged underlying gross margin before adjusting for the effect of an anticipated modest recovery in global economic conditions from 2011. This compared to forecasts used in the model in the year ended 31 December 2007 that projected improving margins throughout the first five years of the model with steady growth thereafter. Therefore the current cash flow projections take a more cautious approach than the projections used in 2007. These forecasts exclude the impact of both organic and acquisitive growth expected to take place in future periods. As a result gross margins and real operating profits at the end of the five year period remain either at or below the levels achieved in the year ended 31 December 2008. Management consider these projections to be a cautious projection of margins expected at the mid-cycle position reflecting the current uncertain global economic conditions. Cash flows beyond 2013 have been extrapolated using a 2% growth rate which does not exceed the long-term growth rate for any of the markets in which the relevant cash-generating units operate.
- a terminal value is included in the assessment reflecting the Group's expectation that it will continue to operate in these markets and the long term nature of the businesses.
- a country specific pre-tax discount rate was applied to the future pre-tax cash flows for each cash-generating unit based on an underlying post-tax discount rate for the Group. The pre-tax rate therefore reflects current market assessments of the Group as a whole and is adjusted for risks specific to such businesses in each country. The Group post-tax rate used as the base for the pre-tax discount rate was 16% (2007:12%). The increase compared to the prior year reflected an increase in the market risk adjustment caused by the current market capitalisation of the Group. The underlying weighted average cost of capital for the Group, before the market risk adjustment, was unchanged from 2007 at 9%.

The trading conditions in which the Group operates are subject to competitive and economic pressures that can have a material effect on the operating performance of the business. Current market conditions are more challenging for the Group and the current global conditions make forecasting medium term cash flows more difficult than is traditionally the case. The forecast cash flows used to derive the value in use are sensitive to changes in revenues (driven by changes in prices, occupancy or a combination of both), costs and discount rates (including the market assessment of the risks of the Group reflected in the Group's market capitalisation). Actual conditions could result in either better or worse cash flows than included in the value in use calculation. Should current economic conditions prove to be more severe or more prolonged than currently expected this would adversely impact the forecast cash flows and could result in impairments to goodwill and indefinite life intangible assets in future periods. It is not possible to predict the extent of such possible impairments.

Foreseeable events are unlikely to result in a change in the projections of such a significant nature so as to result in most cash-generating units' carrying amount exceeding the recoverable amount. For the USA and UK cash-generating units, a reasonably possible change in the key assumptions used to determine the cash-generating unit's recoverable amount could cause the unit's carrying amount to exceed its recoverable amount.

For the USA, the goodwill in this cash-generating unit arose on acquisitions completed since 2004 – principally the acquisition of HQ Global Workplaces in 2004. The recoverable amount exceeded its carrying amount by $51 million and therefore no impairment was necessary at 31 December 2008. The main assumptions on which the forecast cash flows were based included the impact of the economic downturn in the short term on revenues and margins; the mid-cycle revenue achieved in 2013 prior to the application of the long-run growth rate of 2%; and the discount rate used. The model assumes a decrease in gross margins in 2009 and 2010 from 28% in 2008 to 20% and a fall in operating profits from $103 million in 2008 to $40 million in 2009. A further fall in gross margins in 2009 and 2010 by five points to 15% (equating to an operating profit of $8 million) with recovery to a gross margin of 22% in 2011 would result in the recoverable amount being equal to the carrying amount. The model assumes a mid-cycle gross margin in 2013 of 23% and an operating profit of $71.7 million. A reduction to 21% and $54.7 million would result in the recoverable amount being equal to the carrying amount. The cash flows have been discounted using a post-tax discount rate of 15% (pre-tax 18%; 2007: 20%). The discount rate used is lower than the risk adjusted rate for the Group of 16% reflecting the mature nature of the Regus business in the USA and the competitive environment. An increase in the pre-tax discount rate used from 18% to 22% would result in its recoverable amount being equal to its carrying amount.

For the UK, the goodwill in this cash-generating unit arose on acquisitions completed since 2006 – principally the acquisition of the remaining 58% of the UK business in 2006. The recoverable amount exceeded its carrying amount by £18 million and therefore no impairment was necessary at 31 December 2008. The main assumptions on which the forecast cash flows were based included the impact of the economic downturn in the short term on revenues and margins; the mid-cycle revenue achieved in 2013 prior to the application of the long-run growth rate; and the discount rate used. The model assumes a decrease in gross margins in 2009 and 2010 from 19% in 2008 to 15% and a fall in underlying operating profits from £18.4 million in 2008 to £11.6 million in 2009. A further fall in gross margins in 2009 and 2010 by four points to 11% (equating to an operating profit of £3.6 million) with recovery to a gross margin of 17% in 2011 would result in the recoverable amount being equal to the carrying amount. The model assumes a mid-cycle gross margin in 2013 of 18% and an operating profit of £21.7 million. A reduction to 16% and £15.7 million would result in the recoverable amount being equal to the carrying amount. The cash flows have been discounted using a post-tax discount rate of 16% (pre-tax 19%; 2007: 17%). The discount rate used is in line with the risk-adjusted rate for the Group reflecting the mature nature of the Regus business in the UK and the greater degree of competition in the market. An increase in the pre-tax discount rate used from 19% to 22% would result in its recoverable amount being equal to its carrying amount.

There is no goodwill relating to the Group's joint ventures.

Notes to the accounts continued

13. Other intangible assets

	Brand £m	Customer lists £m	Software £m	Total £m
Cost				
At 1 January 2007	44.8	13.1	6.1	64.0
Additions at cost	–	–	1.5	1.5
Acquisition of subsidiaries	–	1.0	–	1.0
Disposals	–	–	(0.1)	(0.1)
Reclassification	–	–	0.3	0.3
Exchange rate movements	(0.7)	(0.1)	0.1	(0.7)
At 31 December 2007	**44.1**	**14.0**	**7.9**	**66.0**
At 1 January 2008	44.1	14.0	7.9	66.0
Additions at cost	–	–	2.6	2.6
Acquisition of subsidiaries	–	2.2	–	2.2
Disposals	–	–	(0.5)	(0.5)
Exchange rate movements	12.8	1.7	2.3	16.8
At 31 December 2008	**56.9**	**17.9**	**12.3**	**87.1**
Amortisation				
At 1 January 2007	4.1	4.2	4.7	13.0
Charge for the year	1.6	3.5	1.3	6.4
Disposals	–	–	(0.1)	(0.1)
Exchange rate movements	(0.2)	–	–	(0.2)
At 31 December 2007	**5.5**	**7.7**	**5.9**	**19.1**
At 1 January 2008	5.5	7.7	5.9	19.1
Charge for year	1.9	3.0	1.4	6.3
Disposals	–	–	(0.5)	(0.5)
Exchange rate movements	2.8	1.5	2.1	6.4
At 31 December 2008	**10.2**	**12.2**	**8.9**	**31.3**
Net book value				
At 31 December 2008	**46.7**	**5.7**	**3.4**	**55.8**
At 31 December 2007	38.6	6.3	2.0	46.9

Included with the brand value is £11.2 million relating to the acquisition of the remaining 58% of the UK business in the year ended 31 December 2006. The Regus brand acquired in this transaction is assumed to have an indefinite useful life due to the fact that the value of the brand is intrinsically linked to the continuing operation of the Group.

As a result of the Regus brand acquired with the UK business having an indefinite useful life no amortisation is charged but the carrying value is assessed for impairment on an annual basis. The brand was tested at the balance sheet date against the recoverable amount of the UK business segment at the same time as the goodwill arising on the acquisition of the UK business (see note 12).

14. Property, plant and equipment

	Furniture, fittings and motor vehicles £m	Computers £m	Total £m
Cost			
At 1 January 2007	292.3	17.1	309.4
Additions	82.9	6.1	89.0
Acquisition of subsidiaries	5.7	–	5.7
Disposals	(5.3)	(0.7)	(6.0)
Reclassifications	–	(0.3)	(0.3)
Exchange rate movements	9.8	0.7	10.5
At 31 December 2007	**385.4**	**22.9**	**408.3**
At 1 January 2008	385.4	22.9	408.3
Additions	82.0	7.5	89.5
Acquisition of subsidiaries	5.4	–	5.4
Disposals	(10.6)	(1.6)	(12.2)
Reclassifications	(0.4)	0.4	–
Exchange rate movements	126.0	8.7	134.7
At 31 December 2008	**587.8**	**37.9**	**625.7**
Accumulated depreciation			
At 1 January 2007	169.8	12.4	182.2
Charge for the year	36.0	3.2	39.2
Disposals	(4.7)	(0.8)	(5.5)
Exchange rate movements	7.1	0.6	7.7
At 31 December 2007	**208.2**	**15.4**	**223.6**
At 1 January 2008	208.2	15.4	223.6
Charge for the year	50.7	5.5	56.2
Disposals	(9.1)	(1.5)	(10.6)
Exchange rate movements	72.9	5.6	78.5
At 31 December 2008	**322.7**	**25.0**	**347.7**
Net book value			
At 31 December 2008	**265.1**	**12.9**	**278.0**
At 31 December 2007	177.2	7.5	184.7

Additions include £1.8 million in respect of assets acquired under finance leases (2007: £0.1 million). Additions also include £nil million (2007: £9.7 million) of fixed assets contributed by landlords.

The net book value of furniture, fittings and motor vehicles includes amounts held under finance leases as follows:

	2008 £m	2007 £m
Cost	**17.5**	12.1
Accumulated depreciation	**(12.1)**	(8.9)
Net book value	**5.4**	**3.2**

Notes to the accounts continued

15. Other long term receivables

	2008 £m	2007 £m
Deposits held by landlords against rent obligations	**29.3**	11.5
Amounts owed by joint ventures	**3.7**	7.2
Prepayments and accrued income	**5.3**	5.4
	38.3	24.1

16. Trade and other receivables

	2008 £m	2007 £m
Trade receivables	**115.5**	86.4
Amounts owed by joint ventures	**2.2**	1.7
Other receivables	**13.1**	12.1
Deposits held by landlords against rent obligations	**18.0**	18.7
Prepayments and accrued income	**68.0**	56.0
VAT recoverable	**15.0**	11.5
	231.8	186.4

17. Trade and other payables

	2008 £m	2007 £m
Trade payables	**47.1**	37.2
Other tax and social security	**20.1**	19.8
Deferred landlord contributions	**11.3**	15.1
Amounts owed to joint ventures	**1.0**	0.1
Rent accruals	**31.6**	18.6
Other accruals	**91.2**	66.3
Other creditors	**12.5**	11.8
Total current	**214.8**	168.9

	2008 £m	2007 £m
Accruals and deferred income	**39.8**	12.2
Rent accruals	**58.0**	49.3
Other creditors	**2.0**	0.9
Total non-current	**99.8**	62.4

18. Borrowings

The Group's total loan and borrowing position at 31 December 2008 and at 31 December 2007 had the following maturity profiles:

Bank and other loans

	2008 £m	2007 £m
Repayments falling due as follows:		
Amounts falling due after more than one year:		
In more than one year but not more than two years	**0.2**	12.1
In more than two years but not more than five years	**–**	12.4
In more than five years	**–**	–
Total non-current	**0.2**	24.5
Total current	**5.1**	15.5
Total bank and other loans	**5.3**	40.0

Obligations under finance leases

The maturity of the Group's finance obligations is as follows:

	2008 £m	2007 £m
Amounts payable		
Within one year or on demand	1.5	0.9
In more than one year but not more than two years	1.2	0.6
In more than two years but not more than five years	0.6	0.2
In more than five years	–	–
	3.3	1.7
Less: finance charges allocated to future periods	(0.3)	(0.2)
Present value of future minimum lease payments	3.0	1.5
Total current	1.3	0.8
Total non-current	1.7	0.7
	3.0	1.5

19. Provisions for liabilities and charges

	2008			2007		
	Onerous leases and closures £m	Other £m	Total £m	Onerous leases and closures £m	Other £m	Total £m
At 1 January	6.9	3.9	10.8	9.6	5.2	14.8
Provided in the period	4.6	–	4.6	2.0	2.9	4.9
Utilised in the period	(2.7)	(2.9)	(5.6)	(2.0)	–	(2.0)
Provisions released	(0.5)	–	(0.5)	(2.9)	(4.2)	(7.1)
Exchange differences	0.7	0.5	1.2	0.2	–	0.2
At 31 December	9.0	1.5	10.5	6.9	3.9	10.8
Analysed between:						
Current	2.0	–	2.0	0.5	2.9	3.4
Non-current	7.0	1.5	8.5	6.4	1.0	7.4
	9.0	1.5	10.5	6.9	3.9	10.8

Provisions for onerous leases and closure costs relate to the estimated future costs on centre closures and onerous property leases. The maximum period over which the provisions are expected to be utilised expires by 31 December 2016. Other provisions include the estimated costs of claims against the Group outstanding at the year end which due to their nature the maximum period over which they are expected to be utilised is uncertain.

Notes to the accounts continued

20. Investments in joint ventures and associate

	Provision for deficit in joint ventures £m	Investments in joint ventures £m	Total £m
At 1 January 2007	(2.7)	0.9	(1.8)
Additions	0.1	0.2	0.3
Share of profit	0.3	0.5	0.8
Exchange rate movements	0.2	–	0.2
At 31 December 2007	**(2.1)**	**1.6**	**(0.5)**
At 1 January 2008	(2.1)	1.6	(0.5)
Dividends received from joint ventures	–	(1.0)	(1.0)
Share of profit	1.6	2.7	4.3
Exchange rate movements	(0.5)	0.7	0.2
At 31 December 2008	**(1.0)**	**4.0**	**3.0**
Share of profit	1.6	2.7	4.3
Amounts written off on loans owed from joint ventures	(2.0)	–	(2.0)
Recognised as share of profit from joint ventures in the income statement	**(0.4)**	**2.7**	**2.3**

		Ownership	
Entity	Country	**2008 %**	2007 %
Joint ventures			
Regus Algerie Sarl	Algeria	**60**	60
Park Business Centres Limited	England	**50**	50
Regus Jordan PSC	Jordan	**50**	50
Regus Lebanon Sarl	Lebanon	**30**	30
Skyport International Ing Vastgoed Beleggingen WTC1	Netherlands	**50**	50
Skyport International Ing Vastgoed Beleggingen WTC2	Netherlands	**50**	50
Regus Herengracht BV	Netherlands	**50**	50
Regus Al Jaidah Business Centres LLC	Qatar	**25**	25
Regus Istanbul Is Merkezi Isletmeciligi AS	Turkey	**30**	30
Asya Kozyatagi Is Merkezi Isletmeciligi AS	Turkey	**50**	–
Regus Abu Dhabi Business Centres LLC	UAE	**49**	49
Regus Equity Business Centers L.L.C.	USA	**50**	50

The results of the joint ventures below are the full results of the joint ventures and do not represent the effective share:

	2008 £m	2007 £m
Income Statement		
Revenue	**36.7**	29.4
Expenses	**(27.9)**	(27.8)
Profit before tax	**8.8**	1.6
Tax	**(0.1)**	–
Profit after tax	**8.7**	1.6
Net assets/(liabilities)		
Non-current assets	**10.3**	9.7
Current assets	**22.7**	14.3
Current liabilities	**(25.3)**	(19.6)
Non-current liabilities	**(4.9)**	(9.0)
Net assets/(liabilities)	**2.8**	(4.6)

21. Share capital

Ordinary equity share capital

	2008 Number ('000)	2008 Nominal value £m	2007 Number ('000)	2007 Nominal value £m
Authorised				
Ordinary 5p shares in Regus Group plc at 1 January 2008 and 14 October 2008	**–**	**–**	1,600,000,000	80.0
Ordinary 1p shares in Regus plc (société anonyme) at 14 October 2008 and 31 December 2008	**8,000,000,000**	**80.0**	–	–
Issued and fully paid up				
Ordinary 5p shares in Regus Group plc at 1 January	**984,791,524**	**49.2**	984,791,524	49.2
Cancellation of ordinary 5p shares in Regus Group plc held in treasury	**(36,571,702)**	**(1.8)**	–	–
Ordinary shares in Regus plc issued on formation of the company	**2,750,000**	–	–	–
Ordinary shares in Regus Group plc exchanged for ordinary shares in Regus plc under the Group reorganisation	**(948,219,822)**	**(37.9)**	–	–
Ordinary 1p shares in Regus plc (société anonyme) at 14 October 2008 and 31 December 2008	**950,969,822**	**9.5**	–	–

On the 14 October 2008 the Group completed the establishment of Regus plc as the new holding company of Regus Group plc by means of a Scheme of Arrangement under sections 895 to 899 of the Companies Act 2006. As a result Regus plc acquired all of the issued share capital of Regus Group plc in exchange for the issue of shares in Regus plc in the ratio of one Regus plc share for one Regus Group plc share.

Treasury share transactions involving Regus Group plc shares between 1 January 2008 and 14 October 2008
In the period ended 14 October 2008, Regus Group plc re-purchased 24,624,000 (year ended 31 December 2007: 12,853,001) of its own shares in the open market and held these shares as treasury shares. During the period none were utilised for the purposes of employee share option exercises (year ended 31 December 2007: 905,299). At 14 October 2008 36,571,702 (31 December 2007: 11,947,702) shares were held as treasury shares. These shares were cancelled as part of the Group reorganisation and Scheme of Arrangement. The holders of ordinary shares in Regus Group plc were entitled to receive such dividends as were declared by the Company and were entitled to one vote per share at meetings of the Company. Treasury shares did not carry such rights until reissued.

Treasury share transactions involving Regus plc shares between 14 October 2008 and 31 December 2008
In the period from 14 October 2008 to 31 December 2008, Regus plc re-purchased 3,200,000 of its own shares in the open market and held these shares as treasury shares. In addition Regus plc acquired 2,750,000 shares that were issued on the foundation of Regus plc on 20 August 2008 and held these as treasury shares. As at 20 March 2009 5,950,000 shares (representing 0.6% of the issued share capital) were held as treasury shares (nominal value £0.1 million). The holders of ordinary shares in Regus Group plc were entitled to receive such dividends as were declared by the Company and were entitled to one vote per share at meetings of the Company. Treasury shares did not carry such rights until reissued.

22. Analysis of financial resources

	At 1 Jan 2008 £m	Cash flow £m	Non-cash changes £m	Exchange movements £m	**At 31 Dec 2008 £m**
Cash and cash equivalents	142.9	45.1	–	31.5	**219.5**
Debt due within one year	(15.5)	11.6	(0.3)	(0.9)	**(5.1)**
Debt due after one year	(24.5)	24.5	(0.1)	(0.1)	**(0.2)**
Finance leases due within one year	(0.8)	0.6	(0.7)	(0.4)	**(1.3)**
Finance leases due after one year	(0.7)	0.8	(1.2)	(0.6)	**(1.7)**
	(41.5)	37.5	(2.3)	(2.0)	**(8.3)**
Net financial assets	**101.4**	**82.6**	**(2.3)**	**29.5**	**211.2**

Cash and cash equivalents balances held by the Group that are not available for use amounted to £14.1 million at 31 December 2008 (December 2007: £14.4 million). This cash serves as collateral against certain obligations of the Group.

Cash not available for use at 31 December 2008 includes cash held on deposit of which £2.6 million (December 2007: £2.1 million) relates to collateral against bank loans; £9.3 million (December 2007: £10.2 million) relates to deposits which are held by banks and landlords as security against lease commitments by Regus operating companies and £2.2 million (December 2007: £2.1 million) held by the ESOP Trust. These amounts are blocked and not available for use by the business.

Non-cash changes comprise the amortisation of debt issue costs, new finance leases entered into and movements in debt maturity.

Notes to the accounts continued

23. Financial instruments and financial risk management

The objectives, policies and strategies applied by the Group with respect to financial instruments and the management of capital are determined at Group level. The Group's Board maintains overall responsibility for the risk management strategy of the Group and the Chief Financial Officer is responsible for policy on a day to day basis. The Chief Financial Officer and Group Treasurer review the Group's risk management strategy and policies on an ongoing basis. The Board has delegated to the Group Audit Committee the responsibility for applying an effective system of internal control and compliance with the Group's risk management policies. The Audit Committee is supported by the Head of Risk Management in performing this role.

Exposure to credit, interest rate and currency risks arises in the normal course of business. The principal financial instruments used by the Group to finance its operations are cash and loans.

Going concern

The Business Review on pages 6 to 15 of the Report and Accounts sets out the Group's strategy and the factors that are likely to affect the future performance and position of the business. The Financial Review on pages 16 to 19 within the Business Review includes a review of the trading performance, financial position and cash flows of the Group. A feature of the Group has been its strong cash flows during the year ended 31 December 2008 and its cash balance at that date. Although many countries that the Group operates in are experiencing increasingly difficult economic conditions, the directors believe that the Group is taking the necessary actions and expect to strengthen the current market leading position of the Group.

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

Following an internal review of the Group's facility arrangements in March 2009, and given the strength of the Group's cash position, the Board approved the early surrender of the £100 million revolving credit facility. The decision does not impact the judgement of the directors that it is appropriate for the Group to adopt the going concern basis in preparing these accounts.

Credit risk

Credit risk could occur where a customer or counterparty defaults under the contractual terms of a financial instrument and arises principally in relation to customer contracts and the Group's cash deposits.

A diversified customer base and requirement for customer deposits and payments in advance on workstation contracts which contribute the majority of the Group's revenue minimise the Group's exposure to customer credit risk. No single customer contributes a material percentage of the Group's revenue. The Group's policy is to provide against trade receivables when specific debts are judged to be irrecoverable or where formal recovery procedures have commenced. A provision is created where debts are more than three months overdue which reflects the Group's historical experience of the likelihood of recoverability of these trade receivables. These provisions are reviewed on an ongoing basis to assess changes in the likelihood of recoverability.

Cash assets and derivative financial instruments are only transacted with counterparties of sound credit ratings, and management does not expect any counterparty to fail to meet its obligations.

The maximum exposure to credit risk for trade receivables at the reporting date, analysed by geographic region, is summarised below.

	2008 £m	2007 £m
Americas	**28.4**	19.9
EMEA	**51.3**	33.0
UK	**21.6**	22.0
Asia Pacific	**14.2**	11.5
	115.5	86.4

All of the Group's trade receivables relate to customers purchasing workplace solutions and no individual customer has a material balance owing as a trade receivable.

The ageing of trade receivables at 31 December was:

	Gross 2008 £m	**Provision 2008 £m**	Gross 2007 £m	Provision 2007 £m
Not overdue	**101.0**	**(0.8)**	71.9	(0.1)
Past due 0 – 30 days	**10.4**	**(0.1)**	10.2	–
Past due 31 – 60 days	**4.3**	**(0.5)**	3.4	–
More than 60 days	**7.4**	**(6.2)**	4.6	(3.6)
	123.1	**(7.6)**	90.1	(3.7)

During the year ended 31 December 2008, the Group provided for an additional £5.5 million against potential bad debts (2007: £3.1 million) and utilised £2.6 million directly against the balance of trade receivables (2007: £2.7 million).

The Group believes no provision is generally required for trade receivables that are not overdue as the Group collects the majority of its revenue in advance of the provision of office services and requires deposits from its customers.

Liquidity risk

The Group manages liquidity risk by reviewing its global cash position on a weekly basis and expects to have sufficient liquidity to meet its financial obligations as they fall due. In addition to free cash (excluding blocked cash) of £205.4 million (2007: £128.5 million) the Group has an undrawn senior committed facility of £100.0 million (2007: £136.0 million).

The Group's undrawn senior committed facility of £100.0 million expires on 19 March 2011, subject to the Group continuing to comply with the covenants under the facility agreement. These covenants include the ratio of net debt to EBITDA; the ratio of cash flow to net debt service (including the net interest expense and scheduled debt repayments); and the ratio of EBITDAR to net interest and rental charges. The Group does not anticipate that any of the covenants in the facility will be breached in the foreseeable future.

In March 2009, the Board approved the early surrender of the £100 million revolving credit facility following an internal review of the Group's facility arrangements. Of the facility approximately £50 million had been set aside to support bank guarantees provided against obligations of the Group. In order to continue to support these, the Group will deposit sufficient funds with the guaranteeing banks which will reduce cash available for use by an equivalent amount. The directors do not believe that this decision will have an adverse impact on the Group's liquidity given the strength of the Group's cash position.

Even though the Group has net current liabilities, the directors do not consider that this gives rise to a liquidity risk. A large proportion of the net current liabilities comprise balances such as deferred income, acquisition related fair value adjustments and rent adjustments that represent deferred items to be recognised in future periods through the income statement. Although the Group holds customer deposits of £174.8 million which are refundable to customers, these are spread across a large number of customers and no deposit held for an individual customer is material. Therefore the directors do not believe the balance represents a liquidity risk.

The net current liabilities of the Group, excluding deferred income, were £0.1 million at 31 December 2008 (2007: £17.8 million). It is considered appropriate to exclude deferred income in assessing the liquidity of the Group as it reflects the future non-refundable contractual revenue of the Group to be recognised as revenue in the following period.

Market risk

Interest rate risk

In November 2008, the Group repaid the remaining £24 million of debt that remained outstanding on the £50 million facility after the scheduled repayment of £12 million in April 2008. This debt was held at variable interest rates.

Surplus cash balances are invested to achieve maximum interest returns on a day to day basis. Whenever possible, and subject to the operational requirements of the Group, cash is repatriated to the head office and managed by the Group Treasury department.

Foreign currency risk

The Group's exposure to currency risk at a transactional level is minimal as the majority of day to day transactions of overseas subsidiaries are carried out in local currency. Working capital balances are generally held in the functional currency of the overseas subsidiary and therefore the impact of the retranslation of monetary assets and liabilities in the income statement of overseas subsidiaries is not considered to have a material impact on the Group.

The majority of the Group's net assets are in Pounds Sterling, US dollars and euros. During the year ended 31 December 2008 the Group did not hedge the translation effect of exchange rate movements on the income statement.

Derivative financial instruments

Historically the Group has occasionally used derivative financial instruments to hedge its exposure to foreign currency and interest rate fluctuations, although natural hedges limit the exposure to these risks. At 31 December 2008 there were no derivative financial instruments outstanding (2007: none)

No transactions of a speculative nature are undertaken.

Other market risks

The Group does not hold any available-for-sale equity securities and is therefore not subject to risks of changes in equity prices.

Capital management

The Group's parent company is listed on the UK stock exchange and the Board's policy is to maintain a strong capital base. The Chief Financial Officer monitors the diversity of the Group's major shareholders and further details of the Group's communication with key investors can be found in the corporate governance report on pages 26 to 31. In 2006, the Board approved the commencement of a progressive dividend policy to enhance the total return to shareholders.

Notes to the accounts continued

23. Financial instruments and financial risk management continued

During the year ended 31 December 2008, the Group completed a reorganisation that introduced a new holding company for the Group. This was accounted for as a reverse acquisition in the Group's consolidated accounts and as a consequence the shareholders of Regus Group plc became the shareholders of the new holding company, Regus plc. This reorganisation had no impact on the Group's approach to capital management.

The Group's Chief Executive Officer, Mark Dixon, is the major shareholder of the Company and both executive members of the Board hold shares in the Company. Details of the Directors' shareholdings can be found in the report of the Remuneration Committee on pages 33 to 39. In addition the Group operates various share option plans for key management and other senior employees.

At the 2008 Annual General Meeting shareholders approved a resolution for the Group to re-purchase up to 10% of its issued share capital in the market. In June 2007, the Group commenced a share buyback programme to meet both the need to issue shares under the Group's share option programme and, more generally, as a means of returning cash to shareholders. In the year ended 31 December 2008, 24,624,000 Regus Group plc and 3,200,000 Regus plc shares were repurchased in the market (2007: 12,853,001) and none were used to satisfy obligations under the share option programme (2007: 905,299).

Neither the company nor any of its subsidiaries are subject to externally imposed capital requirements.

The Group continued its share buyback programme during the year ended 31 December 2008. Regus Group plc declared an interim dividend of 0.6p per share (2007: nil) during the year ended 31 December 2008 and Regus plc proposed a final dividend of 1.2p per share (2007: 1.0p per share) – an 80.0% increase on the 2007 dividend. There were no other changes to the Group's approach to capital management during the year.

The Group's objective when managing capital (equity and borrowings) is to safeguard the Group's ability to continue as a going concern and to maintain an optimal capital structure to reduce the cost of capital. The Board balances the higher returns possible with higher levels of borrowings with the stability and security afforded by a sound capital position. The Group's return on capital employed for the year ended 31 December 2008, defined as operating profit divided by total shareholders' equity, was 30.7% (2007: 39.6%). During the year the Group repaid the remaining outstanding balance of its principal secured financing through an early repayment of £24 million.

Effective interest rates

In respect of financial assets and financial liabilities, the following table indicates their effective interest rates at the balance sheet date and the periods in which they mature:

As at 31 December 2008

	Effective interest rate %	Carrying value £m	Contractual cash flow £m	Less than 1 year £m	1–2 years £m	2–5 years £m	More than 5 years £m
Cash and cash equivalents	**3.5**	**219.5**	**219.5**	**219.5**	**–**	**–**	**–**
Trade and other receivables	**–**	**198.4**	**206.0**	**174.3**	**16.3**	**15.4**	**–**
Finance lease liabilities	**7.8**	**(3.0)**	**(3.0)**	**(1.3)**	**(1.0)**	**(0.7)**	**–**
Secured bank loans	**–**	**(1.0)**	**(1.0)**	**(0.8)**	**(0.2)**	**–**	**–**
Other loans	**13.2**	**(4.3)**	**(4.3)**	**(4.3)**	**–**	**–**	**–**
Customer deposits	**–**	**(174.8)**	**(174.8)**	**(174.8)**	**–**	**–**	**–**
Trade and other payables	**–**	**(174.8)**	**(174.8)**	**(172.8)**	**(2.0)**	**–**	**–**
Net financial assets		**60.0**	**67.6**	**39.8**	**13.1**	**14.7**	**–**

As at 31 December 2007

	Effective interest rate %	Carrying value £m	Contractual cash flow £m	Less than 1 year £m	1–2 years £m	2–5 years £m	More than 5 years £m
Cash and cash equivalents	4.0	142.9	142.9	142.9	–	–	–
Trade and other receivables	–	149.5	155.0	133.9	9.1	12.0	–
Finance lease liabilities	16.3	(1.5)	(1.5)	(0.8)	(0.5)	(0.2)	–
Secured bank loans	7.4	(35.7)	(36.0)	(12.0)	(12.0)	(12.0)	–
Other loans	9.0	(4.3)	(4.3)	(3.6)	(0.3)	(0.4)	–
Customer deposits	–	(130.4)	(130.4)	(130.4)	–	–	–
Trade and other payables	–	(134.1)	(134.1)	(133.2)	(0.9)	–	–
Net financial assets		**(13.6)**	**(8.4)**	**(3.2)**	**(4.6)**	**(0.6)**	**–**

Sensitivity analysis

At 31 December 2008 it is estimated that a general increase of one percentage point in interest rates would increase the Group's profit before tax by approximately £1.5 million (2007: £0.4 million) with a corresponding increase in total equity.

It is estimated that a five percentage point weakening in the value of the US dollar against Pounds Sterling would have decreased the Group's profit before tax by approximately £3.4 million for the year ended 31 December 2008 (2007: £3.1 million). It is estimated that a five percentage point weakening in the value of the euro against Pounds Sterling would have decreased the Group's profit before tax by approximately £1.1 million for the year ended 31 December 2008 (2007: £1.0 million).

It is estimated that a five percentage point weakening in the value of the US dollar against Pounds Sterling would have decreased the Group's total equity by approximately £12.2 million for the year ended 31 December 2008 (2007: £8.8 million). It is estimated that a five percentage point weakening in the value of the euro against Pounds Sterling would have increased the Group's total equity by approximately £0.3 million for the year ended 31 December 2008 (2007: £nil million).

Fair value disclosures

The fair values together with the carrying amounts shown in the balance sheet are as follows:

	2008		2007	
	Carrying amount £m	**Fair value £m**	Carrying amount £m	Fair value £m
Cash and cash equivalents	**219.5**	**219.5**	142.9	142.9
Trade and other receivables	**198.4**	**198.4**	149.5	149.5
Finance lease liabilities	**(3.0)**	**(2.6)**	(1.5)	(1.2)
Secured bank loans	**(1.0)**	**(1.0)**	(35.7)	(35.7)
Other loans	**(4.3)**	**(4.3)**	(4.3)	(4.3)
Customer deposits	**(174.8)**	**(174.8)**	(130.4)	(130.4)
Trade and other payables	**(174.8)**	**(174.8)**	(134.1)	(134.1)
	60.0	**60.4**	(13.6)	(13.3)
Unrecognised gain		**0.4**		0.3

Summary of methods and assumptions

Trade and other receivables/payables and customer deposits

For receivables/payables with a remaining life of less than one year, the notional amount is deemed to reflect the fair value.

Finance lease liabilities

The fair value of finance leases has been calculated by discounting future cash flows at an appropriate discount rate which reflects current market assessments and the risks specific to such liabilities.

Loans and overdrafts

The fair value of bank loans and other loans approximates to the carrying value because interest rates are at floating rates where payments are reset to market rates at intervals of less than one year.

Committed borrowing facilities

	Principal £m	Available £m
At 31 December 2008	**100.1**	**50.3**
At 31 December 2007	137.2	74.7

Principal committed facilities include £100.0 million (2007: £136.0 million) of senior credit facilities, which the Group entered into in 2006, of which £50.3 million (2007: £74.7 million) is available.

In March 2009, the Board approved the early surrender of the £100 million revolving credit facility following an internal review of the Group's facility arrangements. Of the facility approximately £50 million had been set aside to support bank guarantees provided against obligations of the Group. In order to continue to support these, the Group will deposit sufficient funds with the guaranteeing banks which reduce cash available for use by an equivalent amount.

Notes to the accounts continued

24. Share based payment

Regus Group Share Option Plan

During 2004 the Group established the Regus Group Share Option Plan which entitles executive directors and certain employees to share options in Regus plc.

The table below presents the options outstanding and their exercise price together with an analysis of the movements in the number of options during the year.

	2008		2007	
	Number of share options	**Weighted average exercise price per share**	Number of share options	Weighted average exercise price per share
At 1 January	**8,625,287**	**80.03**	7,261,924	60.37
Granted during the year	**4,331,641**	**80.50**	2,855,764	135.22
Lapsed during the year	**(562,641)**	**111.97**	(587,102)	138.48
Exercised during the year	**–**	**–**	(905,299)	58.44
Outstanding at 31 December	**12,394,287**	**78.75**	8,625,287	80.03
Exercisable at 31 December	**6,356,625**	**60.64**	6,356,625	60.64

Date of grant	Numbers granted	Weighted average exercise price per share	Lapsed	Exercised	At 31 Dec 2008	Exercisable from	Expiry date
23/07/2004	4,106,981	57.00	–	(736,842)	3,370,139	23/07/2007	23/07/2014
08/09/2004	3,884,170	64.75	(729,227)	(168,457)	2,986,486	08/09/2007	08/09/2014
21/03/2007	2,148,258	131.50	(352,087)	–	1,796,171	21/03/2010	21/03/2017
20/04/2007	707,506	146.50	(511,944)	–	195,562	20/04/2010	20/04/2017
18/03/2008	4,331,641	80.50	(285,712)	–	4,045,929	18/03/2011	18/03/2018
Total	**15,178,556**	**80.41**	**(1,878,970)**	**(905,299)**	**12,394,287**		

The Regus Group also operates the Regus Group Share Option Plan (France) which is included within the numbers for the Regus Share Option Plan disclosed above. The terms of the Regus Share Option Plan (France) are materially the same as the Regus Group Share Option Plan with the exception that they are only exercisable from the fourth anniversary of the date of grant assuming the performance conditions have been met. 648,081 options awarded under the Regus Group Share Option Plan (France) are included in the above table and none were exercised during the year (2007: none).

No options were exercised during the year ended 31 December 2008. The weighted average share price at the date of exercise for share options exercised during the year ended 31 December 2007 was 132.59p.

Performance conditions for share options

The options awarded in 2004 included certain performance criteria that needed to be met in order for the share options to vest. The share options vested based on the basic earnings per share (adjusted for non-recurring items and goodwill and intangible amortisation) that exceeded the targets linked to the Retail Price Index. The basic earnings per share for performance purposes was 1p. 100% of the options awarded in July and September 2004 vested during 2007.

The options awarded in March 2007, April 2007 and March 2008 have the same performance conditions as the CIP Awards granted in the same year as described further below.

The share options awarded in 2004 were valued using the Black Scholes model. The share options awarded in 2007 and 2008 are valued using the Monte Carlo method. The inputs to the model are as follows:

			Grant date
	March 2008	April 2007	March 2007
Share price on grant date	**80.50**	146.5p	131.5p
Exercise price	**80.50**	146.5p	131.5p
Expected volatility	**35.05%**	35.08%	35.27%
Number of simulations	**200,000**	200,000	200,000
Number of companies	**36**	35	35
Option life	**3 years**	3 years	3 years
Expected life	**5 years**	5 years	5 years
Expected dividend	**1.19%**	0.40%	0.44%
Fair value of option at time of grant	**29.6p**	55.4p	53.8p
Risk free interest rate	**4.07%**	5.36%	5.16%

The expected volatility is based on the historic volatility adjusted for any abnormal movement in share prices.

Regus plc Co-Investment Plan (CIP) and Long Term Incentive Plan (LTIP)

	2008	2007
	Number of awards	Number of awards
At 1 January	**11,379,224**	7,568,472
CIP awards granted during the year	**7,480,307**	4,073,967
Lapsed during the year	**(512,982)**	(263,215)
Outstanding at 31 December	**18,346,549**	11,379,224

Plan	Date of grant	Numbers granted	At 31 Dec 2007	Lapsed in year	At 31 Dec 2008	Release date
LTIP	03/11/2005	3,723,235	3,446,678	(158,658)	3,288,020	03/11/2008
LTIP	28/09/2006	140,184	140,184	(93,456)	46,728	28/09/2009
		3,863,419	3,586,862	(252,114)	3,334,748	
CIP: Investment shares	21/03/2006	772,196	772,196	–	772,196	21/03/2009
CIP: Matching shares	21/03/2006	3,088,784	3,088,784	–	3,088,784	21/03/2009
CIP: Investment shares	21/03/2007	833,823	805,306	–	805,306	21/03/2010
CIP: Matching shares	21/03/2007	3,240,144	3,126,076	–	3,126,076	21/03/2010
CIP: Investment shares	18/03/2008	1,557,391	–	(86,956)	1,470,435	18/03/2011
CIP: Matching shares	18/03/2008	5,922,916	–	(173,912)	5,749,004	18/03/2011
		15,415,254	7,792,362	(260,868)	15,011,801	

The fair value of services received in return for share based payments is measured by reference to the fair value of the equity instruments granted. No awards were exercisable at the year end.

Of the awards of investment and matching shares under the CIP on 18 March 2008, 2,082,024 were conditional share awards and 5,398,283 were nil cost options.

The LTIP/CIP awards are valued using the Monte Carlo method.

Notes to the accounts continued

24. Share based payment continued

The inputs to the model are as follows:

	18/03/2008 CIP[b]	21/03/2007 CIP[b]	28/09/2006 LTIP[a]	21/03/2005 CIP[b]	03/11/2005 LTIP[a]
Share price on grant date	**80.50p**	131.50p	107.00p	107.25p	92.25p
Exercise price	**nil**	nil	nil	nil	nil
Number of simulations	**200,000**	200,000	60,000	60,000	60,000
Number of companies	**36**	35	29	29	29
Award life	**3 years**	3 years	3 years	3 years	3 years
Expected dividend	**1.19%**	0.44%	nil	nil	nil
Fair value of award at time of grant	**61.21p**	103.05p	79.0p	79.94p	65.00p
Risk free interest rate	**3.86%**	5.34%	4.38%	4.16%	4.47%

(a) The LTIP Awards have release dates of 3 November 2008 and 28 September 2009. There is no expiry date and therefore remaining contractual life on the basis that the awards release immediately. The LTIP nil cost options have vesting dates of 3 November 2008 and 28 September 2009 and expiry dates of 3 November 2015 and 28 September 2016 respectively. The performance conditions for the LTIP awards made on 3 November 2005 are based on the financial results for the year ended 31 December 2008 and therefore no awards were released during the year ended 31 December 2008.

(b) The CIP awards have release dates of 21 March 2009, 21 March 2010 and 18 March 2011. There is no expiry date and therefore remaining contractual life on the basis that the awards release immediately. The CIP nil cost options have vesting dates of 21 March 2009, 21 March 2010 and 18 March 2011 and expiry dates of 21 March 2016, 21 March 2017 and 18 March 2018.

The performance conditions for the grant of awards under the LTIP and CIP are set out in the following table:

For November 2005 and March 2006 awards: Adjusted EPS* (p) for the year ended 31 Dec 2008	11p	12p	13p	14p
For September 2006 awards: % increase in adjusted EPS* for year ended 30 June 2009 compared to EPS of prior year	15%	20%	25%	30%
Growth in free cash flow per share				
10%	6%	13%	19%	25%
15%	13%	25%	38%	50%
20%	19%	38%	56%	75%
25%	25%	50%	75%	100%

* Adjusted EPS.

It is recognised by the Remuneration Committee that the additional EPS targets represent a highly challenging goal and consequently in determining whether they have been met the Committee will exercise its discretion. The overall aim is that the relevant EPS targets must have been met on a run rate or underlying basis. As such an adjusted measure of EPS will be calculated designed to assess the underlying performance of the business.

While the Remuneration Committee reserves the right to adjust EPS as it sees fit at the time, by way of example the following adjustments are currently anticipated:

- In a growth company such as Regus, costs are necessarily incurred in one year to drive profits in future years. As such it is important to ensure management is not incentivised to cut back on these investments to meet EPS targets in any one year. Accordingly those costs, incurred in the vesting year, which it considers necessary to drive future growth will be excluded from the EPS calculation. These would include, inter alia, the costs of the business development departments, excess marketing expenditures and current year losses from investing in new locations.
- Any one-off or non-recurring costs will be excluded.
- It is expected that in the period between 2006 and 2008 the cash tax rate will rise as cumulative tax losses are utilised thereby increasing progressively the challenge of achieving a 14p EPS target. This will then be further complicated by the need to recognise deferred tax assets as the business strengthens, reducing the accounting rate of tax in one year and increasing it in the next. To provide greater clarity and incentive to management EPS will be calculated based upon the cash tax rate up to a maximum of 30%.
- The Remuneration Committee is of the opinion that the EPS and free cash flow performance targets are a transparent and accurate measure of the Company's performance at this time and are the key corporate metrics for driving long-term shareholder value. In addition, the TSR condition will ensure that executives are encouraged to focus on ensuring that the Company's return to shareholders is competitive compared to comparable companies.

The performance conditions for awards under the matching share element of the CIP made in March 2007 are set out below:

% increase in published EPS for the year ended 31 December 2009 compared to the published EPS for the prior year	15%	20%	25%	30%
Growth in free cash flow per share over 3 years				
10%	6%	13%	19%	25%
15%	13%	25%	38%	50%
20%	19%	38%	56%	75%
25%	25%	50%	75%	100%

% denotes the % of the Award which will be released at the end of the performance period.

In addition, no awards will be released unless the Company's TSR is at least at the median when compared against that of the companies comprising the FTSE 350 Support Services Sector at the date of the grant subject to the discretion of the Remuneration Committee. Details of the performance conditions for the awards made in March 2008 can be found in the report of the Remuneration Committee on pages 35 to 36.

As mentioned above, awards under the CIP in respect of the bonus paid for the year ended 31 December 2008 will be made subsequent to the publication of this report. However, the maximum number of awards granted will be based on the price of an ordinary share at the time of grant and the monetary value will not exceed 50% of basic salary. Full details of the levels of award and performance conditions will be disclosed in the Committee's Remuneration Report for the year ending 31 December 2009.

Regus plc Value Creation Plan

	2008	2007
	Number of entitlements	Number of entitlements
At 1 January	**–**	–
VCP entitlements awarded during the year	**22,500,000**	–
Lapsed during the year	**(1,500,000)**	–
Outstanding at 31 December	**21,000,000**	–

Plan	Date of award	Numbers awarded	At 31 Dec 2007	Lapsed in year	At 31 Dec 2008	Measurement date
VCP Tier 1 awards	20/05/2008	3,500,000	–	–	3,500,000	–
VCP Tier 2 awards	20/05/2008	6,000,000	–	–	6,000,000	–
VCP Tier 3 awards	20/05/2008	10,000,000	–	–	10,000,000	–
VCP Tier 4 awards	20/05/2008	3,000,000	–	(1,500,000)	1,500,000	–
		22,500,000	–	(1,500,000)	21,000,000	31/03/2010-31/03/2013

The fair value of services received in return for share based payments are measured by reference to the fair value of the equity instruments granted. No awards were exercisable at the year end.

The VCP awards are valued using the Monte Carlo method.

The inputs to the model are as follows:

	20/05/2008
	VCP
Share price on award date	107.00p
Exercise price	107.00p
Number of simulations	200,000
Number of companies	36
Award life	1.86 – 4.86 yrs
Expected dividend	0.93%
Fair value of award at time of grant	£1.3 million
Risk free interest rate	4.71%

Notes to the accounts continued

24. Share based payment continued

The VCP awards have measurement dates of 31 March 2010, 31 March 2011, 31 March 2012 and 31 March 2013. If at the measurement dates, the share price targets have been met the eligible VCP entitlements will be converted into options over ordinary shares. The options are not subject to further performance conditions but are exercisable on the following basis:

	In year ended 31/12/2010	In year ended 31/12/2011	in year ended 31/12/2012	in year ended 31/12/2013
Percentage of entitlements converted to options at the 31/03/2010 measurement date that can be exercised	40%	20%	20%	20%
Percentage of entitlements converted to options at the 31/03/2011 measurement date that can be exercised	–	40%	30%	30%
Percentage of entitlements converted to options at the 31/03/2012 measurement date that can be exercised	–	–	40%	60%
Percentage of entitlements converted to options at the 31/03/2013 measurement date that can be exercised	–	–	–	100%

The performance conditions of the VCP entitlements are as follows:

		Number of shares earned less those earned at any prior measurement date			
		Tier 1 awards	Tier 2 awards	Tier 3 awards	Tier 4 awards
First measurement date 31/03/2010	Share price less than £2.60	–	–	–	–
	Share price is £2.60 or more but less than £3.50	2,500,000	4,285,714	7,142,857	2,142,857
	Share price is £3.50 or more	3,500,000	6,000,000	10,000,000	3,000,000
Second measurement date 31/03/2011	Share price less than £2.60	–	–	–	–
	Share price is £2.60 or more but less than £3.50	1,800,000	3,085,714	5,142,857	1,542,857
	Share price is £3.50 or more but less than £4.50	2,500,000	4,285,714	7,142,857	2,142,857
	Share price is £4.50 or more	3,500,000	6,000,000	10,000,000	3,000,000
Third measurement date 31/03/2012	Share price less than £2.60	–	–	–	–
	Share price is £2.60 or more but less than £3.50	1,200,000	2,057,143	3,428,571	1,028,571
	Share price is £3.50 or more but less than £4.50	1,800,000	3,085,714	5,142,857	1,542,857
	Share price is £4.50 or more	2,500,000	4,285,714	7,142,857	2,142,857
Fourth measurement date 31/03/2013	Share price less than £2.60	–	–	–	–
	Share price is £2.60 or more but less than £3.50	600,000	1,028,571	1,714,286	514,285
	Share price is £3.50 or more but less than £4.50	1,200,000	2,057,143	3,428,571	1,028,571
	Share price is £4.50 or more	1,800,000	3,085,714	5,142,857	1,542,857

Where the share price targets have not been met by 31 March 2013 then the VCP Entitlement will not convert, no ordinary shares will be earned and no VCP Options will be granted under the VCP.

25. Acquisitions

Details of all acquisitions made during 2008 are set out below. All of the acquired operations are providers of outsourced workplace solutions. Where no equity was acquired the Group acquired all the operating assets and liabilities of the related business excluding cash. All acquisitions made in the year have been aggregated as no single acquisition is material. These transactions have been accounted for using the purchase method of accounting.

	Region	Purchase consideration including costs £m	Percentage of equity and voting rights acquired	Date of acquisition
Equity acquisitions:				
Stonemartin Corporate Centres Limited	UK	2.9	100	30/11/2008
Business and net asset acquisitions:				
Stonemartin	UK	6.2	n/a	02/04/2008
		9.1		

In addition to the above, a further £4.6 million of purchase consideration (including costs) was paid to complete one further equity acquisition and 12 business and net asset acquisitions.

	Book value £m	Fair value adjustments £m	**Fair value £m**
Net assets acquired			
Intangible assets*	–	2.2	**2.2**
Property, plant and equipment	4.6	0.8	**5.4**
Other non-current assets	0.3	0.1	**0.4**
Cash	1.6	–	**1.6**
Other current assets	0.9	0.8	**1.7**
Current liabilities	(1.5)	(0.1)	**(1.6)**
Non-current liabilities	–	–	**–**
	5.9	3.8	**9.7**
Total consideration			
Cash			**13.3**
Deferred consideration			**–**
Directly attributable costs			**0.4**
			13.7
Goodwill			**4.0**

* Intangible assets comprise the fair value of customer contracts or, in the case of managed centres, the fair value of the management contract acquired.

There was no contingent consideration arising on the above acquisitions.

If the above acquisitions had occurred on 1 January 2008, the revenue and net retained profit arising from these acquisitions would have been £19.8 million and £3.4 million respectively. In the year these acquisitions contributed revenue of £12.4 million and a net retained profit of £1.4 million.

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.

Adjustments to estimated deferred consideration for 2006 acquisitions

Estimated deferred consideration arising on acquisitions completed in the year ended 31 December 2006 was reduced by £0.3 million resulting in a reduction in goodwill of £0.3 million

Notes to the accounts continued

25. Acquisitions continued

Details of all acquisitions completed in the year ended 31 December 2007 are set out below
Details of all acquisitions made during 2007 are set out in the following table. All of the acquired operations are providers of outsourced workplace solutions. Where no equity was acquired the Group acquired all the operating assets and liabilities of the related business excluding cash.

All acquisitions made in the year have been aggregated as no single acquisition is material. These transactions have been accounted for using the purchase method of accounting.

Name	Region	Purchase consideration including costs	Percentage of equity and voting rights acquired	Date of acquisition
Equity acquisitions:				
Insignia, Calgary	Americas	2.4	100	01/11/2007
Business and net asset acquisitions:				
Interactive	Americas	6.7	n/a	13/08/2007
		9.1		

In addition to the above, a further £8.3 million of purchase consideration (including costs) was paid for two equity acquisitions and 18 business and net asset acquisitions.

	Book value £m	Fair value adjustments £m	**Fair Value £m**
Net assets acquired			
Intangible assets	–	1.0	**1.0**
Property, plant and equipment	5.4	0.3	**5.7**
Other non-current assets	0.4	3.4	**3.8**
Cash	0.8	–	**0.8**
Other current assets	2.0	0.4	**2.4**
Current liabilities	(3.3)	(2.0)	**(5.3)**
Non-current liabilities	(1.0)	(0.2)	**(1.2)**
	4.3	2.9	**7.2**
Total consideration			
Cash			**15.9**
Deferred consideration			**0.6**
Directly attributable costs			**0.9**
			17.4
Goodwill			**10.2**

The above fair value adjustments include the value of acquired customer lists, the fair value of the leasehold interests and related deferred tax impacts.

There was no contingent consideration arising on the above acquisitions that has not been recognised on the Group balance sheet.

If the above acquisitions had occurred on 1 January 2007, the revenue and net retained loss arising from these acquisitions would have been £26.7 million and £0.1 million respectively. In the year these acquisitions contributed revenue of £15.0 million and a net retained loss of £0.4 million.

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.

Adjustments to provisional fair values for 2006 and 2005 acquisitions
Additional consideration of £1.8 million was paid in 2007 due to improved financial performance of acquisitions under contractual earn-out provisions and additional acquisition costs. This resulted in an increase in goodwill of £1.8 million.

26. Capital commitments

	2008 £m	2007 £m
Contracts placed for future capital expenditure not provided in the financial statements	**11.6**	6.9

These commitments are principally in respect of-fit out obligations on new centres opening in 2009. In addition our share of the capital commitments of joint ventures amounted to £nil at 31 December 2008 (2007: £nil).

27. Non-cancellable operating lease commitments

	2008			2007		
	Property £m	**Motor vehicles, plant and equipment £m**	**Total £m**	Property £m	Motor vehicles, plant and equipment £m	Total £m
Lease obligations falling due:						
Within one year	**414.0**	**2.8**	**416.8**	286.3	2.3	288.6
Between two and five years	**1,058.7**	**3.6**	**1,062.3**	820.5	3.0	823.5
After five years	**488.7**	**0.1**	**488.8**	399.6	0.5	400.1
	1,961.4	**6.5**	**1,967.9**	1,506.4	5.8	1,512.2

Non-cancellable operating lease commitments exclude future contingent rental amounts such as the variable amounts payable under performance based leases where the rents vary in line with a centre's performance.

28. Contingent assets and liabilities

The Group has bank guarantees and letters of credit held with certain banks amounting to £49.7 million (December 2007: £25.3 million). A number of lawsuits are pending against the Group, the outcome of which in the aggregate is not expected to have a material effect on the Group. The Group has been in dispute with a supplier over the performance under a contract and had entered into legal arbitration prior to 31 December 2008. At the date of the accounts the Group believes it is likely that a resolution will be reached in its favour.

29. Related parties

Joint ventures

During the year ended 31 December 2008 the Group received management fees of £3.1 million (2007: £2.4 million) from its joint venture entities. At 31 December 2008 £4.9 million (2007: £8.8 million) was due to the Group from joint ventures of which £nil of this debt has been provided for at 31 December 2008 (2007: £nil). During the year £2.0 million of a loan receivable owed from a joint venture was waived by the Group.

Key management personnel

No loans or credit transactions were outstanding with directors of officers of the Company at the end of the year or arose during the year that need to be disclosed. During the year ended 31 December 2008 the Group acquired goods and services from a company indirectly controlled by a director of the Company amounting to £18,746 (2007: £5,600). The goods and services were acquired in arms-length transactions.

Compensation of key management personnel (including directors):
Key management personnel include those personnel (including directors) that have responsibility and authority for planning, directing and controlling the activities of the Group:

	2008 £m	2007 £m
Short-term employee benefits	**4.8**	4.7
Termination payments	**–**	0.4
Share based payments	**3.7**	3.4
	8.5	8.5

Share based payments included in the table above reflect the accounting charge in the year. The full fair value of awards granted in the year was £5.6 million (2007: £4.0 million).

Notes to the accounts continued

30. Principal group companies

The Group's principal subsidiary undertakings at 31 December 2008, their principal activities and countries of incorporation are set out below:

Name of undertaking	Country of incorporation	% of ordinary share and votes held
Principal activity – trading		
Regus Management de Argentina S.A.	Argentina	100
Regus Centres Pty Ltd	Australia	100
Regus Clarence Street Pty Ltd	Australia	100
Regus Business Centre Melbourne Pty Ltd	Australia	100
Regus Macquarie House Pty Ltd	Australia	100
Regus Bridge Street Pty Ltd	Australia	100
Regus Riverside Pty Ltd	Australia	100
Regus North Sydney Pty Ltd	Australia	100
Regus 303 Collins Street Pty Limited	Australia	100
Regus 267 St Georges Terrace Pty Limited	Australia	100
Regus Council House Pty Ltd	Australia	100
Regus Bondi Junction Pty Ltd	Australia	100
Regus Queens Road Pty Ltd	Australia	100
Regus Como Pty Ltd	Australia	100
Regus Chatswood Pty Ltd	Australia	100
Regus Adelaide Pty Ltd	Australia	100
Regus Northbank Plaza Pty Ltd	Australia	100
Regus Alfred Street Pty Ltd	Australia	100
Regus Business Centre GmbH	Austria	100
Regus Karntner Ring GmbH	Austria	100
Regus Borsengebaude GmbH	Austria	100
Regus Parkring GmbH	Austria	100
Regus Mariahilferstrasse GmbH	Austria	100
Regus Twin Tower Netspace GmbH	Austria	100
Regus Business Centre SPC	Bahrain	100
Regus Management Bahrain SPC	Bahrain	100
Regus Business Centre SA	Belgium	100
Skyport Bruxelles NV	Belgium	100
Regus Belgium NV	Belgium	100
Regus Stephanie Square BVBA	Belgium	100
Regus Schuman BVBA	Belgium	100
Regus Rubens BVBA	Belgium	100
Regus Pegasus BVBA	Belgium	100
Regus Parc Atrium BVBA	Belgium	100
Regus Braine L'Alleud BVBA	Belgium	100
Regus Léopold Square de Meeus BVBA	Belgium	100
Regus Bulgaria EOOD	Bulgaria	100
Oceanic Business Centre Inc	Canada	100
Guardian Financial Corp Inc	Canada	100
Pacific Business Centre Inc	Canada	100
Richmond Executive Centre Inc	Canada	100
Willingdon Park Business Centre Inc	Canada	100
RGN – Ontario Limited Partnership	Canada	100
RGN – Alberta Limited Partnership	Canada	100
Regus Business Centre Canada LP	Canada	60
Regus Business Centre de Chile II SA	Chile	100
Regus Business Centre de Chile III SA	Chile	100

Name of undertaking	Country of incorporation	% of ordinary share and votes held
Regus Business Centre de Chile IV SA	Chile	100
Regus Business Centre de Chile V SA	Chile	100
Regus Business Services (Shanghai) Limited	China	100
Regus Centres Services Co Ltd	China	80
Regus Business Centre (Shanghai) Ltd	China	100
Regus Business Services (Beijing) Ltd	China	100
Regus Business Services (Dalian) Ltd	China	100
Regus Business Services (Shenzhen) Ltd	China	100
Regus Strategic Consulting (Shanghai) Ltd	China	100
Regus Executive Serviced Office (Shanghai)	China	100
Regus Business Consultancy (Beijing) Ltd	China	100
Regus Business & Conference Centre (Shanghai) Ltd	China	100
Regus Business Consulting (Guangzhou) Ltd	China	100
Regus Executive Serviced Office (Beijing) Ltd	China	100
Regus Executive Service (Chengdu) Ltd	China	100
Regus Business Service (Hangzhou) Ltd	China	100
Regus Managed Centre (Shanghai) Ltd	China	100
Regus Business Centre (Hangzhou) Ltd	China	100
Regus Business & Conference Centre (Beijing) Ltd	China	100
Union Plaza Consulting Co. Ltd	China	100
Regus Business Consulting (Shanghai) Ltd	China	100
Huanya Shang Wu Fu Wu Limited	China	100
Regus Colombia Ltda	Colombia	100
Regus Costa Rican Centres Ltda	Costa Rica	100
Regus Business Centre sro	Czech Republic	100
Regus Empiria sro	Czech Republic	100
Regus Burzovni Palac sro	Czech Republic	100
Regus BRNO Spielberk sro	Czech Republic	100
Regus Sydhavn Aps	Denmark	100
Regus Kobenhavn Aps	Denmark	100
Regus Tuborg Aps	Denmark	100
Regus Business Centre Trading FZCO	Dubai	100
Regus FZCO	Dubai	100
Regus Business Centre LLC (Egypt)	Egypt	100
Regus El Salvador Ltda	El Salvador	100
Regus G Ltd	England	100
Regus Mayfair Limited	England	100
Regus (Barking) Limited	England	100
Regus (Chelmsford) Limited	England	100
Regus (Hemel Hempstead) Limited	England	100
Regus (Peterborough) Limited	England	100
Regus (LBC) Ltd	England	100
Regus (UK) Ltd	England	100
Regus Business Centres (UK) Ltd	England	100
Regus City Limited	England	100
Regus PLP (UK) Limited	England	100
Regus Business Services Ltd	England	100

Name of undertaking	Country of incorporation	% of ordinary share and votes held
MOS Ltd	England	100
Regus (GB) Ltd	England	100
Regus South Ltd	England	100
Regus Caledonia Ltd	England	100
Nuclei Limited	England	49
Stonemartin Corporate Centres Limited	England	100
Regus Finland Oy	Finland	100
Regus Paris SAS	France	100
Regus Opera SAS	France	100
Regus Portes de Paris SAS	France	100
Regus Vendome SAS	France	100
Regus La Defense SAS	France	100
Regus Sophie SAS	France	100
Regus Montpellier SAS	France	100
Regus Provence SAS	France	100
Regus Lyon Plaza SARL	France	100
RBC Deutschland GmbH	Germany	100
Regus Netspace Germany GmbH & Co KG	Germany	100
Regus Munchen Laim GmbH	Germany	100
Regus Hamburg Spitalerhof GmbH	Germany	100
Regus Dusseldorf Airport GmbH	Germany	100
Regus Hamburg Valentinskamp GmbH & Co KG	Germany	100
Regus Munchen Artemis GP GmbH & Co KG	Germany	100
Regus Hamburg Chilehaus GP GmbH & Co. KG	Germany	100
Regus Munchen MaxVorstadt GmbH	Germany	100
Regus Bremen Airport GmbH & Co. KG	Germany	100
Regus Unterfohring GmbH & Co KG	Germany	100
Regus Berlin Lindencorso GP GmbH & Co KG	Germany	100
Regus Koln Kaiser-Wilhelm-Ring GmbH & Co KG	Germany	100
Regus Hannover Podbielski GmbH & Co KG	Germany	100
Regus Frankfurt Herriot's GmbH & Co KG	Germany	100
Regus Stuttgart Konigsstrasse GmbH & Co KG	Germany	100
Regus Munchen Schwabing GmbH & Co KG	Germany	100
Regus Munchen Maximilianstrasse GmbH & Co KG	Germany	100
Regus Frankfurt Trianon GmbH & Co KG	Germany	100
Regus Frankfurt Kastor & Pollux GmbH & Co KG	Germany	100
Regus Stuttgart Zeppelinkarree GmbH & Co KG	Germany	100
Regus Hamburg Fleethof GmbH & Co KG	Germany	100
Regus Berlin Checkpoint GmbH & Co KG	Germany	100
Regus Munchen Airport GmbH & Co KG	Germany	100
Regus Koln Neumarktgalerie GmbH & Co KG	Germany	100

Name of undertaking	Country of incorporation	% of ordinary share and votes held
Regus Dusseldorf Stadttor GmbH & Co KG	Germany	100
Regus Dusseldorf Prinzenpark GmbH & Co KG	Germany	100
Regus Hellas SA	Greece	100
Regus Guatemala S.R.L.	Guatemala	100
Regus Guatemala II S.R.L	Guatemala	100
Regus Business Centre Ltd	Hong Kong	100
Regus Business Services (Hong Kong) Ltd	Hong Kong	100
Regus Hong Kong Ltd	Hong Kong	100
Regus Services Limited	Hong Kong	100
Regus Centre Limited	Hong Kong	100
Regus Centre (HK) Ltd	Hong Kong	100
Regus Kalman Kft	Hungary	100
Regus EMKE Kft	Hungary	100
Regus Arpod Kft	Hungary	100
Regus Kft	Hungary	100
Regus Business Centre Pvt Ltd	India	100
Regus Office Centre Services Pvt Ltd	India	100
Regus Business Centre Bangalore Pvt Ltd	India	100
Regus Business Centre Gurgaon Pvt Ltd	India	100
Murphy Road BC Pvt Ltd	India	100
Kasturba Road Business Centre Pvt Ltd	India	100
Regus Business Centre (Chennai) Pvt Ltd	India	100
Regus Business Centre (Pune) Pvt Ltd	India	100
Regus Centre (Saket) Pvt Ltd	India	100
Regus Office Centre (Gurgaon) Pvt Ltd	India	100
Regus Suburb Centres Pvt Ltd	India	100
East India Business Centre Pvt Ltd	India	100
Regus Centre Services (Bangalore) Pvt Ltd	India	100
Regus Business Centre Hyderabad Pvt Ltd	India	100
Regus Midtown Business Centre Pvt Ltd	India	100
Regus Business Centre (Delhi) Pvt Ltd	India	100
Regus Business Centre (Nagpur) Pvt Ltd	India	100
Regus Office Centre Services (Chennai) Pvt Ltd	India	100
Regus Mumbai Metropoliton BC Pvt Ltd	India	100
Regus Gurgaon Metro BC Pvt Ltd	India	100
PT Regus Centre Indonesia	Indonesia	100
PT Regus Business Centre Satrio	Indonesia	100
PT Regus Grand Indonesia	Indonesia	100
Regus Ireland Ltd	Ireland	100
Regus Business Centres Ireland Ltd	Ireland	100
Regus Franchise International Ltd	Ireland	100
Europa Business Centre Ltd	Ireland	100
Regus Business Centres Ltd	Israel	100
Regus Business Centre Srl	Italy	100
Regus Business Centres Italia Srl	Italy	100
Regus Japan KK	Japan	100
Regus Business Centre Nagoya KK	Japan	100
Regus Luxembourg SA	Luxembourg	100
Regus Business Center Luxembourg SA	Luxembourg	100
Regus Macau Business Centre Co. Ltd	Macau	100
Regus Centres Sdn Bhd	Malaysia	100
Regus Malaysia Sdn	Malaysia	100
Regus Sentral Sdn Bhd	Malaysia	100

Notes to the accounts continued

30. Principal group companies continued

Name of undertaking	Country of incorporation	% of ordinary share and votes held
Regus Malta Management Limited	Malta	100
Regus Business Centre SA de CV	Mexico	100
Regus Services SA de CV	Mexico	100
Centro Regus el Sur de Mexico, SA de CV	Mexico	100
Regus Management de Mexico, SA de CV	Mexico	100
Centros Coporativo Regus, Sa de CV	Mexico	100
Centros Regus de Mexico SA de CV	Mexico	100
Centros de Negocios Regus, SA de CV	Mexico	100
Regus Monaco SARL	Monaco	100
Regus Maroc SARL	Morocco	100
Satelite Business Centre Schipol BV	Netherlands	100
Skyport International BV	Netherlands	100
WTC Zuiplien BV	Netherlands	100
Skyport Amsterdam BV	Netherlands	100
Regus Hojel BV	Netherlands	100
Regus Weena BV	Netherlands	100
Regus Atrium BV	Netherlands	100
Regus Atlas BV	Netherlands	100
Regus Parkstraat BV	Netherlands	100
Regus Zen BV	Netherlands	100
Regus Eindhoven BV	Netherlands	100
Regus Arnhem BV	Netherlands	100
Regus Hilversum BV	Netherlands	100
Regus Brainpark BV	Netherlands	100
Regus Amersfoort BV	Netherlands	100
Regus Tetra BV	Netherlands	100
Regus Zürich Tower BV	Netherlands	100
Regus Breda BV	Netherlands	100
Regus Schiphol Rijk BV	Netherlands	100
Regus Teleport Tower BV	Netherlands	100
Regus Amstel Business Park BV	Netherlands	100
Regus Rijswijk BV	Netherlands	100
Regus Equinox I BV	Netherlands	100
Regus Equinox II BV	Netherlands	100
Regus Nijmegen BV	Netherlands	100
Regus Tilburg BV	Netherlands	100
Regus Zwolle City Centre BV	Netherlands	100
Regus Maastricht BV	Netherlands	100
Regus Den Bosch Central Station BV	Netherlands	100
Regus Utrecht Papendorp BV	Netherlands	100
Regus Rotterdam World Port BV	Netherlands	100
Regus Leeuwarden Crystalic BV	Netherlands	100
Regus Shortland Street Ltd	New Zealand	100
Regus Business Centre Ibsen AS	Norway	100
Regus Business Centre Skogen AS	Norway	100
Regus Business Centre Nydalen AS	Norway	100
Regus Business Centre (Karachi) Pvt Ltd	Pakistan	100
Regus Business Centre SA	Panama	100
Regus Business Centre SA	Peru	100
Regus Net Cube Inc	Philippines	100
Regus Business Centre Inc	Philippines	100
Regus Business Centre Sp. z o.o.	Poland	100
Regus Plaza Sp. z o.o.	Poland	100
Regus Wisniowy Sp. z o.o.	Poland	100
Regus Mokotow Sp. z o.o.	Poland	100

Name of undertaking	Country of incorporation	% of ordinary share and votes held
Regus Metropolitan Sp. z o.o.	Poland	100
Regus Zoliborz Sp. z.o.o	Poland	100
Regus Business Centre Lda	Portugal	100
Regus International SRL	Romania	100
Regus Floreasca International SRL	Romania	100
Regus Rosetti International SRL	Romania	100
LLC Regus Business Centre	Russia	100
Regus Business Centre Avrora LLC	Russia	100
Regus Capital Plaza LLC	Russia	100
Regus Moscow City LLC	Russia	100
St Petersburg (Austrian Business Centre) LLC	Russia	100
Regus Business Centre Atrium LLC	Russia	100
Regus Business Centre Citydel LLC	Russia	100
Regus Singapore Business Centre Pte Ltd	Singapore	100
Regus Centres Pte Ltd	Singapore	100
Regus NAC Pte Ltd	Singapore	100
Regus Singapore Raffles Place Pte Ltd	Singapore	100
Regus Business Services Marina Pte Ltd	Singapore	100
Regus Business Centre Bratislava sro	Slovakia	100
Regus Southern Africa (PTY)	South Africa	100
Regus Business Centre (PTY) Ltd	South Africa	100
Regus Business Centre Sandton Pty Ltd	South Africa	100
Regus Business Centre Durban Pty Ltd	South Africa	100
Regus Business Centre Foreshore Pty Ltd	South Africa	100
Regus Business Centre Midrand Pty Ltd	South Africa	100
Regus Business Centre Mowbray Pty Ltd	South Africa	100
Regus Business Centre Woodmead Pty Ltd	South Africa	100
RBC (Century City) Pty Ltd	South Africa	100
RBC (Fourways) Pty Ltd	South Africa	100
Habitaz Business Center (Bryanston) Pty Ltd	South Africa	100
Habitaz Business Center Pty Ltd	South Africa	100
Habitaz Business Center (Foreshore) Pty Ltd	South Africa	100
Regus Korea Ltd	South Korea	100
Regus Jongro Ltd	South Korea	100
Regus Samsungdong Limited	South Korea	100
Regus Business Centre SA	Spain	100
Regus Miraflores, SL	Spain	100
Regus Valencia SL	Spain	100
Regus Stureplan AB	Sweden	100
Regus Frosundavik AB	Sweden	100
Regus Garda AB	Sweden	100
Business Centre Lilla Bommen AB	Sweden	100
Regus Stockholm Central AB	Sweden	100
Regus Solna Strand AB	Sweden	100
Regus Business Centre AG	Switzerland	100
Regus Rue du Rhône SARL	Switzerland	100
Regus WTC Zürich GmbH	Switzerland	100

Name of undertaking	Country of incorporation	% of ordinary share and votes held
Regus Stockerhof GmbH	Switzerland	100
Regus Geneva Airport SARL	Switzerland	100
Regus Seefeld GmbH	Switzerland	100
Regus Acacias GmbH	Switzerland	100
Taipei Regus Business Centre Co. Ltd	Taiwan	100
Regus Centres Ltd	Thailand	100
Office Advantage Ltd	Thailand	100
Regus Tunisie SARL	Tunisia	100
Regus Is Merkezi Isletmeciligi Ltd	Turkey	100
Regus Yonetim ve Danismanlik Ltd Sti	Turkey	100
Regus Business Centre (Ukraine) LLC	Ukraine	100
Regus Podil LLC	Ukraine	100
Stratis Business Centers LLC	United States	100
Regus Southeast Investments LLC	United States	100
RGN Northwest LLC	United States	100
Buffalo Acquisitions Sub LLC	United States	100
DelVal Acquisition sub LLC	United States	100
RGN – South Florida, LLC	United States	100
Florida Business Center Acquisition Sub LLC	United States	100
Regus Group – North Dallas LLC	United States	100
RGN – New Jersey LLC	United States	100
RGN – Midwest LLC	United States	100
Regus DC, LLC	United States	100
RGN-LL LLC	United States	100
RGN – NorthEast LLC	United States	100
RGN – Chicago LLC	United States	100
RGN – South East LLC	United States	100
RGN – Mission Valley LLC	United States	100
RGN – Memphis LLC	United States	100
RGN – Winderely LLC	United States	100
RGN – Peachtree LLC	United States	100
RGN – Midwest I LLC	United States	100
RGN – Midwest II LLC	United States	100
RGN – Midwest III LLC	United States	100
RGN – Midwest IV LLC	United States	100
RGN – Midwest V LLC	United States	100
RGN – Midwest VI LLC	United States	100
RGN – Midwest VII LLC	United States	100
RGN – Houston I LLC	United States	100
RGN – Houston II LLC	United States	100
RGN – Houston III LLC	United States	100
RGN – Houston IV LLC	United States	100
HQ Global Workspaces LLC	United States	100
Regus Business Center LLC	United States	100
Regus Venezuela CA	Venezuela	100
Regus Centre (Vietnam) Ltd	Vietnam	100

Principal activity – Management companies

Regus Australia Management Pty Ltd	Australia	100
Regus do Brasil Ltda	Brazil	100
Regus Management sro	Czech Republic	100
Regus EMEA FSC sro	Czech Republic	100
Regus Management AS	Denmark	100
Regus Management Ltd [(a)]	England	100
Regus Management (UK) Ltd	England	100
Regus Management France SARL	France	100
Regus Business Centre SAS	France	100
Regus Businessworld Limited [(a)]	Jersey	100
Regus Amsterdam BV	Netherlands	100
RMG South Africa Pty Ltd	South Africa	100
Regus Business Ventures (Pty) Ltd	South Africa	100
Regus Business World (Pty) Ltd	South Africa	100
Regus Management España SL	Spain	100
Regus Management Group LLC	United States	100
Regus International Services LLC	Uruguay	100

Principal activity – Holding companies

Regus H Holdings Inc	British Virgin Islands	100
RGN Services Limited	Canada	100
RGN General Partner Holdings Corp	Canada	100
RGN Limited Partner Holdings Corp	Canada	100
Insignia Partnership	Canada	100
Regus Management de Chile Ltda	Chile	100
Regus Denmark Holding AS	Denmark	100
Regus Group Limited [(a)]	England	100
Regus Ltd (SARL) [(a)]	England/Luxembourg	100
Regus Centres Ltd	England	100
Regus Investments Ltd	England	100
Regus Business Centres (Holding)	England	100
Regus Business Centres (Trading) Ltd	England	100
Regus H Holdings	England	100
Regus H (UK)	England	100
Regus Centres UK Ltd	England	100
Regus Holdings UK Ltd	England	100
Regus Holdings SAS	France	100
Regus Deutschland GmbH	Germany	100
Regus Germany Holding GmbH & Co. KG	Germany	100
Regus Management GmbH	Germany	100
Regus Europe Ltd	Jersey	100
Regus No.1 SARL [(a)]	Luxembourg	100
Regus No.2 SARL [(a)]	Luxembourg	100
Regus India Holdings Limited	Mauritius	100
Regus Pakistan Holdings Ltd	Mauritius	100
Regus Mexico S. de RL de CV	Mexico	100
Regus Netherlands BV	Netherlands	100
Regus Business Centres BV	Netherlands	100
Regus Business Centre Norge AS	Norway	100
Regus Holding GmbH	Switzerland	100
Regus Corporation LLC	United States	100
Regus Holdings LLC	United States	100
Regus H Holdings LLC	United States	100
Regus International Services SA	Uruguay	100

(a) Shares held directly by Regus Plc.

Investments in Group subsidiaries are held at cost all of which are included within the consolidated results. The principal activity of all trading companies is the provision of global workplace solutions.

Notes to the accounts continued

31. Key judgmental areas adopted in preparing these accounts

The preparation of financial statements in accordance with IFRS requires management to make certain judgements and assumptions that affect reported amounts and related disclosures.

Fair value accounting for business combinations

For each business combination, we assess the fair values of assets and liabilities acquired. Where there is not an active market in the category of the non-current assets typically acquired with a business centre or where the books and records of the acquired company do not provide sufficient information to derive an accurate valuation, management calculates an estimated fair value based on available information and experience.

The main categories of acquired non-current assets where management's judgement has an impact on the amounts recorded include tangible fixed assets, customer list intangibles and the fair market value of leasehold assets and liabilities. For significant business combinations management also obtains third party valuations to provide additional guidance as to the appropriate valuation to be included in the financial statements.

Valuation of intangibles and goodwill

We evaluate the fair value of goodwill and intangibles to assess potential impairments on an annual basis, or during the year if an event or other circumstance indicates that we may not be able to recover the carrying amount of the asset. We evaluate the carrying value of goodwill at the appropriate cash-generating unit level and make that determination based upon future cash flow projections, which assume certain growth projections which may or may not occur. We record an impairment loss for goodwill when the carrying value of the intangible asset is less than its estimated fair value. Further details of the methodology and assumptions applied to the impairment review in the year ended 31 December 2008, including the sensitivity to changes in those assumptions, can be found in note 12.

Tax assets and liabilities

We base our estimate of deferred tax assets and liabilities on current tax laws and rates and, in certain cases, business plans and other expectations about future outcomes. Changes in existing laws and rates, and their related interpretations, and future business results may affect the amount of deferred tax liabilities or the valuation of deferred tax assets over time. Our accounting for deferred tax consequences represents management's best estimate of future events that can be appropriately reflected in the accounting estimates. It is current Group policy to recognise a deferred tax asset when it is probable that future taxable profits will be available against which the assets can be used. The Group considers it probable if the entity has made a taxable profit in the previous year and is forecast to continue to make a profit in the foreseeable future. Where appropriate the Group assesses the potential risk of future tax liabilities arising from the operation of its business in multiple tax jurisdictions and includes provisions within tax liabilities for those risks that can be estimated reliably. Changes in existing tax laws can affect large international groups similar to Regus and could result in significant additional tax liabilities over and above those already provided for.

Onerous lease provisions

We have identified certain poor performing centres where the lease is considered onerous, i.e. the Group does not expect to recover the unavoidable lease costs up to the first break point. The accounts include a provision for our estimate of the net amounts payable under the terms of the lease to the first break point, discounted at an appropriate weighted average cost of capital.

Dilapidations

Certain of our leases with landlords include a clause obliging the Group to hand the property back in the condition as at the date of signing the lease. The costs to bring the property back to that condition are not known until the Group exits the property so the Group estimates the costs at each balance sheet date. However, given that landlords often regard the nature of changes made to properties as improvements, the Group estimates that it is unlikely that any material dilapidation payments will be necessary. Consequently, provision has been made only for those potential dilapidation payments when it is probable that an outflow will occur and can be reliably estimated.

Regus plc S.A. parent company accounts

Company balance sheet

	As at 31 Dec 2008 (Luxembourg GAAP) £m
Assets	
C. Fixed Assets	
III. Financial assets	
1. Shares in affiliated undertakings	**295.2**
2. Loans to affiliated undertakings	**552.2**
D. Current assets	
III. Transferable securities	
2. Own shares (5,950,000 shares of £0.01 per share)	**1.4**
IV. Cash at bank and in hand	**0.2**
Total assets	**849.0**
Liabilities	
A. Capital and reserves	
I. Subscribed capital	**9.5**
II. Share premium account	**53.7**
IV. Reserves	
1. Reserve for own shares	**1.4**
2. Other reserve	**518.6**
V. Profit or loss for the financial period	**261.5**
B. Provisions for liabilities and charges	
3. Other provisions	**0.2**
C. Creditors	
4. Trade creditors becoming due and payable within one year	**0.1**
5. Amounts owed to affiliated undertakings	
becoming due and payable within one year	**3.4**
becoming due and payable after more than one year	**0.5**
6. Other creditors	
becoming due and payable within one year	**0.1**
Total liabilities	**849.0**

Approved by the Board on 20 March 2009.

Mark Dixon
Chief Executive Officer

Stephen Gleadle
Chief Financial Officer

Accounting policies

Basis of preparation

The financial statements have been prepared in accordance with applicable Luxembourg accounting standards and under the historical cost accounting rules which differ in material respects from IFRS in both the measurement and presentation of certain transactions.

The Company is included in the consolidated accounts of Regus plc S.A.

The balance sheet has been extracted from the full accounts of Regus plc S.A. for the period ended 31 December 2008 which are available from the Company's head office, 26 Boulevard Royal, L-2449 Luxembourg and which will be filed with both the Luxembourg Chamber of Commerce and the Jersey Companies Registry.

Segmental analysis – management basis (unaudited)

	Americas	EMEA	Asia Pacific	United Kingdom	Other	Total
	2008	2008	2008	2008	2008	2008
Mature						
Workstations	56,579	27,603	11,288	25,833	–	121,303
Occupancy (%)	86.2	88.7	82.1	84.4	–	86.0
Revenue (£m)	363.1	276.9	81.0	197.1	–	918.1
Contribution (£m)	115.3	102.8	30.4	40.3	–	288.8
2007 Expansions						
Workstations	9,514	2,996	6,187	2,507	–	21,204
Occupancy (%)	79.4	78.5	73.5	73.9	–	76.9
Revenue (£m)	41.7	30.7	30.2	14.9	–	117.5
Contribution (£m)	5.9	9.0	9.4	1.8	–	26.1
2008 Expansions						
Workstations	3,487	1,753	2,047	2,477	–	9,764
Occupancy (%)	59.0	55.9	48.1	61.0	–	56.6
Revenue (£m)	7.2	10.2	6.8	9.2	–	33.4
Contribution (£m)	(4.1)	(1.4)	(2.6)	(2.2)	–	(10.3)
2008 Closures						
Workstations	593	–	314	82	–	989
Occupancy (%)	79.2	–	94.6	90.3	–	85.0
Revenue (£m)	2.9	1.4	3.0	0.9	–	8.2
Contribution (£m)	(0.1)	0.8	0.3	0.1	–	1.1
Total						
Workstations	70,173	32,352	19,836	30,899	–	153,260
Occupancy (%)	83.9	86.0	76.1	81.7	–	82.9
Revenue (£m)	414.9	319.2	121.0	222.1	–	1,077.2
Contribution (£m)	117.0	111.2	37.5	40.0	–	305.7
REVPAW (£)	5,912	9,871	6,095	7,188	–	7,029

Segmental analysis – management basis (unaudited)

	Americas	EMEA	Asia Pacific	United Kingdom	Other	Total
	2007	2007	2007	2007	2007	2007
Mature						
Workstations	55,779	27,225	11,027	25,746	–	119,777
Occupancy (%)	85.8	87.1	80.1	83.5	–	85.1
Revenue (£m)	315.9	225.8	67.7	195.3	–	804.7
Contribution (£m)	101.9	81.1	25.8	42.9	–	251.7
2007 Expansions						
Workstations	4,092	1,520	3,195	1,548	–	10,355
Occupancy (%)	69.1	54.4	33.1	63.8	–	55.0
Revenue (£m)	13.0	9.2	5.5	8.9	–	36.6
Contribution (£m)	(1.1)	(1.9)	(0.5)	(1.1)	–	(4.6)
2007 Closures						
Workstations	288	330	–	443	–	1,061
Occupancy (%)	76.5	86.2	–	85.8	–	83.4
Revenue (£m)	1.5	2.4	–	2.4	–	6.3
Contribution (£m)	(0.1)	0.5	–	(0.7)	–	(0.3)
2008 Closures						
Workstations	1,001	50	526	168	–	1,745
Occupancy (%)	81.9	89.3	93.4	87.7	–	86.2
Revenue (£m)	5.9	2.9	4.5	1.5	–	14.8
Contribution (£m)	2.0	0.6	2.2	0.3	–	5.1
Total						
Workstations	61,160	29,125	14,748	27,905	–	132,938
Occupancy (%)	84.7	85.3	69.9	82.4	–	82.7
Revenue (£m)	336.3	240.3	77.7	208.1	–	862.4
Contribution (£m)	102.7	80.3	27.5	41.4	–	251.9
REVPAW (£)	5,497	8,251	5,267	7,460	–	6,487

Notes:

- The mature business is defined as those centres owned and operated at least 12 months prior to 1 January 2007 and therefore have a full 12 month comparative.
- Expansions include new centres opened and acquired businesses.
- A 2008 closure is defined as a centre closed during the 12 months ended 31 December 2008 for which there is a 12 month comparative in 2007. A 2007 closure is defined as a centre closed during the 12 months ended 31 December 2007.
- Workstation numbers are calculated as the weighted average for the year.
- EMEA represents Europe (excluding UK), Middle East and Africa

Five year summary

	Full year ended 31 Dec 2008 £m	Full year ended 31 Dec 2007 £m	Full year ended 31 Dec 2006 £m	Full year ended 31 Dec 2005 £m	Full year ended 31 Dec 2004 £m
Revenue	**1,077.2**	862.4	680.0	463.3	312.2
Cost of sales before non-recurring costs	**(771.5)**	(610.5)	(495.9)	(346.2)	(258.2)
Non-recurring cost of sales				0.1	(6.6)
Cost of sales	**(771.5)**	(610.5)	(495.9)	(346.1)	(264.8)
Gross profit (centre contribution)	**305.7**	251.9	184.1	117.2	47.4
Administration expenses before non-recurring expenses	**(158.3)**	(129.3)	(101.9)	(64.9)	(44.2)
Non-recurring administration expenses				(5.0)	(2.0)
Administration expenses	**(158.3)**	(129.3)	(101.9)	(69.9)	(46.2)
Operating profit	**147.4**	122.6	82.2	47.3	1.2
Share of post-tax profit/(loss) of joint ventures	**2.3**	0.8	(0.1)	(0.2)	(0.7)
Share of post-tax profit/(loss) of associate	**–**	–	1.2	0.2	(3.0)
Profit/(loss) before financing costs	**149.7**	123.4	83.3	47.3	(2.5)
Finance expense	**(6.8)**	(8.1)	(8.0)	(10.8)	(3.7)
Finance income	**6.3**	4.1	2.2	2.2	1.3
Profit/(loss) before tax for the year	**149.2**	119.4	77.5	38.7	(4.9)
Tax (charge)/credit	**(34.3)**	(15.8)	4.8	6.1	2.6
Profit/(loss) after tax for the year	**114.9**	103.6	82.3	44.8	(2.3)
Attributable to:					
Equity shareholders of the parent	**113.9**	103.1	82.3	44.5	(2.4)
Minority interests	**1.0**	0.5	–	0.3	0.1
	114.9	103.6	82.3	44.8	(2.3)
Earnings/(loss) per ordinary share (EPS):					
Basic (p)	**12.0p**	10.5p	8.4p	4.5p	(0.3p)
Diluted (p)	**11.8p**	10.4p	8.3p	4.5p	–
Weighted average number of shares outstanding ('000s)	**950,320**	980,962	984,792	984,792	859,702
Balance sheet data (as at 31 December)					
Intangible assets	**330.3**	269.9	263.1	161.0	133.2
Property, plant and equipment	**278.0**	184.7	127.2	76.6	76.1
Deferred tax assets	**79.0**	46.8	36.1	21.9	6.2
Trade and other receivables	**282.4**	217.2	172.7	100.3	76.0
Cash and cash equivalents	**219.5**	142.9	80.9	74.1	82.3
Total assets	**1,189.2**	861.5	680.0	433.9	373.8
Current liabilities	**592.3**	448.2	340.8	229.9	182.4
Non-current liabilities	**108.1**	96.1	103.0	43.3	88.8
Provisions	**8.5**	7.4	11.7	7.9	8.9
Equity minority interests	**0.3**	0.5	–	–	(0.6)
Equity shareholders' funds	**480.0**	309.3	224.5	152.8	94.3
Total liabilities and equity	**1,189.2**	861.5	680.0	433.9	373.8

Corporate directory

Secretary and Registered Office
Tim Regan, Company Secretary
Regus plc (Société Anonyme)

Registered Office:	Registered Head Office:
22 Grenville Street	26 Boulevard Royal
St Helier	L-2449 Luxembourg
Jersey	
JE4 8PX	

Registered Number

Jersey	Luxembourg
101523	R.C.S. B 141 159

Registrars
Equiniti (Jersey) Limited
PO Box 63
11 – 12 Esplanade
St Helier
Jersey
JE4 8PH

Auditor
KPMG Audit S.à.r.l.
9 allée Scheffer
L-2520 Luxembourg

Legal advisers to the Company as to English law
Slaughter and May
One Bunhill Row
London EC1Y 8YY

Legal advisers to the Company as to Luxembourg law
Elvinger Hoss & Prussen
2 Place Winston Churchill
L-2014 Luxembourg

Corporate Stockbrokers
Dresdner Kleinwort Limited
30 Gresham Street
London EC2V 7PG

Credit Suisse First Boston
One Cabot Square
London E14 4QJ

Reservations
UK telephone: 0870 880 8484
US telephone: 1.877.REGUS.87 or
001 954 331 1647

Websites
www.regus.com
www.hq.com

Glossary

Available workstations
The total number of workstations in the group (also termed Inventory). During the year, this is expressed as a weighted average. At period ends the absolute number is used.

Non-consolidated workstations
Workstations operated through managed centres, joint ventures and franchise operations.

Centre Contribution
Gross profit comprising centre revenues less direct operating expenses but before administrative expenses.

EBITDA
Earnings before interest, tax, depreciation and amortisation.

Enquiries
Client enquiries about Regus products or services.

Expansions
A general term which includes new business centres established by Regus and acquired centres in the year.

Forward Order Book
The future workstation revenue already contracted with clients at a point in time.

Like for like or mature business
The financial performance from centres owned and operated for a full 12 months prior to the start of the financial year which therefore have a full-year comparative.

Occupancy
Occupied workstations divided by available workstations expressed as a percentage.

Occupied workstations
Workstations which are in use by clients. This is expressed as a weighted average for the year.

Organic growth
Growth attributable to the mature portfolio and from new business centres established by Regus.

REVPAW
Total Revenue per available workstation (Revenue / Available workstation).

REVPOW
Total Revenue per occupied workstation.

Regus plc S.A.
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www.regus.com