22 March 2010

REGUS PLC – ANNUAL RESULTS ANNOUNCEMENT - YEAR ENDED 31 DECEMBER 2009

Regus, the world's largest provider of outsourced workplaces, announces today its annual results for the year ended 31 December 2009.

FINANCIAL HIGHLIGHTS

- Revenues were £1,055.1m (2008: £1,077.2m)
- Operating profit was £86.0m* (2008: £147.4m)
- Cost savings ahead of plan of £54.6m
- Basic EPS at 7.1p (2008: 12.0p)
- Net cash increased to £237.0m (2008: £211.2m)
- Total dividends up 33% to 2.4p (2008: 1.8p per share) reflecting our strong cash generation and growth prospects

* Results include exceptional net income from settlement of a legal dispute of £18.3 million and after charging £2.6 million of exceptional restructuring costs.

OPERATIONAL HIGHLIGHTS

- Average available workstations increased by 5.3% to 161,455 (2008: 153,260)
- Average mature occupancy 79.7% (2008: 84.7%)
- A further 45 new centres opened in 2009 (2008: 112)
- Businessworld - 82% increase in membership to 320,000
- Global footprint established in 78 countries, including new openings in Estonia and Senegal.

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

"In a challenging economic environment, Regus has proven resilient and flexible, delivering a sound performance and ending the year with a very healthy net cash position of £237 million. Despite pressure on our price and occupancy, our strategy of creating a long-term balanced business mix has proven successful over the past year as we increased global brand awareness, further diversified our product mix, and achieved controlled, geographic growth including the opening of 45 new centres.

While the outlook remains unclear, particularly for the UK, we are cautiously optimistic across our other three geographies. We remain focused on increasing revenues, flexing our cost base and further improving efficiency in order to restore our margin. We are experiencing an increased level of growth opportunities as the trend toward flexible working accelerates. This, combined with our strong cash position, will allow us to step up our new centre opening programme in 2010."

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Chairman's statement

I am pleased to report another year of continued cash generation for the Group. While our post-tax earnings have fallen from £114.9 million to £67.7 million our net cash has increased by £25.8 million to £237.0 million. This benefits from exceptional net income from settlement of a legal dispute of £18.3 million but is after having returned £20.0 million to shareholders and invested £28.3 million in developing our workstation footprint globally. Both actions reflect the ongoing success of our strategy in creating a well balanced and resilient business mix.

Financial performance

Group revenue has marginally decreased 2.1% to £1,055.1 million and gross profit by 22.9% to £235.6 million. Adjusting for the impact of new centre growth, revenue and gross profit decreased by 3.8% and 23.7% respectively. Average occupancy decreased to 77.7% from 82.9% in 2008 and revenue per available workstation ("REVPAW") decreased 7.0% to £6,535 from £7,029 in 2008.

We continue to reduce our cost base to mitigate the impact of the pressures on our revenue – in the year to 31 December 2009 we delivered cost reductions ahead of plan of £54.6 million.

All of these factors combined contributed to earnings (profit after tax) declining by 41.1% to £67.7 million and basic earnings per share decreasing by 40.8% to 7.1p.

Capacity growth

Despite the current trading conditions we have continued to identify and pursue appropriate growth opportunities – both in new markets (such as Senegal, Estonia and Mauritius) and in new cities in existing markets (such as Hiroshima and Brasilia). In the year to 31 December 2009, we grew our average available workstations by 5.3%.

During the financial year we opened 45 centres for a total investment of £28.3 million. We will continue to pursue low risk targeted investments to strengthen our market position.

Dividend

It remains the intention of the Board to pay dividends at a level which it believes is sustainable throughout economic cycles and in line with its progressive payment policy. Reflecting the Group's robust trading performance, strong cash position and confidence in the future prospects for the Group, the Board is recommending a 33% increase in the final dividend per share from 1.2p per share to 1.6p per share. This will be in addition to the interim dividend of 0.8p per share paid in October 2009 which also reflected a year on year increase of 33%. Subject to the approval of shareholders at the 2010 AGM, this final dividend will be paid on Friday 28 May 2010 to shareholders on the register at the close of business on Friday 30 April 2010.

Chairman

As announced in December, I will retire from Regus at the Annual General Meeting in May when Douglas Sutherland, who joined the Board in August 2008, will become Chairman. I wish Douglas every success and good fortune in the role. He brings with him a wealth of business experience, most recently as Chief Financial Officer of Skype during its acquisition by eBay in October 2005 and 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).

I would also like to thank Martin Robinson, who is also retiring from the Board at the forthcoming Annual General Meeting, for his significant contribution over the last eight years.

Over the past eight years of my tenure as Chairman, Regus has been transformed into a customer focused, genuinely international company, now operating in 78 countries. The past year has seen extremely adverse trading conditions but Regus is well-placed for the future, with a strong, international management team and a consistent strategy which I am confident will deliver long-term value to shareholders.

John Matthews
Chairman
22 March 2010

Chief Executive's Review

Overview

Over the course of 2009 we have delivered a robust performance which underscores the resilience of our business model. Despite this once in a generation recession and the extremely challenging and unpredictable trading conditions which have resulted, the geographic and product diversification we have established – and continue to develop – has benefitted us, and reflects the success of our long-term strategy in creating a balanced business mix.

We have taken aggressive action to reduce our cost base and have remained profitable throughout the year. We continue to re-evaluate our costs on an ongoing basis and in particular look to continue improving the efficiency of the business model. In addition we will take additional cost savings measures as necessary and without delay, including centre closures where continued under performance is anticipated.

With continued cash generation producing a free cash flow of £80.3 million, we can be confident that we enter 2010 with a stronger balance sheet than was the case twelve months ago.

Our brand awareness continues to grow, and whilst we are now present in 78 countries, we are confident that we can continue to gain market share and expand our global footprint further. We remain ready to take advantage of sustainable and profitable opportunities for developing our portfolio and for ensuring we are appropriately positioned to take advantage of a recovery when it arrives.

Operational Review

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

£ million	Revenue**		Contribution**		Mature Margin*		Mature Occupancy*	
	2009	2008	2009	2008	2009	2008	2009	2008
Americas	423.8	414.9	92.9	116.1	24%	30%	79.3%	85.4%
EMEA	306.2	319.0	83.0	109.2	29%	36%	81.2%	87.7%
Asia Pacific	132.3	120.9	40.3	37.4	34%	36%	78.1%	79.0%
UK	191.4	220.8	18.5	41.5	11%	20%	79.8%	83.4%
Other	1.4	1.6	0.9	1.5				
	1,055.1	**1,077.2**	**235.6**	**305.7**	**24%**	**30%**	**79.7%**	**84.7%**

** The mature business is defined as the performance from centres owned and operated at 1 January 2008*

*** Restated to reflect the implementation of IFRS 8, see note 2 to the financial results.*

OVERALL

The Group's strategy of controlled and disciplined growth has resulted in an increase in total capacity (including non-consolidated workstations) of 1.0% to 173,004 workstations in the year and the number of actual workstations by 2.9% to 163,740 workstations as at 31 December 2009. The Group has opened 45 new centres this year with the total number of centres now standing at 983. The new centres reflect the Group's strategy of focusing on diverse growth opportunities with 87.0% of new centres opened on variable or flexible lease deals reflecting the focus on low risk opportunities. New locations included Brasilia in Brazil, Doha in Qatar, Dakar in Senegal, Talinn in Estonia and Platina in India.

AMERICAS

Our business in the Americas comprises Canada, USA and South America, encompassing 483 centres across 14 countries. Our main business in the USA operates 400 centres. At actual exchange rates, the region delivered revenues of £423.8 million - up 2.1% on 2008 and average mature occupancy of 79% during the period (2008: 85%). During the year, we added 14 centres which

contributed to the increase in the average number of consolidated workstations from 70,173 in 2008 to 72,277 in 2009. We opened our first centre in the new market of Paraguay.

Our focus remains on maximising our yield on our current centre portfolio, continuing to scrutinise intensely our existing cost structure and pursue opportunistic growth where it fits with our ongoing strategy.

EMEA

Our business in EMEA encompasses 248 centres across 45 countries. The region delivered revenues of £306.2 million - down 4.0% on 2008 and achieved an average mature occupancy of 81% (2008: 88%). During the year we opened 15 centres which contributed to the increase in the average number of consolidated workstations from 32,352 in 2008 to 34,260 in 2009. We opened our first centres in Senegal, Mauritius and Estonia.

We will seek to recover a substantial part of the price erosion experienced in 2009, whilst maintaining occupancy levels, and at the same time open more centres by exploring low risk acquisitions and new centre openings. Furthermore the expansion of the regional service centre in Prague will enable us to ensure better consistency and procedures, and help us drive cost saving initiatives further.

ASIA PACIFIC

Our business in Asia operates in 116 centres across 16 countries. The region delivered revenues of £132.3 million - up 9.4% on 2008 and achieved an average mature occupancy of 78% (2008: 79%). During the year we opened 6 centres, which increased the average number of consolidated workstations from 19,836 in 2008 to 21,390 in 2009. We opened our first centre in the new market of Macau.

Looking ahead into 2010 we are well positioned to continue to consolidate our position as the largest provider of serviced offices across all Asia Pacific markets. We are seeing many opportunities for measured growth in the region using risk structured new development opportunities, while continuing to focus on the operational effectiveness of our current portfolio of centres. We have built, and are now finessing, a full back office service centre in the Philippines which is already delivering both operational as well as financial efficiencies throughout the region.

UK

Conditions during 2009 continued to be extremely challenging with renewed pressure on key performance indicators and particularly price. Set against this backdrop, the region delivered revenues of £191.4 million - down 13.3% on 2008 and achieved an average mature occupancy of 80% (2008: 83%). During the year, we opened 10 centres which contributed to the increase in the average number of consolidated workstations from 30,899 in 2008 to 33,528 in 2009.

Looking ahead we will seek to address the performance of our loss making centres in the UK by both focusing on driving up revenues through targeted marketing and new product initiatives as well as seeking cost reductions. Allied to this, we are restructuring part of our UK business having regard, of course, to the interests of all concerned. Like many other companies with operations in the UK, we are seeking to renegotiate a small number of leases where this is critical to improving a centre's performance and where the historic rent is not reflective of current market conditions. We very much hope the restructuring can be achieved consensually but in the event that this is not possible other measures may be necessary.

However we remain fully committed to developing the business and growing our leadership position in the UK. We will therefore continue to pursue low risk growth opportunities to expand and are contracted to open six centres in the next two months.

Strategy and objectives

Despite the severity of the current downturn, our strategic approach remains fundamentally unchanged – that of continued profit and cash generation through controlled and disciplined capacity growth.

After 20 years in business, we have barely scratched the surface of accommodating the way people work. By updating their workplace strategy, companies will reduce overall facilities expenses and will be in a stronger position for success. Furthermore, with forecast changes over the next decade which could see the property market fundamentally altered by huge increases in energy and transport costs and employee demand for a better work-life balance, we feel uniquely positioned in the market to support our current and future customers.

Against this backdrop of constant economic and social change, we will continue to seek to manage our business in a sustainable way, which will have positive impacts on the environment and on the communities in which we operate. We do not consider these goals mutually exclusive to achieving our wider strategic and financial objectives, which continue to be to pursue continued profit and cash generation.

The fundamental drivers of our ability to maximise what we see to be significant future opportunities for growth remain

- Needs of our customers
- Systems and technology
- People and processes

Needs of our customers

It has been two decades since we commenced trading from our first centre in Belgium, and our current portfolio of nearly 1,000 centres in 78 countries is a testament to the growth and solidity of our brand, now recognized globally as the market leader.

Late in 2009 we undertook an extensive survey of global business leaders to assess what they felt the workplace of the future could look like. The following key trends were identified

- Two thirds of business leaders were implementing extensive innovations to their workplace models over the next three years, primarily through implementing 'socially-networked' workplaces and 'trust-based' practices. These initiatives actively encourage employees to engage and collaborate with likeminded people far beyond the traditional workplace boundaries - with a view to significantly increasing innovation and strengthening competitive and creative developments.

- More than 40% of business leaders are changing their workplace models to become more collaborative in nature.

- Technology continues to revolutionise how individuals work and how companies employ people – the workforce is increasingly working from home some of the time, with benefits to companies in terms of reduced fixed-office space, and benefits to employees in reducing commute times and in having an environmental upside.

These findings also continue to be supported by independent third party studies which indicate that

- it will be even more important in the future to choose the best location for a business centre, avoiding locations where workers have to commute long distances by car, and

- business centre operators will themselves have to be flexible in terms of what they offer to their customers, and ready to adapt to changes in both what clients want and who the clients are.

In light of this, we continue to feel strongly that the Regus product and service offerings available accommodate all businesses – regardless of size – and are uniquely placed to accommodate anticipated changes to the future workplace on a global scale. Within the current severe trading environment, the Regus proposition also continues to offer businesses immediate and effective cost saving options with the added liquidity advantage of no capital investment.

Systems and technology

Our global scope requires a constant need for technological development and innovation and 2009 has been no different. During the year

- We have launched our online service agreement initiative, which involves prospective clients being given online visibility of their proposed, specific agreement, in an easy to use way, enabling them to conveniently sign-up to the agreement on-line on their PC, without the need for printing, signing and faxing.

- Booking of Meeting Rooms and Day Offices and Video Conferencing facilities on-line via our real-time reservation sites has been implemented. Some 11% of all bookings now go through this route, and we are growing this number every month – with the added benefit of an increase in average booking value via this route. The service gives both a more convenient experience for our clients as well as reducing our cost of sale.

- There has been a further advanced development of our centre front-desk Point of Sale software. We now have a feature rich solution enabling full support of our clients and centre teams in this highly intuitive software.

- We have implemented our new Business Data Warehouse, which now sends out a daily action-targeted report to every centre and salesperson in Regus, who receive them at the start of their day wherever they are around the globe. These reports are used to focus effort for the day, plan the coming days and to improve overall performance.

We also continue to develop our internal global inventory and reservation system to meet the changing global demands of our business.

People and processes

After one of the most challenging years for business that any of us can remember, the efforts of all of our 5,500 team members have been critical to weathering the storm and to continuing to provide the best level of service possible for our customers. Our business relies upon our people, and from a strong platform for growth in 2010, their continued dedication and delivery will be critical to our maximising our potential. I would therefore like to take this opportunity to thank all of them throughout the Group for their significant efforts in the year.

During 2009, we launched "Reguscareers.com", on a global basis, and have seen this positively received by both employees and prospective candidates alike. This interactive web-site, tailored for our key global markets, allows us to

- highlight the wide variety of career options available globally with Regus
- give a clear "day-in-the-life-of" overview for a number of roles throughout the Company;
- provide career building guidance for existing employees

We have also considerably updated core elements of our learning and development programmes to identify and train the next generation of leaders, as well as to ensure talented people within our business are given the appropriate training and encouragement to develop. Specific examples in 2009 have included

- Creation of new sales content to reflect changes to the sales process and newly defined roles
- Introduction of field-based Sales and Operations Drills to reinforce critical skills on a monthly basis
- Development of Leadership Skills Training for Area Directors, Area Operations and Commercial Directors)
- Introduction of new field manuals and a complete training suite to support "SmartWorking" for centre and area staff; driving forward consistency of approach and best practice in customer service.
- Creation of additional on-line learning modules and assessments to reinforce key knowledge and skills

Responding to Market conditions

Throughout 2009, and in line with our previously communicated intentions, the Group has continued to move decisively to adapt its cost base to the increasingly challenging trading conditions which prevailed in the majority of its markets. We have delivered full year cost savings of £54.6 million when compared to 2008, which exceeded our expectations - but which have not left us complacent.

Costs continue to be monitored closely and will be managed at a level which ensures that they remain appropriate for forecast activity levels. In addition, capital spending is being carefully controlled to ensure that we maximise as quickly as possible the value of any investment we make and that we focus on growth opportunities in the most resilient and profitable sectors of the global economy. Working capital management also remains a key focus for the business and we have continued to manage our cash flow tightly.

At the same time, the Group has continued to drive forward with a number of initiatives to increase commercial and operational efficiencies within its regions, and we anticipate completion of the migration of certain administrative functions into our regional service centres during 2010. We have already started to benefit from certain cost savings associated with these centralised locations, and would expect to garner operational efficiencies shortly.

In December 2009, we implemented a restructuring plan to further develop and accelerate our activities relating to the development of our regional service centres. This plan includes reductions in our worldwide workforce, the closure of certain underperforming facilities, and reductions in other related asset values. We incurred an exceptional charge of £2.6 million in 2009 relating to the delivery of the initial phases of this restructuring plan.

Board Changes

I would like to take this opportunity to thank John Matthews and Martin Robinson for their significant contribution to the business over the years. Their leadership within Regus has been considerable during their tenure and they have proven real assets to the business. Douglas Sutherland is an excellent candidate to succeed John as Chairman of Regus and we are delighted that he has accepted the role.

Outlook

While the outlook remains unclear, particularly for the UK, we are cautiously optimistic across our other three geographies. We remain focused on increasing revenues, flexing our cost base and further improving efficiency in order to restore our margin. We are experiencing an increased level of growth opportunities as the trend toward flexible working accelerates. This, combined with our strong cash position, will allow us to step up our new centre opening programme in 2010.

Mark Dixon
Chief Executive
22 March 2010

Financial Review

Introduction

Although we have seen the worst global economic conditions in recent memory, I am pleased to announce that the Group's results for the year ended 31 December 2009 have demonstrated the underlying resilience of our business model.

Cash generated from operations (before the benefit of exceptional items) has remained robust at £105.1 million (2008: £249.6 million). This has allowed us to both continue investing in the business and increase our full year dividend by 33%.

Overall, our net cash on the balance sheet has increased from £211.2 million at the end of 2008 to £237.0 million at the end of 2009 after investing £48.5 million on capital expenditure and £20.0 million on dividends. The closing cash balance also benefited from the receipt of £18.3 million of exceptional net income from the settlement of a previously disclosed legal dispute.

Revenue and gross profit (centre contribution)

Revenue for the Group declined 2.1% to £1,055.1 million (2008: £1,077.2 million) and gross profit (centre contribution) decreased 22.9% to £235.6 million (2008: £305.7 million).

This movement can be analysed as follows:

£ million	**Revenue**	**Gross profit**	**Margin %**
31 December 2008	**1,077.2**	**305.7**	**28.4%**
Impact of exchange rates	115.7	36.6	
31 December 2008 at constant exchange rates	**1,192.9**	**342.3**	**28.7%**
Change in mature business	(156.1)	(108.5)	
Centres added in 2008	35.0	12.2	
Centres added in 2009	6.2	(1.8)	
Centres closed	(22.9)	(8.6)	
31 December 2009	**1,055.1**	**235.6**	**22.3%**

Sterling weakened year on year against both the US dollar and the Euro by an average of 14.9% and 10.0% respectively. This would have increased our revenue by £115.7 million and contribution by £36.6 million. Excluding the favourable exchange impact, revenues fell by 11.6% and contribution by 31.2% on a constant currency basis.

Our mature or "like for like" business decreased its revenues by £156.1 million and contribution by £108.5 million driven by reductions in both occupancy and price partially offset by cost savings.

Centres added in 2008 contributed £35.0 million of revenue and £12.2 million of contribution, reflecting our ability to improve profitability of centres in the year following opening by increasing both occupancy and price.

New centres added in 2009 contributed £6.2 million of revenue but reduced contribution by £1.8 million due to the normal start up losses incurred in establishing new centres.

The year on year impact of closing centres was to reduce revenue by £22.9 million and contribution by £8.6 million.

Taking all this together contribution margins reduced from 28.4% to 22.3%.

Administration expenses

Administrative expenses increased by £9.6 million to £167.9 million in the 2009 compared to 2008. As a percentage of revenue they have increased to 15.9% (2008: 14.7%).

This increase can be broadly analysed:

£ million	
31 December 2008	**158.3**
Impact of exchange rates	14.0
31 December 2008 at constant exchange rates	**172.3**
Impact of “Smartworking” programme	23.6
2010 restructuring plan	2.6
Underlying cost savings	(30.6)
31 December 2009	**167.9**

During 2009, the Group accelerated the “Smartworking” programme which is centralising certain operational and finance processes previously carried out by centre staff. This has caused an increase in administrative costs offset by reductions in centre costs.

As part of the on-going process of realising cost savings, in December 2009 the Board approved a further restructuring plan for the Group with the target of delivering savings in 2010 of £11.3 million (£13.2 million on an annualised basis) at a cost of £2.6 million. These savings will be achieved by further improving the efficiency of our back office support functions and sales teams through leveraging the establishment of the regional shared service centres and a restructured sales force. In addition we will continue to aggressively address the parts of the Regus network that do not make an adequate contribution to Group performance.

The underlying cost savings have been referred to below.

Cost reduction initiatives

The Group exceeded its target and delivered full year cost savings of £54.6 million on a year on year basis.

The year on year saving can broadly be analysed as follows:

£ million	**Centre costs**	**Administration expenses**	**Total costs**
31st December 2008	**771.5**	**158.3**	**929.8**
Impact of exchange rates	79.1	14.0	93.1
Comparative at constant exchange rates	**850.6**	**172.3**	**1,022.9**
Impact of “Smartworking” programme	(23.6)	23.6	--
2010 restructuring plan	--	2.6	2.6
Impact of Growth and Closures	16.5	--	16.5
Underlying cost savings	(24.0)	(30.6)	(54.6)
31 December 2009	**819.5**	**167.9**	**987.4**

Operating profit (before exceptional income)

Arising from the above, operating profit was £67.7 million (2008: £147.4 million), representing a margin of 6.4% (2008: 13.7%).

Exceptional income
In the period ended 31 December 2009 the Group recognised exceptional net income of £18.3 million from the settlement of a dispute with a supplier.

Share of profit in joint ventures
In the twelve months ended 31 December 2009, the share of joint venture profits attributable to Regus decreased to £2.0 million (2008: £2.3 million). This reflects trading performance in the USA and start-up losses in new joint ventures partially offset by improved profitability in the Middle East.

Financing costs
Financing costs can be summarised as follows:

£ million	**2009**	**2008**
Interest payable	(1.6)	(3.5)
Interest receivable	2.6	5.3
Finance lease interest	(0.1)	(0.2)
Non-cash: Amortisation of deferred financing fees	(0.5)	(0.6)
Non-cash: UK acquisition related	(1.5)	(1.5)
Total financing costs	**(1.1)**	**(0.5)**

The lower interest payable reflects the early repayment of the remaining £24 million loan balance outstanding on the Group's senior debt facility in November 2008 and the voluntary surrender in April 2009 of the Group's £100 million undrawn senior committed facility.

The £2.7 million decrease in interest receivable reflects the impact of falling global interest rates (reducing the Group's average yield from 3.55% to 1.19%) partially offset by the increase in the Group's average cash balance to £219.2 million (2008: £150.3 million). The movement in the year end cash balance has been explained in the cash flow section below.

Finance lease costs have remained low reflecting the continued low level of finance lease liabilities held by the Group. The amortisation of deferred financing fees relates to the facility arrangement costs incurred for the new credit facilities entered into during 2006 and which were voluntarily surrendered in April 2009 resulting in the recognition of an accelerated amortisation charge of £0.2 million. 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 year ended 31 December 2009.

Taxation
The Group has recognised a £19.2 million tax charge for the period (representing an accounting tax rate of 22.1% of profit before tax), compared to a charge of £34.3 million (23.0%) in the comparative period.

The current tax charge for the period was £12.5 million (2008: £57.3 million), a decrease from 38.4% to 14.4% of profit before tax. Deferred tax was a £6.7 million charge in the period (2008: £23.0 million credit). This position reflects the utilisation of temporary differences set up as a deferred tax asset in the prior year. On a cash basis, the Group paid £24.3 million in tax. Cash tax represents approximately 28.0% of profit before tax compared to 21.0% in the same period in 2008.

Earnings per share

Earnings per share for the year decreased from 12.0p to 7.1p with the impact of falling underlying operating profits having been offset by a one-off exceptional item and a lower tax charge. The average number of shares in issue during the year reflected the re-purchase of Regus shares under the share buy-back programme during 2008 and consequently reduced to 948,203,737 (2008: 950,319,978).

Dividend

An interim dividend of 0.8p per share was paid on Friday 9 October 2009 and the Board is proposing a final dividend of 1.6p per share. Subject to shareholder approval the full year dividend will have increased 33% year on year. The Group will continue to operate the Income Access Share arrangements for the final dividend to enable shareholders to receive either UK sourced dividends or Luxembourg sourced dividends. Further details can be found at the end of this announcement.

Currency hedging

During 2009, the Group implemented a policy approved by the Board to hedge, subject to strict limits, the rates at which we translate our overseas earnings. As a result the Group realised currency hedging gains of £2.2 million which partially offset the impact of the strengthening of sterling during the year. The Group intends to continue with this strategy in 2010.

Goodwill

Regus has £259.1 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.

The carrying value of the goodwill was tested for impairment at the year end and indicated that no impairment was necessary. Although the short term performance of the business has worsened since the 2008 impairment review was carried out, the relatively high discount rates that were previously applied by the market to our future cash flows have also reduced. It should be noted, however, that the headroom in the calculations particularly with respect to the UK, remains 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 will be provided in our annual report which will be distributed to shareholders at the end of April.

Cash flow

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

£ million	**2009**	**2008**
Cash generated from operations	**105.1**	**249.6**
Exceptional net income from legal settlement	18.3	--
Dividend income and disposal proceeds	1.2	1.9
Tax and net interest paid	(24.1)	(30.2)
Maintenance capex	(20.2)	(32.9)
Free cash flow	**80.3**	**188.4**
New centre openings	(28.3)	(57.4)
Other acquisitions and JV investments	1.0	(12.1)
Share buy back, settlement of share award and dividend	(20.4)	(36.3)
Loan repayment	(0.3)	(37.5)
Change in cash	**32.3**	**45.1**
Opening cash	**219.5**	**142.9**
Change in cash	32.3	45.1
Effect of exchange rates on cash held	(6.7)	31.5
Closing cash and liquid investments	**245.1**	**219.5**

Cash flow from operations before exceptional net income has fallen £144.5 million from £249.6 million to £105.1 million driven both by the impact of the fall in operating profit and an outflow of working capital. As occupancy and price increased in 2008 the business benefited from a working capital inflow of £35.7 million and as it has declined in 2009 there has been a working capital outflow of £39.4 million.

Nevertheless the business has remained strongly cash positive producing a free cash flow of £80.3 million. This has allowed the Group to continue to invest in growth and increase the dividend.

During 2009, 45 new centres were opened at a cost of £28.3 million. In addition to the investment in growth the Group returned £20.0 million to shareholders through the payment of the 2008 final and 2009 interim dividends and still ended the year with an increased cash position. This can be analysed as follows:

£ million	**2009**	**2008**
Cash and cash equivalents	205.1	219.5
Liquid investments	40.0	--
Bank and other loans	(6.0)	(5.3)
Finance leases	(2.1)	(3.0)
Net financial assets/net cash	**237.0**	**211.2**

Liquid investments are comprised of cash balances invested for over 3 months to improve the interest yield. At the balance sheet date the longest remaining maturity was approximately 4 months.

Of the net cash balance £47.0 million is pledged as security against outstanding bank guarantees and a further £17.3 million is pledged against various other commitments of the Group.

In summary, given the robust cash performance in 2009 the Group is both well positioned to manage the continuing uncertain economic climate as well as capitalise on the many growth opportunities that exist in our market place.

Stephen Gleadle
Chief Financial Officer
22 March 2010

Consolidated Income Statement

£m	Note	Year ended 31 Dec 2009 Total	Year ended 31 Dec 2008 Total
Revenue	2	**1,055.1**	1,077.2
Cost of sales		**(819.5)**	(771.5)
Gross profit (centre contribution)		**235.6**	305.7
Administration expenses (including exceptional restructuring and re-organisation costs of £2.6m: (2008: £4.8m))		**(167.9)**	(158.3)
Operating profit (before exceptional income)		**67.7**	147.4
Exceptional net income from legal settlement	3	**18.3**	--
Operating profit		**86.0**	147.4
Share of post-tax profit of joint ventures		**2.0**	2.3
Profit before financing costs		**88.0**	149.7
Finance expense		**(4.4)**	(6.8)
Finance income		**3.3**	6.3
Profit before tax for the period		**86.9**	149.2
Tax charge		**(19.2)**	(34.3)
Profit for the period		**67.7**	114.9
Profit attributable to:			
Equity shareholders of the parent		**67.0**	113.9
Non-controlling interests		**0.7**	1.0
Profit for the period		**67.7**	114.9
Earnings per ordinary share (EPS):			
Basic (p)		**7.1**	12.0
Diluted (p)		**7.0**	11.8

Consolidated Statement of Comprehensive Income

£m	**Year ended 31 Dec 2009**	Year ended 31 Dec 2008
Profit for the period	**67.7**	114.9
Other comprehensive income:		
Foreign currency translation differences for foreign operations	**(29.9)**	87.1
Other comprehensive income for the period, net of income tax	**(29.9)**	87.1
Total comprehensive income for the period	**37.8**	202.0
Total comprehensive income attributable to:		
Equity shareholders of the parent	**37.1**	201.0
Non-controlling interests	**0.7**	1.0
	37.8	202.0

Consolidated Statement of Changes in Equity

	Attribute to equity holders of the parent (note a)								
£m	Share capital	Treasury shares	Foreign currency translation reserve	Revaluation reserve	Other	Retained earnings	Total	Non-controlling interests	Total equity
Balance at 1 January 2008	49.2	(13.4)	(20.1)	10.0	(22.6)	306.2	309.3	0.5	309.8
Total comprehensive income for the period:									
Profit for the period	--	--	--	--	--	113.9	113.9	1.0	114.9
Other comprehensive income:									
Currency translation differences	--	--	87.1	--	--	--	87.1	--	87.1
Total other comprehensive income	--	--	87.1	--	--	--	87.1	--	87.1
Total comprehensive income for the period	--	--	87.1	--	--	113.9	201.0	1.0	202.0
Transactions with owners, recorded directly in equity:									
Share based payments	--	--	--	--	--	4.8	4.8	--	4.8
Ordinary dividend paid	--	--	--	--	--	(15.2)	(15.2)	--	(15.2)
Dividend paid to non controlling interests	--	--	--	--	--	--	--	(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)

Consolidated Statement of Changes in Equity (continued)

	Attribute to equity holders of the parent (note a)								
£m	Share capital	Treasury shares	Foreign currency translation reserve	Revaluation reserve	Other	Retained earnings	Total	Non-controlling interests	Total equity
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 Dec 2008	9.5	(1.4)	67.0	10.0	15.3	379.6	480.0	0.3	480.3
Balance at 1 January 2009	9.5	(1.4)	67.0	10.0	15.3	379.6	480.0	0.3	480.3
Total comprehensive income for the period:									
Profit for the period	--	--	--	--	--	67.0	67.0	0.7	67.7
Other comprehensive income:									
Currency translation differences	--	--	(29.9)	--	--	--	(29.9)	--	(29.9)
Total other comprehensive income	--	--	(29.9)	--	--	--	(29.9)	--	(29.9)
Total comprehensive income for the period	--	--	(29.9)	--	--	67.0	37.1	0.7	37.8
Transactions with owners, recorded directly in equity:									
Deferred tax effect on Share Options	--	--	--	--	--	0.6	0.6	--	0.6
Revaluation of acquisition	--	--	--	0.5	--	--	0.5	--	0.5
Share based payments	--	--	--	--	--	0.7	0.7	--	0.7
Ordinary dividend paid	--	--	--	--	--	(19.0)	(19.0)	--	(19.0)
Dividend paid to non controlling interest	--	--	--	--	--	--	--	(1.0)	(1.0)
Purchase of treasury shares	--	--	--	--	--	--	--	--	--
Settlement of share awards	--	1.0	--	--	--	(1.4)	(0.4)	--	(0.4)
Balance at 31 Dec 2009	**9.5**	**(0.4)**	**37.1**	**10.5**	**15.3**	**427.5**	**499.5**	**--**	**499.5**

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

- Share capital represents the nominal value arising on the issue of the Company's equity share capital.
- At 31 December 2009, treasury shares represent 1,576,498 ordinary shares of the Group that were acquired for the purposes of the Group's employee share option plans and the share buyback programme. During the period, 627,258 shares were purchased in the open market and an additional 4,373,502 of treasury shares held by the Group were utilised to satisfy the exercise of share awards by employees. As at 22 March 2010, 1,076,498 treasury shares were held.
- The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries and joint ventures.

Consolidated Statement of Changes in Equity (continued)

- The revaluation reserve arises on the share of joint ventures and 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. The increase of £0.5 million in the historic cost to fair value arises at the time of the acquisition of the remaining 50% interest in REBC on 31 December 2009.

- Other reserves include £37.9 million arising from the Scheme of Arrangement which took effect 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.

Consolidated Balance Sheet

£m	**As at 31 Dec 2009**	As at 31 Dec 2008
Non-current assets		
Goodwill	**259.1**	274.5
Other intangible assets	**48.3**	55.8
Property, plant and equipment	**240.9**	278.0
Deferred tax assets	**65.1**	79.0
Other long term receivables	**33.0**	38.3
Investments in joint ventures	**4.4**	4.0
	650.8	729.6
Current assets		
Trade and other receivables	**202.8**	231.8
Corporation tax receivable	**10.1**	8.3
Liquid investments	**40.0**	--
Cash and cash equivalents	**205.1**	219.5
	458.0	459.6
Total assets	**1,108.8**	1,189.2
Current liabilities		
Trade and other payables	**(176.7)**	(214.8)
Customer deposits	**(149.3)**	(174.8)
Deferred income	**(114.7)**	(132.6)
Corporation tax payable	**(52.5)**	(61.7)
Obligations under finance leases	**(1.4)**	(1.3)
Bank and other loans	**(6.0)**	(5.1)
Provisions	**(3.9)**	(2.0)
	(504.5)	(592.3)
Net current liabilities	**(46.5)**	(132.7)
Total assets less current liabilities	**604.3**	596.9
Non-current liabilities		
Other payables	**(94.1)**	(99.8)
Obligations under finance leases	**(0.7)**	(1.7)
Bank and other loans	**--**	(0.2)
Deferred tax liability	**(0.7)**	(5.4)
Provisions	**(8.2)**	(8.5)
Provision for deficit on joint ventures	**(1.1)**	(1.0)
	(104.8)	(116.6)
Total liabilities	**(609.3)**	(708.9)
Total assets less liabilities	**499.5**	480.3
Total equity		
Issued share capital	**9.5**	9.5
Treasury shares	**(0.4)**	(1.4)
Foreign currency translation reserve	**37.1**	67.0
Revaluation reserve	**10.5**	10.0
Other reserves	**15.3**	15.3
Retained earnings	**427.5**	379.6
Total shareholders' equity	**499.5**	480.0
Non-controlling interests	**--**	0.3
Total equity	**499.5**	480.3
Total equity and liabilities	**1,108.8**	1,189.2

Consolidated Cash Flow Statement

£m	**Year ended 31 Dec 2009**	Year ended 31 Dec 2008
Profit before tax for the year	**86.9**	149.2
Adjustments for:		
Net finance costs	**1.1**	0.5
Net share of profit on joint ventures	**(2.0)**	(2.3)
Depreciation charge	**66.4**	56.2
Loss on disposal of property, plant and equipment	**0.7**	0.7
Amortisation of intangible assets	**6.7**	6.3
Increase/(Decrease) in provisions	**2.3**	(1.5)
Exceptional net income	**(18.3)**	--
Other non-cash movements – share based payment	**0.7**	4.8
Operating cash flows before movements in working capital	**144.5**	213.9
Decrease /(increase) in trade and other receivables	**18.6**	(6.2)
(Decrease)/increase in trade and other payables	**(58.0)**	41.9
Cash generated from operations (before exceptional)	**105.1**	249.6
Cash inflow from exceptional item	**18.3**	--
Cash generated from operations (after exceptional)	**123.4**	249.6
Interest paid on finance leases	**(0.1)**	(0.2)
Interest paid on credit facilities	**(1.5)**	(4.0)
Tax paid	**(24.3)**	(31.3)
Net cash inflows from operating activities	**97.5**	214.1
Investing activities		
Purchase of subsidiary undertakings (net of cash acquired)	**1.0**	(12.1)
Dividends received from joint ventures	**1.0**	1.0
Sale of property, plant and equipment	**0.2**	0.9
Purchase of property, plant and equipment	**(46.9)**	(87.7)
Purchase of intangible assets	**(1.6)**	(2.6)
Interest received	**1.8**	5.3
Increase in liquid investments	**(40.0)**	--
Cash outflows from investing activities	**(84.5)**	(95.2)
Financing activities		
Net proceeds from issue of loans	**1.5**	--
Repayment of loans	**(0.4)**	(36.1)
Repayment of principal under finance leases	**(1.4)**	(1.4)
Purchase of treasury shares	**--**	(19.9)
Settlement of share awards	**(0.4)**	--
Payment of ordinary dividend	**(19.0)**	(15.2)
Payment of dividend to minority shareholders	**(1.0)**	(1.2)
Cash (outflows) from financing activities	**(20.7)**	(73.8)
Net increase in cash and cash equivalents	**(7.7)**	45.1
Cash and cash equivalents at beginning of period	**219.5**	142.9
Effect of exchange rate fluctuations on cash held	**(6.7)**	31.5
Cash and cash equivalents at end of period	**205.1**	219.5

Notes to the Annual Results Announcement

Note 1: Basis of preparation and accounting policies

Regus plc S.A. is a public limited company incorporated in Jersey and having its place of central administration (head office) in Luxembourg and accordingly being registered as a societe anonyme (SA). The Company's ordinary shares are traded on the London Stock Exchange.

The Group's 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 financial statements were approved by the directors on 22 March 2010.

The financial information set out above does not constitute the company's statutory accounts for the years ended 31 December 2009 or 2008 but is derived from those accounts. Statutory accounts for 2008 have been delivered and those for 2009 will be filed in due course in both Jersey and Luxembourg. The auditors have reported on those accounts; their reports were (i) unqualified, (ii) did not include references to any matters to which the auditors drew attention by way of emphasis without qualifying their reports.

The basis of preparation and accounting policies are set out in full in the Annual Report, and have been applied consistently to all periods presented in these financial statements except as described below. The accounting policies have been applied consistently by Group entities.

The following standards, interpretations and amendments to standards were applicable to the Group for periods commencing on or after 1 January 2009:

(i) IFRS 8 'Operating Segments' requires that operating segments are determined and presented based on the information that is presented internally to the Board (the chief operating decision maker of the Group). Previously operating segments were determined and presented in accordance with IAS 14 'Segment Reporting'. Details of the basis on which the operating segments have been determined and presented are included in note 2 to the condensed consolidated financial information. Comparative information has been re-presented in line with the transitional requirements of IFRS 8. The change in accounting policy only impacts the disclosure of segmental information and therefore has no impact on the financial results or position of the Group.

(ii) Amendments to IAS 1 'Presentation of Financial Statements (2007)' requires that all owner changes in equity are presented in the consolidated statement of changes in equity and all non-owner changes in equity are presented in the consolidated statement of comprehensive income. This presentation has been applied as at and for the twelve months ended 31 December 2009. Comparative information has been re-presented in line with the requirements of the revised standard. As the change in accounting policy only impacts disclosure aspects there is no impact on the financial results or position of the Group.

(iii) The adoption of other amendments that were effective for the year beginning 1 January 2009, including the amendment to IFRS 2 Share-Based Payment – Vesting Conditions and Cancellations; amendment to IFRS 7 Financial Instruments and Disclosures – Improving Disclosures about Financial Instruments and amendments to IAS 39 Financial Instruments: Recognition and Measurement, did not have a material impact on the financial statements

The financial statements are prepared on a historical cost basis, with the exception of certain financial assets and liabilities principally finance leases that are measured at fair value.

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 for preparing the financial statements.

Note 1: Basis of preparation and accounting policies (continued)

In adopting the going concern basis for preparing the financial statements, the Directors have considered the business activities as set out on pages 4 to 5 as well as the Group's principal risks and uncertainties as set out on pages 26 to 28.

Based on the performance of the Group, its financial position and cash flows, the Board is satisfied that the Group is well placed to manage its business risks successfully despite the current uncertain economic outlook.

Further details on the going concern basis of preparation will be disclosed in the Group's Annual Report and Accounts for the year ending 31 December 2009.

Annual Report

Copies of the annual report, which will be posted to shareholders at least 20 working days before the AGM on 18 May 2010, may be obtained from the head office of the Company at 26 Boulevard Royal, L-2449 Luxembourg and the registered office of the Company at 22 Grenville Street, St Helier, Jersey JE4 8PX. The report will also be available on the Company's website at www.regus.com.

Note 2: Operating segments

The Group has implemented IFRS 8 'Operating segments' with effect from 1 January 2009 and this has resulted in a change to the segmental information reported. There are no changes in the operating segments presented, comparative information has been presented on a consistent basis.

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including those that relate to transactions with other operating segments. An operating segment's results are reviewed regularly by the chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

The business is run on a worldwide basis but managed through four principal geographical segments; Americas; Europe, Middle East and Africa (EMEA); Asia Pacific; and the United Kingdom. The United Kingdom segment does not include the Group's non-trading holding and corporate management companies that are based in the UK and the EMEA segment does not include the Group's non-trading head office and holding companies that are based in Luxembourg. The results of business centres in each of these regions form the basis for reporting geographical results to the chief operating decision maker (the Board of Directors of the Group). All reportable segments are involved in the provision of global workplace solutions.

Each reportable segment has its own discrete senior management team responsible for the performance of the segment.

The accounting policies of the operating segments are the same as those described in the Annual Report and Accounts for Regus plc for the year ended 31 December 2009.

£m	Americas		EMEA		Asia Pacific		United Kingdom		All other segments		**Total**	
Twelve months ended 31 December	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	**2009**	**2008**
Revenues from external customers	**423.8**	414.9	**306.2**	319.0	**132.3**	120.9	**191.4**	220.8	**1.4**	1.6	**1,055.1**	**1,077.2**
Revenues from internal customers	**--**	--	**1.1**	0.9	**--**	0.2	**0.9**	1.0	**--**	--	**2.0**	**2.1**
Segment revenues	**423.8**	414.9	**307.3**	319.9	**132.3**	121.1	**192.3**	221.8	**1.4**	1.6	**1,057.1**	**1,079.3**
Reportable segment profit	**35.0**	68.0	**38.7**	70.8	**25.3**	24.2	**(2.9)**	18.4	**0.4**	0.6	**96.5**	**182.0**
Reportable segment assets	**469.5**	535.1	**258.8**	297.8	**129.4**	145.6	**292.2**	278.8	**1.4**	1.4	**1,151.3**	**1,258.7**

Note 2: Operating segments (continued)

Reconciliation of reportable segment profit to published profit:

£m	**Year ended 31 Dec 2009**	Year ended 31 Dec 2008
Reportable segment profit	**96.5**	182.0
Corporate overheads	**(25.2)**	(31.7)
Central costs	**(1.8)**	(6.3)
Exceptional net income from legal settlement	**18.3**	--
Exceptional 2010 restructuring plan	**(2.6)**	--
Foreign exchange gains and losses on inter-segment transactions	**0.8**	3.4
Share of post-tax profit of joint ventures	**2.0**	2.3
Net financing expense	**(1.1)**	(0.5)
Published Group profit before tax	**86.9**	**149.2**

	Americas 2009	**EMEA 2009**	**Asia Pacific 2009**	**UK 2009**	**All other segments 2009**	**Total 2009**
Mature						
Workstations	65,530	30,014	17,448	28,542	--	141,534
Occupancy (%)	79.3	81.2	78.1	79.8	--	79.7
Revenue (£m)	400.2	280.6	113.4	173.8	1.4	969.4
Contribution (£m)	94.6	82.2	38.8	19.1	1.0	235.7
2008 Expansions						
Workstations	4,882	3,364	3,657	4,326	--	16,229
Occupancy (%)	73.6	63.5	63.6	63.7	--	66.6
Revenue (£m)	16.7	20.8	17.2	14.9	--	69.6
Contribution (£m)	0.3	1.8	0.5	(0.2)	--	2.4
2009 Expansions						
Workstations	707	657	260	439	--	2,063
Occupancy (%)	46.0	41.3	34.9	31.1	--	39.9
Revenue (£m)	2.1	2.0	1.5	0.6	--	6.2
Contribution (£m)	(1.2)	(0.8)	1.0	(0.8)	--	(1.8)
2009 Closures						
Workstations	1,158	225	25	221	--	1,629
Occupancy (%)	66.9	63.2	91.0	79.1	--	68.4
Revenue (£m)	4.8	2.8	0.2	2.1	--	9.9
Contribution (£m)	(0.8)	(0.2)	--	0.4	--	(0.6)
Totals						
Workstations	72,277	34,260	21,390	33,528	--	161,455
Occupancy (%)	78.4	78.6	75.1	77.1	--	77.7
Revenue (£m)	423.8	306.2	132.3	191.4	1.4	1,055.1
Segment Contribution (£m)	92.9	83.0	40.3	18.5	1.0	235.7
Unallocated contribution (£m)	--	--	--	--	--	(0.1)
Total contribution (£m)	92.9	83.0	40.3	18.5	1.0	235.6
REVPAW (£)	5,864	8,938	6,185	5,709	--	6,535

Note 2: Operating segments (continued)

	Americas	EMEA	Asia Pacific	UK	All other segments	Total
	2008	2008	2008	2008	2008	2008
Mature						
Workstations	64,807	30,133	17,350	28,029	--	140,319
Occupancy (%)	85.4	87.7	79.0	83.4	--	84.7
Revenue (£m)	397.0	300.8	109.8	206.9	1.6	1,016.1
Contribution (£m)	118.0	107.4	39.3	41.9	1.4	308.0
2008 Expansions						
Workstations	3,064	1,717	2,047	2,477	--	9,305
Occupancy (%)	60.2	55.8	48.1	61.0	--	56.9
Revenue (£m)	6.7	10.1	6.8	9.2	--	32.8
Contribution (£m)	(2.7)	(1.3)	(2.6)	(2.1)	--	(8.7)
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
2009 Closures						
Workstations	1,709	502	125	311	--	2,647
Occupancy (%)	72.7	88.8	93.5	87.2	--	78.4
Revenue (£m)	8.3	6.7	1.3	3.8	--	20.1
Contribution (£m)	0.9	2.3	0.4	1.6	--	5.2
Totals						
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	319.0	120.9	220.8	1.6	1,077.2
Segment Contribution (£m)	116.1	109.2	37.4	41.5	1.4	305.6
Unallocated contribution (£m)	--	--	--	--	--	0.1
Total contribution (£m)	116.1	109.2	37.4	41.5	1.4	305.7
REVPAW (£)	5,913	9,860	6,095	7,146	--	7,029

Notes:

- The mature business is defined as those centres owned and operated at least 12 months prior to 1 January 2008 and therefore have a full 12 month comparative.
- Expansions include new centres opened and acquired businesses.
- A 2009 closure is defined as a centre closed during the 12 month period to 31 December 2009. A 2008 closure is defined as a centre closed during the 12 month period to 31 December 2008.
- Workstation numbers are calculated as the weighted average for the period.

Note 3: Exceptional items

£m	**Year ended 31 Dec 2009**	Year ended 31 Dec 2008
Revenue:		
Exceptional net income from legal settlement	**18.3**	--
Administration expenses:		
Restructuring Plan: Severance provisions and staff redundancy payments	**(2.6)**	--
Costs related to the Group reorganisation and Scheme of Arrangement	**--**	(4.8)

During the year ended 31 December 2009 the Group received a net amount of £18.3 million in relation to the settlement of a dispute with a supplier. The amount represents the cash received in settlement of the dispute less the directly attributable costs associated with the successful outcome of the negotiations.

In December 2009 the Group initiated a new restructuring plan to develop and accelerate the actions which had commenced in 2008 focused on the simplification and rationalisation of the sales and back office processes and to address the parts of the Regus network not generating a sufficient level of profitability. In the year ended 31 December 2009, charges of £2.6 million were recognised in relation to the delivery of Phase 1 and Phase 2 of the restructuring plan.

Note 4: Analysis of net financial resources

£m	At 1 Jan 2009	Cash flow	Non-cash changes	Exchange movement	**At 31 Dec 2009**
Cash and cash equivalents	**219.5**	**(7.7)**	**--**	**(6.7)**	**205.1**
Liquid investments	**--**	**40.0**	**--**	**--**	**40.0**
Gross cash	**219.5**	**32.3**	**--**	**(6.7)**	**245.1**
Debt due within one year	(5.1)	(1.3)	--	0.4	**(6.0)**
Debt due after one year	(0.2)	0.2	--	--	**--**
Finance leases due within one year	(1.3)	--	(0.2)	0.1	**(1.4)**
Finance leases due after one year	(1.7)	1.4	(0.6)	0.2	**(0.7)**
	(8.3)	0.3	(0.8)	0.7	**(8.1)**
Net financial assets	**211.2**	**32.6**	**(0.8)**	**(6.0)**	**237.0**

Cash, cash equivalents and liquid investments balances held by the Group that are not available for use amounted to £64.3 million at 31 December 2009 (December 2008: £14.1 million). This cash serves as collateral against certain obligations of the Group. On 29 April 2009 the Group implemented the early surrender of the £100 million revolving credit facility approved by the Board in March 2009 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 by the Group. In order to continue to support these, the Group deposited cash with the guaranteeing banks and at 31 December 2009, £47.0 million was held on deposit. In addition £33.2 million (December 2008: £11.9 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 2008: £2.2 million) held by the ESOP Trust. These amounts are blocked and not available for use by the business.
Non-cash changes comprise new finance leases drawn.

Note 5: Goodwill and indefinite life intangibles

As at 31 December 2009, the carrying value of the Group's goodwill and indefinite life intangible asset was £259.1 million and £11.2 million respectively (31 December 2008: £274.5 million and £11.2 million respectively). The Group has performed its annual review of the carrying value of the goodwill and indefinite life intangible assets for the year ended 31 December 2009. The recoverable amount of each of the cash generating units (CGU) has been determined based on their value in use,

calculated as the present value of future cash flows attributable to the unit. The recoverable amount exceeds the carrying amount for each of the CGU's. However for the UK CGU, a reasonably possible change in the key assumptions used to determine the recoverable amount could cause the unit's carrying amount to exceed its value in use. Disclosure of the underlying assumptions and sensitivities are made in the Group financial statements.

Note 6: Related parties

During the year ended 31 December 2009 the Group received management fees of £3.5 million (2008: £3.1 million) from its joint venture entities. At 31 December 2009 £2.9 million (2008: £4.9 million) was due to the Group from joint ventures of which £nil of this debt has been provided for at 31 December 2009 (2008: £nil). During the year no loan receivable owed from a joint venture was waived by the Group (2008: £2.0 million).

No loans or credit transactions were outstanding with directors or officers of the Company at the end of the year or arose during the year that are required to be disclosed. During the year ended 31 December 2009 the Group acquired goods and services from a company indirectly controlled by a director of the Company amounting to £30,118 (2008: £18,746). The goods and services were acquired in arms length transactions. There was a nil balance outstanding at year end (2008: Nil)

Compensation paid to the key management personnel of the Group will be disclosed in the Group's Annual Report and Accounts for the year ending 31 December 2009.

Note 7: Events after the balance sheet date

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

Note 8: 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 is an essential part of the annual planning, budgeting and forecasting cycle.

The directors have identified the following principal risks and uncertainties affecting the Group. 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.

Changes in assumptions underlying the carrying value of certain Group assets could result in impairment.

Regus completes a review of the carrying value of its assets annually to assess whether those carrying values can be supported by the net present value of future cash flows derived from such assets. This review examines the continued appropriateness of the assumptions in respect of which the carrying values of certain of the Group's assets are based. This includes an assessment of discount rates and long term growth rates, and timing and quantum of future capital expenditure, Due to the Group's substantial carrying value of goodwill under IFRS, the revision of any of these assumptions to reflect current or anticipated changes in operations or the financial condition of the Group could lead to an impairment in the carrying value of certain assets in the Group. While impairment does not impact reported cash flows, it does result in a non-cash charge in the consolidated income statement and thus no assurance can be given that any future impairments would not affect the Company's reported distributable reserves and therefore its ability to make distributions to its shareholders or repurchase its shares.

The Group's geographic expansion may increase exposure to unpredictable economic, political and legal risks.

Political, economic and legal systems in emerging markets historically are less predictable than in countries with more developed institutional structures. As the Group increasingly enters into emerging markets, the value of the Group's investments may be adversely affected by political, economic and legal developments which are beyond the Group's control.

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 39% 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 to 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 Report and 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 use financial instruments subject to strict limits, to manage 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 also low.

As part of the Group reorganisation, the Group implemented plans to operate an income access share (IAS) arrangement for the payment of dividends. Dividends are currently paid to Regus plc shareholders by either Regus plc (a Luxembourg source) or a wholly-owned subsidiary of Regus plc (a UK source) depending on the IAS election relevant shareholders have made (or have deemed to have made) an IAS election through the IAS arrangements. However there can be no certainty that dividends will continue to 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, systems and regional shared service centres

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 of 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 arrangement with our external data centre provider which incorporates appropriate back-up procedures and controls.

Note 9: Contingent assets and liabilities

The Group has bank guarantees and letters of credit held with certain banks amounting to £47.0 million (2008: £49.7 million). A number of lawsuits are pending against the Group, the outcome of which in aggregate is not expected to have a material effect on the Group.

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ANNUAL REPORT AND FINANCIAL 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 applicable to the Group and the Parent Company requires the Directors to prepare Group and parent company financial statements for each financial year. In accordance with that law they are required to prepare the Group financial statements in accordance with IFRSs as adopted by the EU and applicable law and have elected to prepare the parent company financial statements in accordance with Luxembourg Generally Accepted Accounting Practice and applicable law.

Under applicable company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Parent Company and their profit or loss for the period.

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;
- For the parent company financial statements, state whether applicable Luxembourg accounting standards have been followed, subject to any material departures disclosed and explained in the parent company financial statements; 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 adequate accounting records that are sufficient to show and explain the companies transactions and 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.

Under applicable law and regulations, the Directors are also responsible for preparing a Directors' Report, a Remuneration Report and Corporate Governance Statement that comply with that law and those regulations.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. The Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation by jurisdiction.

The Jersey, Luxembourg and UK legislation governing the preparation and dissemination of the Group and Parent Company financial statements may differ from the applicable legislation in other jurisdictions.

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 Group and Parent Company financial statements have been approved by the Directors of Regus plc. The Directors confirm that the Group and Parent Company financial statements have been prepared in accordance with applicable law and regulations.

We, the Directors of Regus plc confirm that to the best of our knowledge:

- the financial statements prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation as a whole; and
- the Directors' Report, including content contained by reference, includes a fair review of the development and performance of the business and the position of the issuer 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	Stephen Gleadle
Chief Executive Officer	Chief Financial Officer

22 March 2010

DIVIDEND SOURCE ELECTIONS

Shareholders are entitled to elect whether to receive UK source dividends or Luxembourg source dividends. Shareholders who do not elect to receive UK source dividends through the income access share arrangements are reminded that their dividends will be Luxembourg sourced and will generally be subject to Luxembourg withholding tax at the rate of 15 per cent. Unless an election is made to the contrary, shareholders who hold 25,000 or fewer shares in a particular account will be deemed to have elected to receive UK source dividends in respect of those shares. Shareholders who haven't already made an election and who wish to do so, or who wish to change their previous election, should obtain a dividend election form from the Company's registrar, Equiniti Limited, by writing to Aspect House, Spencer Road, Lancing, West Sussex, BN99 6DA. Dividend election forms will also be sent to shareholders with the 2010 AGM notice. In order for elections to be valid, dividend election forms must be received by the Company's registrar by 5.00 p.m. (London time) on 30 April 2010.

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FORWARD-LOOKING STATEMENTS

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

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