Regenersis
Turning Around Technology

Annual Report and Accounts
for the year ended 30 June 2015
Stock Code: RGS

Supporting The Life Cycle Of Technology

Who We Are

Regenersis is a global provider of diagnostics, repair and data erasure services to the consumer electronics industry. We help our clients and their customers successfully deploy, protect, maintain, and retire technology.

Key Strengths

- Ability to combine our capabilities in innovative ways, tailored to individual client needs
- Delivering unique service propositions that reinforce trust in our clients' brands and create value for our business partners and shareholders
- Execution of key services that improve customer experience and add value to technology assets to differentiate their brands and increase customer loyalty
- Unique position in a market that is experiencing explosive growth, addressing the increasing need for sophisticated technology and user support

See our Business Model on page 12 Read more in The Opportunity on page 16

Navigating the Report

For further information within this document and relevant page numbers

Additional information online

In This Report

Depot solutions

Our Depot Solutions Division operates client oriented electronic repair and refurbishment facilities around the world, being one of the leading operators in this field.

Read more about our Depot Solutions on page 10

Software & Advanced solutions

Our Software and Advanced Solutions Division comprises innovative refurbishment and device management businesses, which benefit from Regenersis' global presence and client relationships in Depot Solutions.

Included within this division:

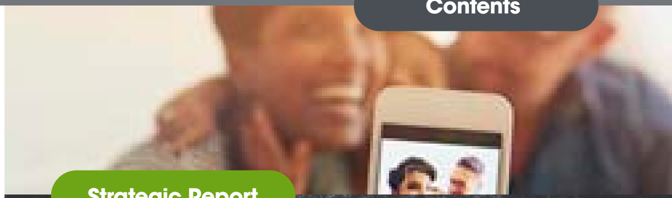
blancco technology group

Software contains Blancco, a business which is the global market leader in securely erasing data from devices.

Read more about our Software and Advanced Solutions on page 10

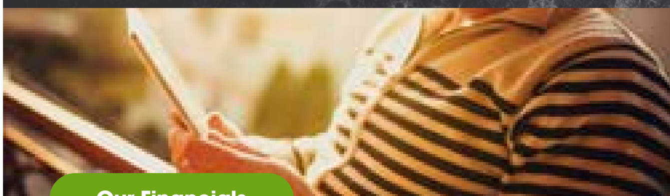
Read more about Blancco on page 10

Contents



Strategic Report

Our Governance



Our Financials

Regenersis

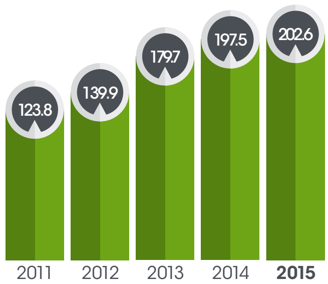
Financial Highlights

Revenue

£202.6m

2014: £197.5m

3%

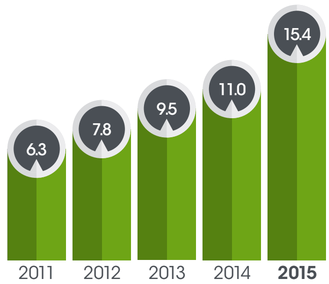


Headline Operating Profit

£15.4m

2014: £11.0m

40%

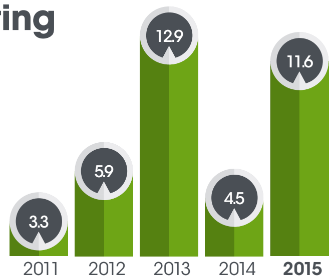


Headline Operating Cash Flow

£11.6m

2014: £4.5m

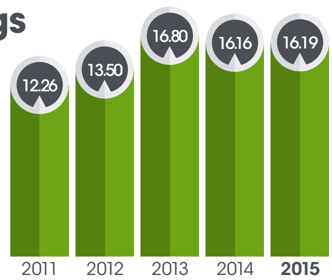
157%



Adjusted Earnings per Share

16.19p

2014: 16.16p



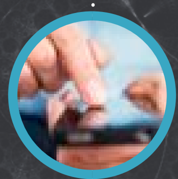
Timeline of Events 2014-15

Depot solutions

Software & Advanced solutions

blancco technology group

July 14



Opening of new site in Belgium

Read about our clients on page 13

Additional investment in **Xcaliber**

September 14

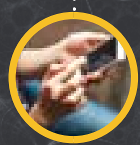
Launch of Digital Care programme with largest operator in Poland

Acquisition of **SafeIT**

Read about SafeIT on page 21

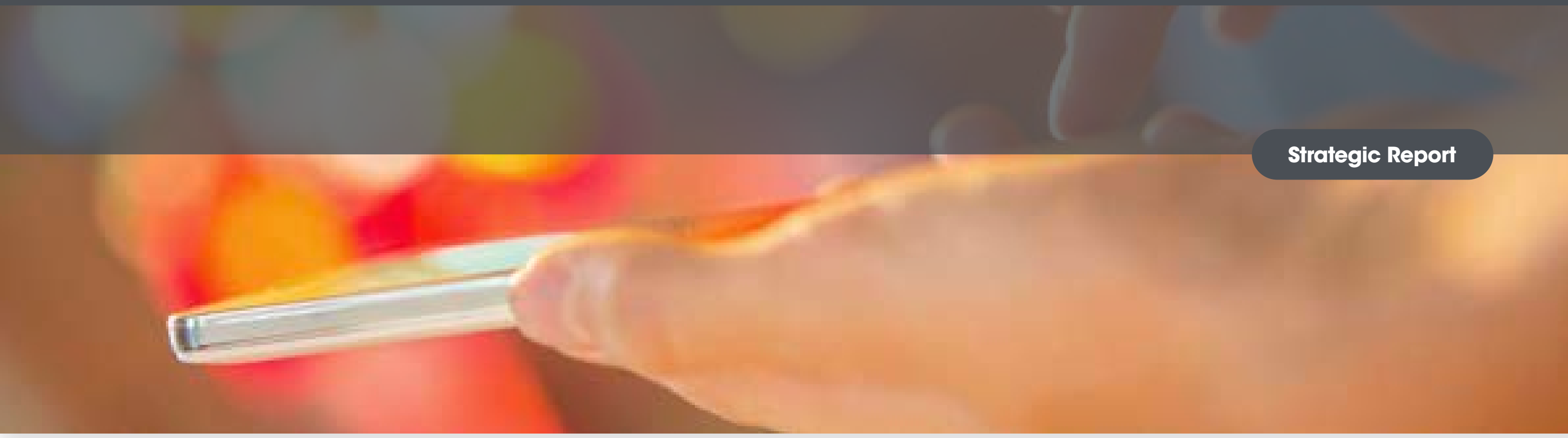
Buy out of non controlling interest in **Blancco Sweden** and **Blancco US**

October 14



Opening of Czech Republic site

Read about our locations on page 17



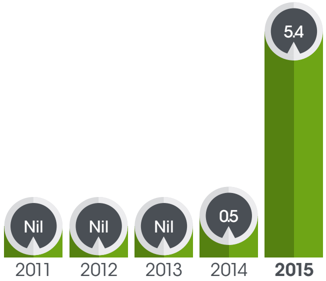
Software (HOP)

£5.4m

2014: £0.5m

69%

(proforma annualised result)

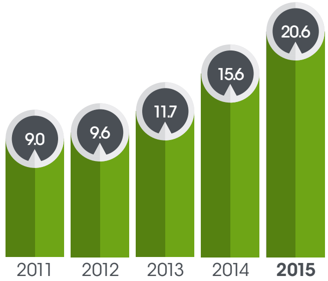


HOP before Corporate Costs

£20.6m

2014: £15.6m

32%

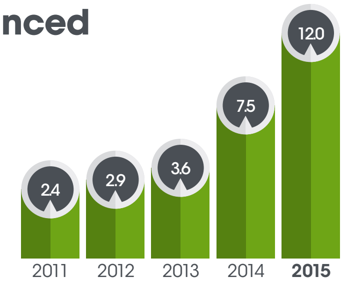


Software & Advanced Solutions (HOP)

£12.0m

2014: £7.5m

60%



Read more in our Business Review from page 22

January 15

New **Aftermarket Services** CEO appointed

Read about our management team on page 44

New **Software** CEO appointed

June 15

Buy out of non controlling interest in **Blancco Central Europe**

August 15

Opening of new site in Netherlands to service volumes in Holland and Germany

Read about our locations on page 17

September 15

Acquisition of **Tabernus**

Read about M&A in our Business Model on page 12

Regenersis
Turning Around Technology

Supporting The Life Cycle Of Technology

Strategic Report

Chairman's Statement

I am pleased to report Regenersis' final results for the year to 30 June 2015.

"The Group has delivered a strong performance this year across its businesses. The highlight has been the performance of Blancco in its first full year as part of the Group"

Matthew Peacock
Executive Chairman

Results

Revenue for the Group in the year was £202.6 million (2014: £197.5 million), an increase of 2.6%, while measured at constant exchange rates the growth was 13.6%. Headline Operating Profit ("HOP", as defined in note 1.18 to the accounts) was £15.4 million (2014: £11.0 million), a rise of 40%, or 52.7% at constant exchange rates.

Adjusted earnings per share were 16.19p (2014: 16.16p). Under constant currency, adjusted EPS grew by 11.9%.

Further details of these results, including the effect of currency movements, are contained in the Group Financial Review.

Software and Advanced Solutions

Divisional revenue of £48.3 million (2014: £46.3 million) showed a year on year increase of 4.3% (10.2% at constant exchange rates). Divisional HOP of £12.0 million (2014: £7.5 million) showed a year on year increase of 60% (69.3% at constant exchange rates).

The activities of the Software and Advanced Solutions Division are presented below split between Digital Security Software, and Advanced Solutions: Other.

Digital Security Software

Digital Security Software includes the data erasure software business Blancco, and a 49% minority stake in Xcaliber Technologies ("Xcaliber"), a provider of smartphone diagnostic and issue resolution software. Blancco has fully integrated SafeIT, acquired in September 2014.

Blancco addresses the increasing enterprise focus on information security, driven by many factors including high-profile data breaches and tough new regulation. Blancco delivers a unique data erasure proposition across the widest range of devices and network storage environments. For its clients, Blancco typically replaces existing data destruction approaches which are not permanent, certified, auditable, or centrally-managed, or which result in the physical destruction of valuable assets. The approach is relevant to materially all enterprises in the world, resulting in a multi-billion dollar target addressable market for the business. Blancco's data erasure revenues are more than seven times larger than those of its nearest competitor.

Since acquiring Blancco in April 2014, Regenersis has focused on building the new management team and strategy, strengthening the business through M&A, and on profitable revenue growth.

Blancco contributed revenue of £15.0 million (since acquisition in April 2014: £2.4 million; 2014 full year equivalent: £11.5 million) and HOP of £5.4 million (since acquisition in April 2014: £0.5 million; 2014 full year equivalent: £3.2 million) during the period. Annual revenue growth on a pro forma basis at constant exchange rates was 40.9%. Growth accelerated in the second half as expected, with revenue growth in the second half (versus the equivalent period in 2014) up 59%. Growth was driven by an increase in the number of clients and in erasure volumes especially on newer product sets including Blancco Mobile and Blancco Live Environment Erasure, and some targeted price increases.

Blancco engaged a new CEO in January 2015. Patrick J Clawson brings more than 20 years of experience in the security software sector. Previous roles include Chairman and CEO of enterprise firewall provider Cyberguard Corp; and Chairman and CEO of enterprise endpoint security provider Lumension. Since his appointment, Pat has made several other senior hires and relocated Software's headquarters from Finland to Atlanta, Georgia, where it is better positioned to address the US market and major IT sector partners, and where it is now co-located with Xcaliber. A video introducing Pat Clawson and the vision for the Blancco business is available here: http://www.regenersis.com/investors/reports-presentations.

Blancco acquired SafeIT for £1.4 million in September 2014, expanding its product portfolio into data centre and cloud erasure over networks, and has fully integrated this business.

In April 2015, Blancco was awarded a Europe-wide patent for its solid state drive (SSD) erasure method. In the company's view, this is the only universal method to reliably erase the broad range of different brands and models of SSD drive available in the market. SSD drives, typically used in premium-priced laptops and other IT equipment, are rapidly growing their share of the storage market.

In 2016, Blancco's aim is to maintain its rate of progress in growing sales and is investing in scaling its team and operations.

Xcaliber focused in the second half of the financial year on successfully deploying its new contract with a major US carrier to deliver in-store diagnostics. This operation has performed well, providing a large-scale proven use-case and business case for the software, and resulting in opportunities for significant expansion in 2016. In 2015, Xcaliber also installed its software into the depot production facilities of the top mobile phone manufacturer in India. In 2016, Xcaliber is focused on winning clients and reaching profitability.

Xcaliber and Blancco together address two fundamental hygiene factors associated with using smartphones, maintaining device functionality and data security. In May 2015 Blancco launched an integrated smartphone diagnostic solution incorporating Xcaliber technology, targeted at clients who perform both data erasure and functionality tests on devices in a single high-volume process. This product is operating at large scale with a lead client in the APAC region and demand elsewhere is encouraging.

Advanced Solutions: Other

Advanced Solutions: Other includes Regenersis' Set Top Box diagnostics business which provides objective automated equipment test solutions including the In-Field Tester; and Digital Care, which provides smartphone accidental damage insurance programmes in partnership with insurance underwriters. We consider this business to be Aftermarket Services activity.

This business (Advanced Solutions: Other) in aggregate contributed revenue of £33.3 million (2014: £43.9 million), a decrease of 24.1%, reflecting the wind down and subsequent disposal of the Group's Recommerce business from the end of 2014. Recommerce delivered £16.0 million of revenue in 2014 and no significant revenue in 2015. Excluding Recommerce, the business achieved revenue growth of 19.4% in 2015.

Advanced Solutions: Other, in aggregate contributed HOP of £6.6 million (2014: £7.0 million), a decrease of 5.7%. Excluding the contribution of Recommerce in 2014 (revenue of £16 million and HOP of £1.6 million) HOP grew by 22.2%.

The Set Top Box Diagnostics businesses successfully scaled up a new site operation in Belgium in 2015, and grew its sales in the USA, but tested smaller overall volumes of boxes in the UK as a result of changes in the equipment base of its largest client. During the year the business also extended its contract with Liberty Global and, in a significant competitive win for the business, a new facility is under construction in Holland to take on the Western European volumes of this client. In 2016, the business will continue to focus on expanding business with its key clients in Europe and the USA.

In Digital Care, as expected, the focus was on successfully managing the ramp up of clients in Poland. The policy base grew from c.0.2 million at the start of the year to c.0.4 million at the end of December 2014 and c.0.7 million at the end of the year. The majority of growth in 2015 was driven by a single client, with other clients in preparation and pilot phases during the period. However new large-scale programmes went live for two major clients in June 2015, which will increase growth in 2016. In 2016 Digital Care will focus on scaling up successfully with existing clients in Poland and on winning new business in other countries.

Depot Solutions

Our Depot Solutions Division operates electronic repair and refurbishment around the world, and is one of the leading global operators in this field. We also consider this business to be Aftermarket Services activity.

Depot Solutions' revenues were £154.3 million (2014: £151.2 million), an increase of 2.1% (increase of 14.6% at constant exchange rates). Headline Operating Profit of £8.6 million (2014: £8.1 million) increased by 6.2% (increase of 18.5% at constant exchange rates) and increased by 15.4% in the second half of the year compared to the equivalent prior period (30.8% at constant exchange rates).

Two significant negatives affected financial growth in 2015: firstly, the need to offset the impact of a strong pound sterling against our mostly non-sterling income, as shown

Chairman's Statement continued

above and secondly, the need to replace revenue lost when we closed our UK mobile business in 2014. Notwithstanding these headwinds, new business wins drove overall growth in revenue and HOP.

In the first half of the year business representing an estimated annual £32 million of revenue when implemented and fully operational was won. In the second half of the financial year, a further £16 million of revenue was won on the same basis. Business wins in the second half of the financial year included a large contract with a German insurer, a contract to deliver repairs for corporate clients of one of the largest global smartphone OEMs, and several contracts with fast-growing Chinese OEMs.

Set against this progress as announced in July 2015, one of Regenersis's large clients intends to consolidate its European business with another supplier, which is anticipated to adversely impact Depot Solutions performance in the 2016 financial year. This reflects an ongoing consolidation trend in the sector, of which Depot Solutions has frequently been a beneficiary in recent years.

Our new facilities in Lisbon, Memphis, the Czech Republic and Moscow have scaled up as expected, creating a strong foundation for growth through 2016.

There was also continued investment in our advanced technical capabilities and global IT integration to differentiate and protect our future business, including an advanced LCD screen delamination/re-lamination and refurbishment facility in Romania, Europe's first facility of this type; the introduction of B2B operations to the United States (Memphis); and the installation of Xcaliber smartphone diagnostic systems in the Group's largest mobile phone repair facilities.

Since the beginning of calendar year 2015, the Depot Solutions Division has been focused on consolidating its new business and facilities, and reducing costs to improve underlying profitability. This remains the focus going into 2016.

Corporate actions and M&A update

In September 2014, Regenersis acquired 100% of the share capital of SafeIT Security Sweden AB ("SafeIT") for SEK 16.0 million (£1.4 million). SafeIT is a leading specialist cloud data erasure business in the emerging field of virtual, server, and data centre remote erasure management. Its services and solutions help clients to pin-point and permanently erase data in complex virtual cloud environments. SafeIT and its product set have been fully integrated into Blancco, and this is expected to drive an exciting part of the growth of Blancco in 2016.

During the year, the Group has undertaken several separate small transactions to consolidate its ownership of the Blancco network, purchasing the remaining equity stakes in Blancco Sweden SFO, Blancco US LLC and Blancco Central Europe GmbH for a combined consideration of £1.2 million.

In July 2014, Regenersis increased its equity stake in Xcaliber to 49% by injecting $3.25 million of cash funding into the business. Xcaliber and Blancco have several significant areas of synergy, including the opportunity to launch bundled smartphone diagnostics and erasure propositions, and to share sales and operational resources. Together they represent a unique proposition to clients.

In September 2015, Regenersis acquired 100% of the share capital of Tabernus LLC and Tabernus Europe Limited (together "Tabernus"), a privately owned provider of software erasure. With the majority of its revenue in the USA, Tabernus is the USA market leader. The consideration was $12 million (£7.6 million) comprising cash payment of $10 million (£6.3 million) funded through the Group revolver facility and a maximum of $2 million (£1.3 million) in deferred cash consideration payable after 2 years. On a trailing twelve month basis Tabernus had revenues of $3.0 million (£1.9 million), growing at strong double-digit rates, and an operating profit of $0.4 million (£0.3 million). Tabernus is the global number two competitor in software data erasure, further strengthening Blancco's global market position and expanding its product portfolio in certain attractive niches.

Strategy update

The Group has evolved significantly in recent years and now comprises two main businesses (Digital Security Software, and Aftermarket Services) with distinct characteristics. To reflect this and with our strategic initiatives in mind, we have restructured executive leadership, with a CEO for each of these businesses, and the Board is now exploring various strategic alternatives that include the potential sale of the Aftermarket Services business.

1. Digital Security Software

The Group's software assets (including Blancco, SafeIT, Xcaliber and Tabernus) address the huge challenge for enterprises of maintaining usability and data security across a wide range of networked devices. These businesses are based on an intangible asset base and they have the benefit of scaling without a direct requirement for additional operational investment or complexity.

Blancco is the clear global market leader in a rapidly growing sector with an addressable market potentially comprising the entire global Enterprise market, as companies seek to improve security, reduce risk of data breaches, and ensure compliance with demanding regulations.

For this business the Blancco brand has significant value. For this reason, a new Blancco Technology Group identity has been created, bringing Blancco to the fore but enabling Xcaliber and other future brands to exist alongside.

Patrick J Clawson has taken on the role of CEO of Blancco Technology Group. Patrick brings deep software and security sector experience and will focus on building a software business which grows rapidly and profitably. Should the Group transform into a pure software business it is likely that strategy would shift to invest more in growth and sector leadership, in line with common practice in the high-growth software sector.

2. Aftermarket Services (Depot Solutions and Advanced Solutions: Other)

The Aftermarket Services businesses (including the Depot Solutions Division and the Digital Care and Set Top Box diagnostics activities currently reported within Advanced Solutions) broadly address the problem of faulty and damaged hardware, requiring excellence in complex operational execution and building relationships with global clients. These businesses are based on a physical asset base.

Ian Powell has taken on the role of CEO of the Aftermarket Services business. Ian was previously Group Managing Director of Regenersis in the period 2011-2013. Ian brings an outstanding commercial focus to business leadership. He will focus on profitability and cash flow in the Depot Solutions business following a period of rapid change and expansion. He will also focus on maximising the value of the Digital Care and Set Top Box Diagnostic businesses, which provide the exciting growth ingredient to this business grouping.

Regenersis is one of the global market leaders in the aftermarket services sector. It is of strategic interest because of its unrivalled geographic footprint, high-quality client list, and innovative higher-margin service propositions (including Set Top Box Diagnostics and Digital Care). Investment bank William Blair have been appointed to advise on strategic options.

Leadership update

The Group has appointed a CEO for each of the two businesses, Digital Security Software and Aftermarket Services. As Chairman this will allow me to focus on delivery of shareholder value from our strategic initiatives and the potential transformation of the group to a pure software business. We expect to conclude this initiative by March 2016, after which I will complete the transition to being fully Non-Executive.

I am pleased to welcome the two divisional CEOs, Ian Powell (CEO Aftermarket Services) and Patrick J. Clawson (CEO Digital Security Software) to the Group Board.

I am delighted to welcome Tom Skelton to the Group Board as a Non-executive Director from 1 October 2015. Tom is a highly experienced software CEO and currently leads Surescripts, a market leading US software business which enables over six billion annual e-prescriptions and other healthcare transactions in the USA. Since 2006 he has been a Non-executive Director of leading UK software business Micro Focus International Plc. Tom will bring deep software sector experience and insight to the Board. I would like to thank Tom Russell, my partner at Hanover Investors, who steps down from the board at this time, for his contributions.

Outlook

Trading in the current financial year to date, and outlook for the remainder of the year, are in line with expectations.

Following 18 months of intensive organic and M&A activity since acquisition, Blancco is a much larger and stronger business, with a high quality US-based management team, exciting new products, an even stronger market position, and a substantially increased revenue base. Blancco is expected to continue to grow revenue and profits rapidly in FY16.

The Aftermarket Services business (including Depot Solutions, Digital Care and Set Top Box diagnostics) is solidly placed and the Group is strongly positioned financially to pursue the potential strategic process identified.

The Board aims to successfully conclude its exploration of strategic alternatives by March 2016, at which point the Board would transition from the current interim arrangement to having a single Group CEO.

In this process the Board is focused on both the delivery of shareholder value and a significant return of cash to shareholders.

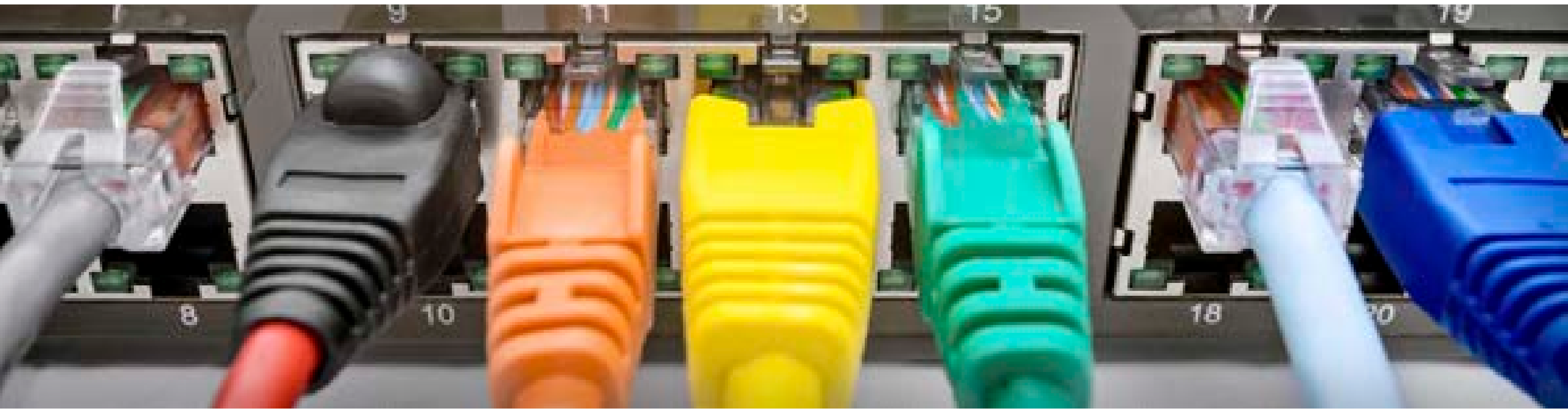
Matthew Peacock
Executive Chairman

21 September 2015

Regenersis

Group at a Glance

The Groups management structure is split into two divisions:



Depot solutions

Our Depot Solutions Division is one of the world's leading operators in client oriented electronic repair and refurbishment facilities around the world.

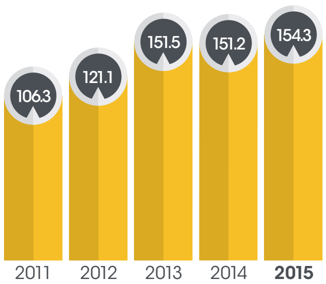
Our international network of repair centres provides product repair, refurbishment, parts management and logistics services for mobile, IT and B2B infrastructure product vendors, and their sales channels, insurers and end users.

Revenue

£154.3m

2014: £151.2m

2%

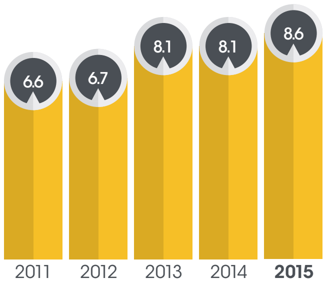


Headline Operating Profit

£8.6m

2014: £8.1m

6%



Operational Highlights

- **Poland** – increase in repair work across a number of key operators and OEMs, notably with significant growth in both in-warranty and out-of-warranty repairs.
- **Germany** – growth in B2B business by more than 20% through contracts with new and existing clients, as well as the addition of laptop and tablet work.
- **Czech Republic** – opening of a new site in June 2014 to service the Honeywell Europe contract.
- **Romania** – site has seen an expansion of set top box and media and entertainment products for a new customer in the year, and continues to develop new technology for LCD repairs.
- **India** – growth in customer base secured via diversification into tablet repairs and more complex mobile repairs, as well as onward disposition of devices.
- **US** – expansion into new territory to service mobile repairs in a new facility in Memphis.

Software & Advanced solutions

Our Software Division includes Blancco – our software business which is the global market leader in securely erasing data from devices, and the new partial data erasure offering of SafeIT.

Our partnership with Xcaliber Technologies, a software business in the area of smartphone issue diagnosis and resolution, enhances the software capabilities of the Group.

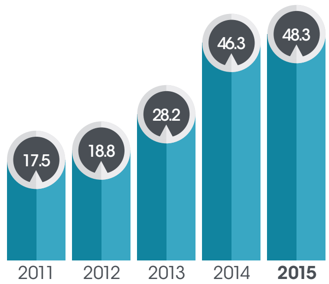
Our Advanced Solutions division provides innovative diagnostic testing, complimenting the in-house Depot Solutions operations – through development of depot tester equipment such as the Oktra. The Division also provides the Group's as an innovative service offerings – such as the In-Field Tester – meeting the ever evolving needs of our clients.

Revenue

£48.3m

2014: £46.3m

4%

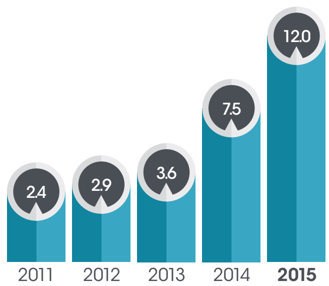


Headline Operating Profit

£12.0m

2014: £7.5m

60%



blancco technology group

The core activities are located in Glenrothes which is the hub for Regenersis' Set Top Box diagnostics business, where we develop and market our automated functionality testing equipment.

The division also markets our Digital Care brand, which provides smartphone accidental damage insurance programmes in partnership with insurance underwriters.

Operational Highlights

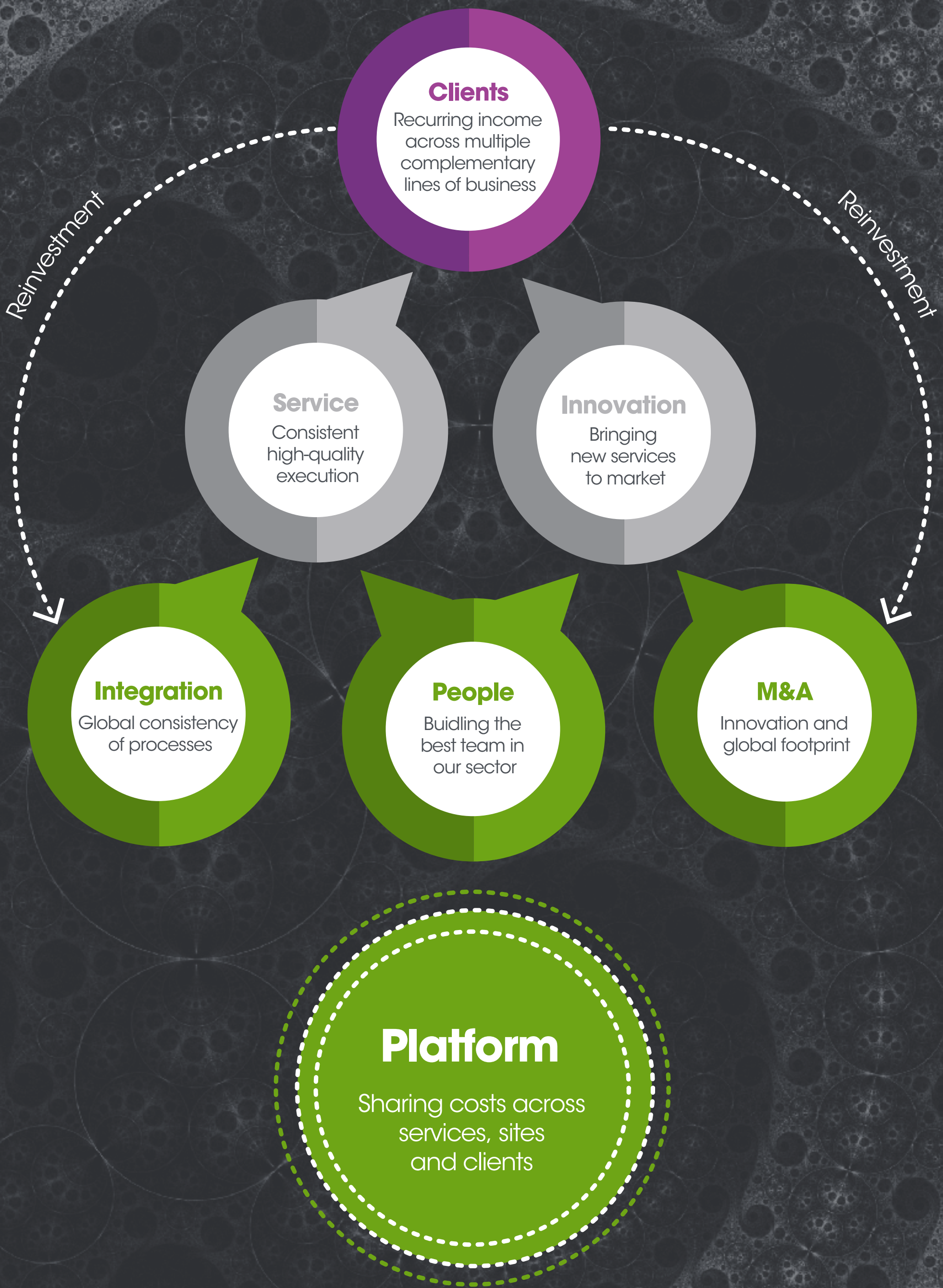
- **Glenrothes** – the Group has been selected as one of the two primary partners to service Liberty Global Europe.
- **US** – successful expansion of business with two key customer in the B2B repair sector in a new facility in Memphis.
- **Digital Care** – has moved from a start-up servicing a small proportion of insurance operators in Poland to managing contracts with the key operators and managing more complex processes.
- **Digital Care Poland** – insurance programs for a number of key clients are well under way with a portfolio in excess of 700,000 policies. Programmes give coverage of 90% of the operator market in Poland.

Blancco Highlights

- Development of new Mobile product in the year to enhance the business's portfolio.
- Investment in sales force in previously underexploited territories, driving significant sales growth.
- Change in client mix towards more stable corporate customers, who now make up over 25% of sales.
- Acquisition of SafeIT and partial data erasure product, used by clients in cloud computing.

Our Business Model

Our business model is founded on a platform which drives service and innovation to drive recurring income across multiple complementary lines of business, which enables us to afford the best operating platform in our sector while still delivering attractive profitability and return on capital employed for our shareholders.



Clients

Our clients are the key pillar in our business. The success of the business is driven by our customer relationships. The business model is client-centric and structured in a way to promote the interests of our customers as well as the growth and promotion of our business, both through the expansion of existing customers across services and through obtaining new customers.

Read more about our services in the Business Review from page 22

Service

In order to maintain our position in the market, we must ensure a continued high level of service to our customers.

Innovation

Our global reputation is underpinned by innovation in new technologies, both those developed in our core repair operations and those acquired through strategic M&A. Our technology portfolio ensures that we maintain our position in the market and are able to offer market leading services to our clients.

Read about our innovation through our service lines on page 19

Platform

The platform of our business model is the foundation for the success of the Company, and brings together three key strategy principles to help us to deliver growth.

Integration

We offer a full cycle refurbishment service, device diagnostics, protection and repair and onward disposition, and it is important that these service lines are integrated together. This helps us to provide a complete solution to our clients, adding value and cementing the Group as the leading market provider.

People

Our employees are another key stakeholder in the Group. The knowledge and expertise within our workforce help to drive forward our services and products, and ensure we maintain our position in the market.

M&A

The industry in which we operate is ever evolving with the pace of change in technology and this means our client needs are dynamic. We have developed our M&A strategy to complement and enhance our existing service offerings, with the focus on innovating service offerings to increase the value we provide to our clients.

Case study – SafeIT on page 21

Our Markets

Our markets are common across all of our operating segments, each providing different and complementary solutions to our clients' needs.

Read more in our Operating Matrix on page 17

These markets present a range of sizes, growth/maturity levels, and competitive intensity:

Depot	Advanced Solutions	Software
Geographies		
Europe	Europe	Europe
USA	USA	USA
Africa	Africa	
Asia		Asia
		South Pacific
South America		South America
Locations		
Depot	Depot	
		Cloud
In-field (client's location)	In-field (client's location)	In-field (client's location)
In-store services		
Sectors		
Repair and refurbishment	Repair and refurbishment	
	Insurance	
Aftermarket	Aftermarket	Aftermarket
	Technology development	Technology development

Regenersis is one of the leading players in the services and geographies in which it operates; and at a Group level Regenersis is among the top three global aftermarket services providers by revenue.

Regenersis seeks to position itself in the most attractive segments of the marketplace, exhibiting rapid growth and potential for strong profitability, as described in the strategy section below.

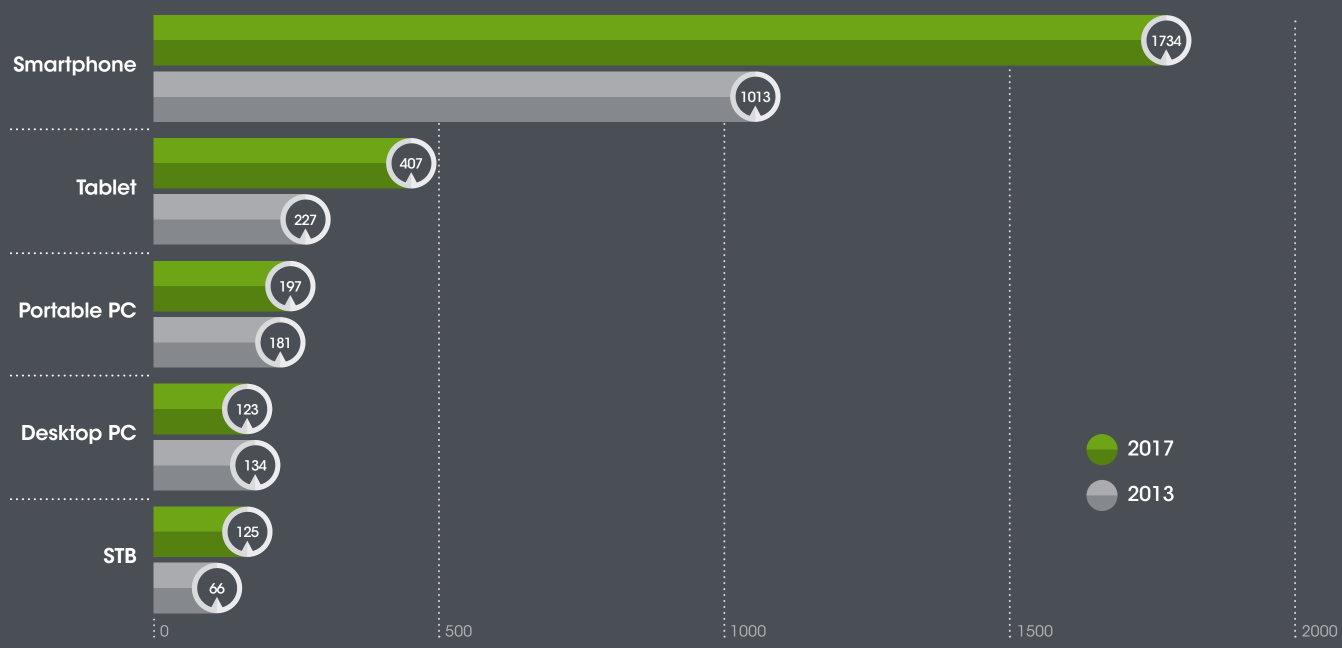
Supporting The Life Cycle Of Technology

Read more online at **www.regenersis.com**

The Opportunity

Our customers are increasingly consolidating their supplier base and looking for a service provider which can meet its technology requirements. Through the focus on each aspect of our business model, we have been able to differentiate ourselves in the market as the global player which can meet the range of needs of our clients.

Device sales volumes 2013-2017



The Group's potential for growth remains strong both internally and externally. Global device sales are expected to increase significantly which expands the market in which the Group operates. The Group is continuing to fill out the operating matrix to capitalise on these advancements, with further opportunity for expansion into further service lines and locations. The opportunity remains strong across both of our operating Divisions.

Operating Matrix

This matrix of geographies and products is important, firstly, because it is how we leverage and build on our strengths, assets and relationships and, secondly, it is how we translate our strategy for growth in Depot Solutions and Software and Advanced Solutions into action on the ground.

	DEPOT			SOFTWARE AND ADVANCED SOLUTIONS			
Business locations	Repair & Refurbishment	Service Network	B2B niche products	IFT diagnostics	Digital Care Insurance	Mobile Diagnostics	Data Erasure
1 UK	●		●	●			●
2 Germany	●		●				●
3 Poland	●		●		●		
4 Romania	●						
5 Russia	●	◆	●				
6 Nordics	●				●		●
7 USA	●		●	●		●	●
8 South Africa	●		●	◆			
9 Spain	●	●					●
10 Mexico	●	●					●
11 Argentina	●						
12 India	●	●	●			●	
13 Portugal	●						
14 Belgium				●			●
15 France							●
16 Italy							●
17 Canada							●
18 Japan							●
19 Australia							●
20 Czech Republic	●		●				
21 Malaysia							●
22 Netherlands				◆			

KEY: ● Where we operate ◆ Progress in last 6 months

Depot solutions Software & Advanced solutions

Regenersis

Our Strategy

Our strategy is linked to our business model, with the driving focus behind our operations being to provide innovative services to our clients.

We direct our innovation organically and via M&A, towards areas which address attractive markets (large high growth and high margin) and which have synergies with existing business (in clients, operations and/or services). This includes two main axes of development:

- Adding new Advanced Solutions to our portfolio.
- Building the most attractive geographic footprint of operations to serve our large multinational clients.

Blancco

The strategy for the Blancco Technology Group is to cement ourselves as an effective protector of electronic assets and mobile functionality for enterprise businesses. In combination with Xcaliber's SmartChk diagnostic solution, we aim to provide a complete solution from device diagnosis to fault correction. We reinvest the profits of our trade back into the development of these technologies.

Our mission is to be the global leader in this field.

Depot Solutions

Our clients are global market leaders in their respective fields. Historically, they have outsourced their repair services to partners like Regenersis but on a one-country-at-a-time basis. Increasingly, our customers are managing the delivery of the aftermarket services through either a regional or global relationship.

As a result, our strategy is to build the most attractive geographic footprint of operations to serve our large multinational clients' growing international needs.

Software & Advanced Solutions

This division contains the development of new technologies and is the key strategic focus for the Group. This has included the development of the In-Field Tester (IFT), which reduces the no fault found returns into depot repair facilities, and the roll out of our market leading insurance service in Poland.

During the year, the strategy has been focused around enhancing and promoting these service offerings, which has manifested through the rapid growth in our Digital Care portfolio.

Our strategy is now to enhance and roll out our full life cycle solutions to our clients, underpinned by our core repair operations.

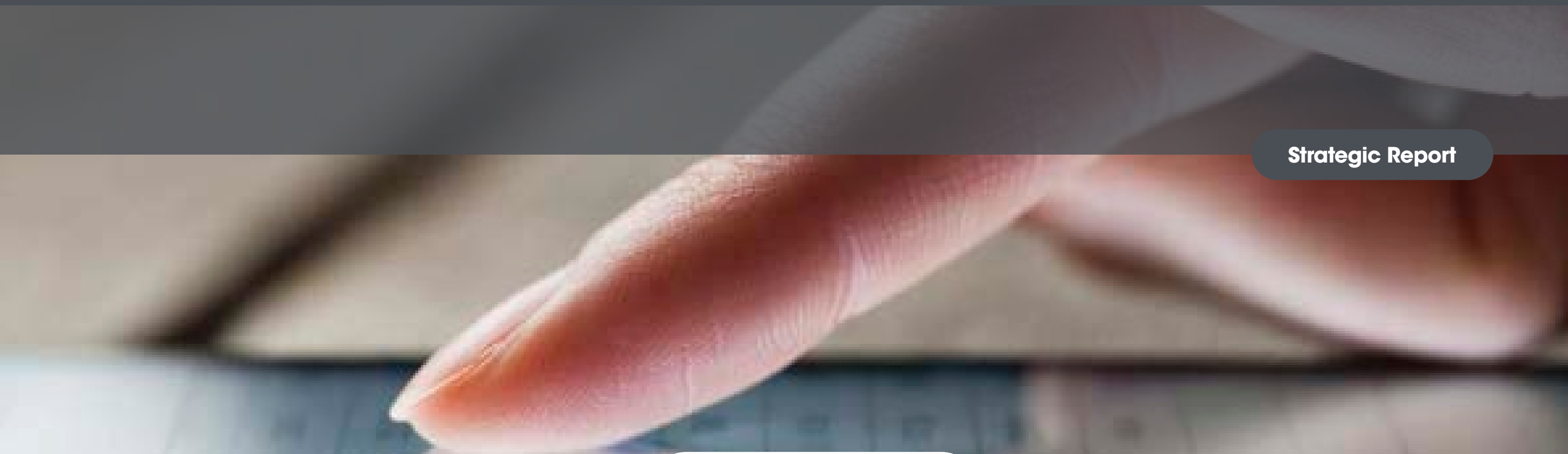
Case Study | Clients

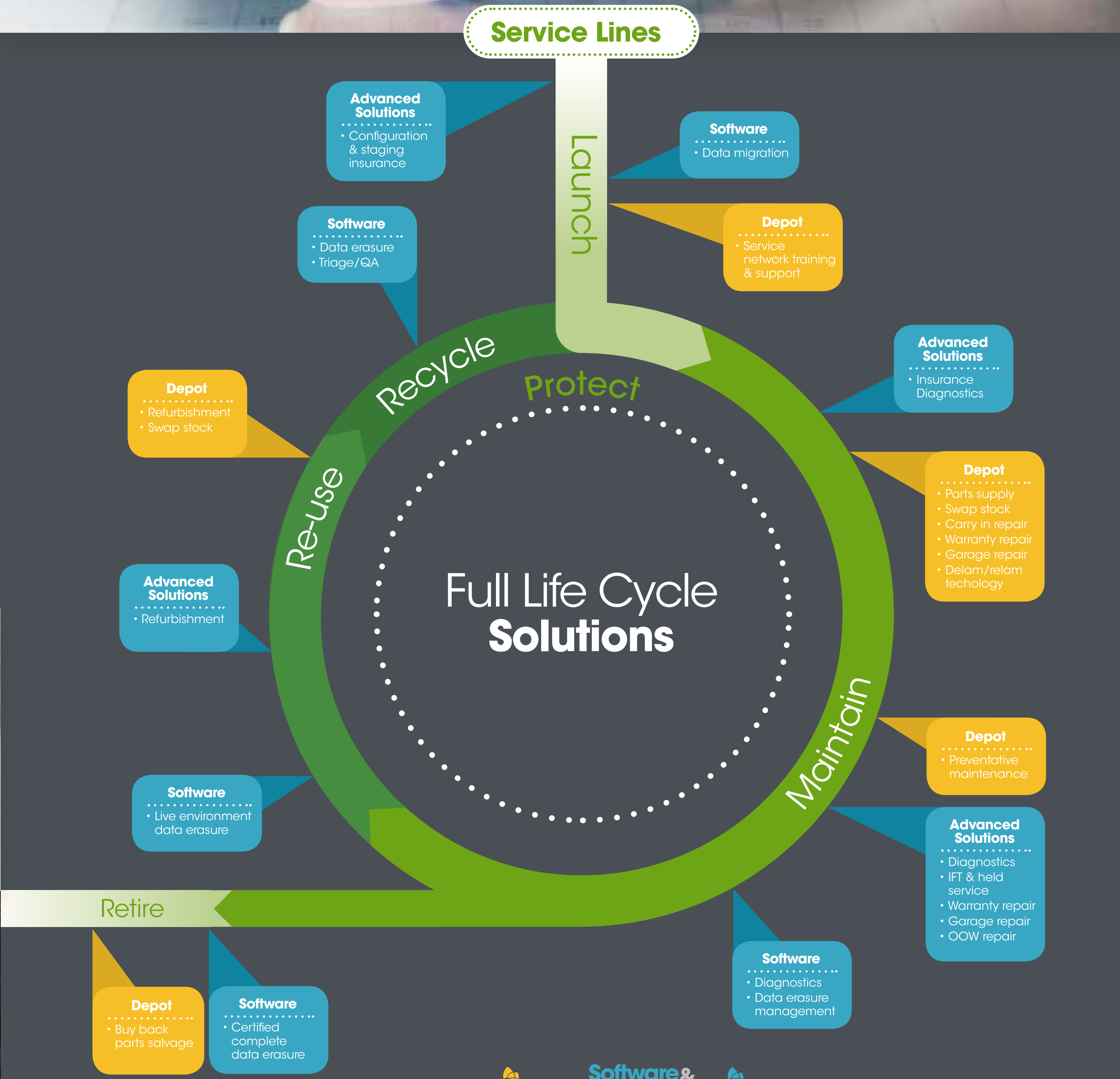
Client Service

Outsourcing of the Depot service centre for a key B2B customer in the UK, Germany and Poland. We offer the full life cycle of device management services, managing returns through screening and subsequent repair of bespoke devices, as well as managing logistics to return those devices to the customer.

The integrated service provided has resulted in a same day shipment rate of over 98% and has cut the costs for the customer compared to their previous service provider by 45%.

Read more online at www.regenersis.com





Depot solutions Software & Advanced solutions

Our Strategic Priorities

Our strategic priorities help us to fulfil each element of our business model and drive growth for the Group.

Our Strategic Priorities	How we achieve them
Priority 1 Integrating our services	• Developing and merging the service offering in our operating matrix
Priority 2 Developing our people	• Obtaining the best management teams to drive growth of the business
Priority 3 Opening new markets (M&A)	• Identifying complementary business offerings to enhance the offering of the group and changing nature of the market
Priority 4 Developing new technologies	• Investing resources in our technology to ensure they are market leading and provide value to our clients
Priority 5 Becoming the market leader	• Diversification into new markets and products

Case Study M&A Integration

The Group has integrated SafeIT, previously a supplier to the Group, which enhances the data erasure portfolio. Bringing the company under Group control has allowed us to better bring the product to market, improving the product to customers and has seen significant sales growth in the period since acquisition.

Read more online at **www.regenersis.com**

How we measure them	Progress in 2015	Priorities in 2016
Filling out the operating matrix	• Development of Digital Care into an operational business model, merging contracts across border and expanding capabilities across our locations	• Expanding our cross border capabilities
Staff turnover	• Recruiting for senior management in the growing and evolving Software segment	• Building the best team in our sectors
Filling out the operating matrix **Contribution of new acquisitions to the profitability of the Group**	• Acquisition of SafeIT	• Further growth and integration of recent acquisitions
Number of new products and services launched in the period	• Release of Blancco mobile and further development of IFT diagnostic technology and refurbishment processes	• Creating market leading technologies
Our place in the market	• Further development of Digital Care offering	• Becoming the key provider of data erasure and insurance offerings in our key territories underpinned by our reputation as a Depot repair provider

Business Review

Results

The financial performance of the business is summarised as follows:

- Revenue of £202.6 million (2014: £197.5 million, growth 2.6%);
- Headline Operating Profit before corporate costs of £20.6 million (2014: £15.6 million, growth 32.1%);
- Headline Operating Profit after corporate costs of £15.4 million (2014: £11.0 million, growth 40.0%);
- Headline Operating Profit on constant currency basis of £16.8 million (2014: reported HOP £11.0 million, growth 52.7%);
- Headline Operating Profit margin of 7.6% (2014: 5.6%).

Operating profit was £5.6 million (2014: £0.5 million). Increased Headline Operating Profit and reduction of exceptional acquisition and restructuring costs relative to the prior year contributed to this increase.

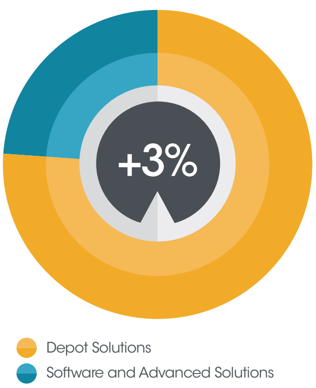
Headline Operating Cash Flow was £11.6 million (2014: £4.5 million) with a cash conversion of 75.3% (2014: 40.9% conversion) relative to Headline Operating Profit. Net cash at the end of the period was £7.8 million (June 2014: £20.6 million).

Key financials	2015 £'m	2014 £'m
Revenue	**202.6**	197.5
Headline Operating Profit before corporate costs	**20.6**	15.6
Headline Operating Profit after corporate costs	**15.4**	11.0
Operating profit	**5.6**	0.5
Headline Operating Profit margin % before corporate costs	**10.2%**	7.9%
Headline Operating Profit margin %	**7.6%**	5.6%
Corporate costs %	**2.6%**	2.3%
Operating profit %	**2.8%**	0.3%

Segmental Results

	Revenue		Headline Operating Profit		HOP Margin %	
	2015 £'m	2014 £'m	2015 £'m	2014 £'m	2015	2014
Depot Solutions	**154.3**	151.2	**8.6**	8.1	**5.6%**	5.4%
Software	**15.0**	2.4	**5.4**	0.5	**36.0%**	20.8%
Advanced Solutions	**33.3**	43.9	**6.6**	7.0	**19.8%**	15.9%
Software and Advanced Solutions	**48.3**	46.3	**12.0**	7.5	**24.8%**	16.2%
Total Group	**202.6**	197.5	**20.6**	15.6	**10.2%**	7.9%
Corporate costs	**–**	–	**(5.2)**	(4.6)		
Group	**202.6**	197.5	**15.4**	11.0	**7.6%**	5.6%

Revenue



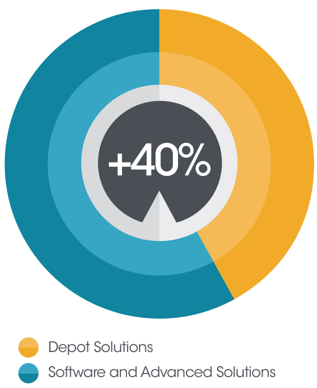
£154.3m

2014: £151.2m

£48.3m

2014: £46.3m

Headline Operating Profit



£8.6m

2014: £8.1m

£12.0m

2014: £7.5m

Depot Solutions Division

The Depot Solutions Division provides the Group's geographic infrastructure and core repair service, focusing on continuous improvement, common operating practices and IT platforms and efficiency. It includes the operations in the UK (excluding Glenrothes), Germany, Poland, Romania, Turkey, South Africa, Spain, Argentina, Mexico, India, Portugal, Russia, the USA, and the Czech Republic.

Revenue increased from £151.2 million to £154.3 million as a result of volume growth across most of the existing sites as well as the expansion of new sites in the USA and the Czech Republic.

Headline Operating Profit increased by 6.2% to £8.6 million, with an increase in margin from 5.4% to 5.6%

Financial and operational highlights included:

- Poland continued to win and implement new work with a number of operators and OEMs, including HTC, Samsung and Vodafone, and was able to service more complex repair services on a range of products. Volumes from a major OEM already decreased significantly in 2015 compared to 2014 and the recent loss of this client contract will again adversely impact volumes in 2016 compared to 2015, although this is expected to be mitigated by growth from other clients.
- Spain strengthened its position as a preferred partner of OEM's and insurance accounts. The loss of Nokia in the site will impact performance in 2016, although a number of smaller new contracts have been identified and won, which will commence in 2016.
- Portugal increased its volumes from Vodafone. Further accreditations obtained during the year have begun to broaden the customer base, a trend which is expected to develop further in 2016.
- Germany expanded and diversified its business in the year, winning several new B2B contracts being accredited to process IPhone repairs. Expansion of European B2B has been partly served by new operations opened in the Czech Republic in April 2014.
- Russia (where the joint venture partner was bought out in 2014) has moved from an initial break-even position to make a positive contribution in 2015, with growth in B2B volumes as well as the addition of other OEM clients. The opportunities for expansion are strong.
- India has shown growth since acquisition in the prior year, diversifying into higher margin tablet repairs.
- The US operation, opened during the year and focused on B2B work, has made good initial progress.

Software and Advanced Solutions Division

The Software businesses include:

- Blancco, acquired in April 2014, the global market leader in data erasure software.
- Xcaliber Technologies, a smartphone diagnostic software business. The Group increased its stake in this business from 15% to 49% in July 2014.

The Advanced Solutions: Other businesses include:

- Set Top Box activities in Glenrothes;
- Set Top Box Diagnostics globally, including the In-Field Tester business and other remote diagnostics capabilities covering countries including the USA, South Africa and Belgium;
- The Digital Care Insurance program which launched in 2013, with activities principally in Poland.

The Software and Advanced Solutions Division increased revenue to £48.3 million (2014: £46.3 million), driven by the acquisition of Blancco. Exit from Recommerce which ceased trading in June 2014, negatively affected revenues and Headline Operating Profit in 2015 compared to the prior year.

Headline Operating Profit was £12.0 million, at a margin of 24.8%, compared to a margin of 16.2% in 2014. The Headline Operating Profit margin has improved, reflecting the relatively faster growth of the higher margin Digital Care and Software businesses.

Business Review continued

Financial and operational highlights included:

- The launch of a site in Belgium servicing the country's main cable operator, delivering Set Top Box test and refurbishment solutions.
- Liberty Global is seeking to consolidate its aftermarket supplier base and Regenersis was selected as one of two primary partners to service Europe; we are now participating in technology design for future flagship Set Top Box and model/gateway products. We have begun construction of a new client-colocated operation in the Netherlands to support this client.
- In North America the rate of growth of expansion with AT&T slowed in 2015, which we believe was driven by this client's focus on its very large acquisition of DirectTV, completed in July 2015. The pipeline of other Set Top Box diagnostics opportunities in the US improved in 2015.
- Digital Care moved from its pilot phase to full-scale operations in 2015, experiencing rapid growth. At year end the policy base was over 700,000 policies with key customers being Orange, Polkomtel and T-Mobile. Volume growth was driven by Orange in 2015, with the latter two clients moving from pilot to full-scale programs in July 2015.
- New business opportunities for Digital Care have been identified in several countries.
- Blancco has enhanced its portfolio of products, both through internal development including the release of a new mobile erasure product and a new version of its core IT erasure suite, and through the acquisition of the SafeIT business in September 2014. This product replaces and significantly improves upon a third party product previously resold by Blancco.
- Blancco continues to grow internationally. During the year there was investment in subsidiaries in Sweden, Germany and the USA which are now owned 100% by the Group.
- Xcaliber Technologies ran trials of its smartphone diagnostic solutions with several clients and secured as a result its first significant contracts in 2015, including a contract for its SmartChk in-store kiosk diagnostic solution for over 200 stores of a large mobile operator in the USA, and a contract for its SmartChk device-pre-installed diagnostic solution for a major mobile phone OEM in India.

Blancco Key Figures

£'m	**30 June 2015 GBP**	30 June 2014 GBP	30 June 2013 GBP
Revenue	**15.0**	11.5	8.6
Headline Operating Profit	**5.4**	3.2	2.9

IFRS revenue recognition required an accounting policy change for Blancco upon acquisition, to defer the revenue earned on software subscriptions – which have a defined term – over the term of the contract. This one-off negative impact on revenue has been absorbed in 2015. From 2016 onwards, outflow from new revenue deferrals will be largely offset by inflow from previous-year revenue deferrals.

Corporate Costs

Corporate costs of £5.2 million (2014: £4.6 million) have increased slightly, growing from 2.3% to 2.6% of Group revenue, driven significantly by the strength of Sterling, which comprises a large fraction of the corporate cost base.

Currency Hedging Activities and Constant Currency

One of the risks that the Group faces by doing business in overseas markets is currency fluctuations. In order to manage the Group's currency fluctuations, the CFO conducts a quarterly review of the Group's currency hedging activities and a formal recommendation for any changes is made to the Board every half year.

This strength of the Sterling relative to the functional currencies of the Group increased during the current period. The Euro and the Polish Zloty (which together make up 55% of the Group's HOP before corporate costs) weakened versus sterling over the current period, depreciating by 12.8% and 14.1% respectively over the previous 12 months. The other emerging market currencies in which the Group transacts have depreciated by 11.1% on average.

	30 June 2015	31 December 2014	30 June 2014
Euro (EUR)	1.41	1.33	1.25
Polish zloty (PLN)	5.92	5.44	5.19

A reconciliation of actual results to results restated at expected exchange rates is presented below:

	Year ended 30 June 2015 Actual Results £'million	Year ended 30 June 2015 Constant Currency £'million
Revenue	202.6	224.2
Gross profit	53.6	59.0
Group HOP before corporate costs	20.6	22.3
Group HOP after corporate costs	15.4	16.8
Software and Advanced Solutions Revenue	48.3	51.0
Depot Solutions Revenue	154.3	173.2
Software and Advanced Solutions HOP	12.0	12.7
Depot Solutions HOP	8.6	9.6
Adjusted EPS (pence)	16.19	18.09
Basic EPS (pence)	6.97	8.72

The Group implements forward contracts for payments and receipts, where the amounts are large, are not denominated in the local country's functional currency, where the timing is known in advance and the amount can be predicted with certainty. In addition the Group undertakes natural hedges by structuring and paying future earn-outs on acquisitions in the target company's local currency.

The Group has a mix of business across 22 different territories and this provides some degree of smoothing of currency movements in any one country through a portfolio effect. The cash and loan balances held in different currencies provide a natural hedge.

However, the Group does not undertake any cash flow or profit hedging activities to insulate from currency movements in respect of overseas earnings, specifically the conversion of its largely non-Sterling generated income into the Group's reporting currency, Sterling.

No other hedging activities are undertaken in respect of tangible and intangible fixed assets, working capital (such as stock, debtors or creditors), or other balance sheet items, as these are generally small in nature in any one individual country.

Mergers and Acquisition activity

M&A focus has been on enhancing the Software and Advanced Solutions portfolio.

Acquisition of SafeIT

On 2 September 2014, the Group completed the acquisition of 100% of the issued share capital of SafeIT Security Sweden AB ("SafeIT") for a consideration of €1.8 million (£1.4 million).

SafeIT, a company headquartered in Stockholm, Sweden, is the world's leading provider of data erasure in networked and cloud storage environments. SafeIT is a technology and development partner of VMware, Microsoft, IBM and HP.

Acquisition of Tabernus

In September 2015, Regenersis acquired 100% of the share capital of Tabernus LLC and Tabernus Europe Limited (together "Tabernus"), a privately owned provider of software erasure. With the majority of its revenue in the USA, Tabernus is the USA market leader. The consideration was $12 million (£7.6 million) comprising cash payment of $10 million (£6.3 million) funded through the Group's revolver facility and a maximum of $2 million (£1.3 million) in deferred cash consideration payable after 2 years.

Business Review continued

On a trailing twelve month basis Tabernus had revenues of $3.0 million (£1.9 million), growing at strong double-digit rates, and an operating profit of $0.4 million (£0.3 million). Tabernus is the global number two competitor in software data erasure, further strengthening Blancco's global market position and expanding its product portfolio in certain attractive niches.

Acquisition of Non-controlling Interest in Blancco Sales Offices

Blancco has historically adopted a local minority-partner approach to entering new territories. In 2015, Blancco bought out its partners in three territories, the USA, Germany and Sweden:

- **USA** – On 30 September 2014, the Group acquired the remaining 40% of the share capital of Blancco US LLC for a cost of $1.2 million (£0.7 million). There is no earn-out.
- **Germany** – On 30 June 2015, the Group acquired the remaining 20% of the share capital of Blancco Central Europe GmbH for a cost of €0.4 million (£0.3 million). There is no earn-out.
- **Sweden** – On 2 September 2014, the Group acquired the remaining 25% of the share capital of Blancco Sweden SFO for an initial cost of SEK 2.8 million (£0.2 million). The acquisition also includes an earn-out for the period to March 2016 and March 2017 based upon growth metrics above pre-agreed target revenue. The estimated cash outflow at the time of this report is estimated at £0.8 million on 31 March 2016 and £1.4 million on 31 March 2017.

Investment in Xcaliber

On 25 July 2014, the Group acquired 34% of the issued share capital of Xcaliber Technologies LLC ("Xcaliber") for a consideration of $3.3 million (£1.9 million), bringing the Group's share to 49%. Xcaliber is a US based smartphone diagnostics software business.

Disposal of Regenersis Recommerce Limited and Regenersis Sweden AB

Regenersis entered the business of remarketing smartphones in Europe in 2013, and expanded rapidly and profitably in 2014. However, the sector did not evolve as originally expected, notably in terms of increased competitive intensity and a drop in insurance-sector demand for refurbished devices, and the Board decided to exit this activity from the end of 2014. On 8 June 2015, the Group disposed of its 100% interest in Regenersis Recommerce Ltd and Regenersis Sweden AB. This resulted in a non-cash loss on disposal of these legal entities of £1.5 million.

EBT Share Buy Back

The Employee Benefit Trust purchased a total of 1,650,000 shares, by way of the purchase of:

- 800,000 shares, at an average price of 230.8 pence per share and at a total price of £1.8 million, on 14 January 2015;
- 200,000 shares, at an average price of 241.5 pence per share and at a total price of £0.5 million, on 16 January 2015;
- 150,000 shares, at an average price of 200.0 pence per share and at a total price of £0.3 million, on 19 March 2015; and
- 500,000 shares, at an average price of 205.0 pence per share and at a total price of £1.0 million, on 26 March 2015.

The total cash outflow associated with the share buy backs throughout the period was £3.6 million and the EBT now holds 2,467,394 shares.

The figure of 79,022,599 Ordinary Shares should therefore continue to be used by shareholders as the denominator for the calculations by which they will determine if they are required to notify their interest in, or a change to their interest in, the share capital of Regenersis under the FSA's Disclosure and Transparency Regime.

The figure of 76,555,205 Ordinary Shares may therefore be used by shareholders in the basic EPS calculation.

Exceptional Acquisition and Restructuring Costs

The Group undertook a large number of relatively small but complex acquisitions in 2015. Acquisition costs amounted to £3.0 million (2014: £5.0 million), with the largest costs relating to the acquisition of Blancco in 2014, the acquisition of SafeIT, investment in Xcaliber, buy-out of minority partners in Blancco sales offices, and the due diligence of the Tabernus acquisition.

Exceptional restructuring costs amounted to £0.7 million (2014: £4.4 million) and related primarily to finalisation of the restructuring activities carried out in the second half of the previous financial year.

Amortisation of Acquired Intangibles and R&D Expenditure

Amortisation of intangible assets was £3.3 million (2014: £0.6 million). This included both the amortisation of acquired intangibles arising from business combinations and the amortisation of R&D expenditure. The cost has increased in the year primarily due to a full year of amortisation of the Blancco intangible assets, including the brand name and intellectual property.

Share Based Payments

Share based payments charge was £0.5 million (2014: £0.7 million) and reflects the straight line accounting charge required for the incentive share plans established in prior periods. The charge has reduced this year due to a reduction in the fair value of payout for options which have vested but remain outstanding.

On 30 June 2015, new long-term incentive plans were approved by the Remuneration Committee for Senior Management (not Executive Directors on the PLC Board). Details of these schemes can be found in note 33 in the Notes to the Accounts.

Net Financing Income

Net financing income was £1.2 million (2014: £2.4 million). Income arose from the revaluation and resulting reduction in value of the Group's contingent consideration payable on two acquisitions made in prior periods: Digicomp and HDM. This revaluation resulted in a non-cash profit of £3.3 million (2014: £4.7 million).

Total finance costs in the year were £2.3 million (2014: £2.4 million). This includes the unwinding of the discount factor on outstanding contingent consideration of £0.9 million (2014: £1.1 million). Invoice financing facility charges were £0.2 million (2014: £0.2 million). Interest costs for the Revolving Credit Facility and other costs were £1.2 million (2014: £1.1 million).

Taxation

The total tax charge was £1.7 million (2014: £0.4 million credit). The increase in tax charge is driven by the higher profits generated by the Software segment, which are taxed in higher tax jurisdictions than the rest of the Group.

Earnings per share

Adjusted earnings per share were constant at 16.19 pence (2014: 16.16 pence).

Basic EPS increased by 27.9% to 6.97 pence (2014: 5.45 pence).

Business Review continued

Cash flow

	2015 £'m	2014 £'m
Operating cash flow before movement in working capital and exceptionals	**18.3**	14.1
Movement in working capital and exceptionals	**(4.9)**	(8.6)
Movement in provisions	**(1.8)**	(1.0)
Headline Operating Cash Flow	**11.6**	4.5
Net interest payments	**(0.8)**	(0.7)
Tax paid	**(1.0)**	(0.8)
Acquisition, exceptional payments and other movements	**(2.9)**	(8.7)
Operating cash flow	**6.9**	(5.7)
Capital expenditure	**(7.3)**	(6.7)
Acquisition of subsidiaries, associates and other investments, net of cash acquired	**(4.4)**	(51.1)
Net cash flow from share issues, option vesting and dividend payments	**(6.9)**	89.3
Other movements	**(1.1)**	(3.3)
Net (decrease)/increase in cash and cash equivalents	**(12.8)**	22.5
Net cash	**7.8**	20.6

Headline Operating Cash Flow of £11.6 million (2014: £4.5 million) and operating cash inflow of £6.9 million (2014: outflow of £5.7 million) were both higher than previous periods primarily due to the increased cash flow contribution from the Software and Advanced Solutions division.

Net cash at the end of the period was £7.8 million (2014: £20.6 million). Significant cash was deployed in EBT buy backs (£3.6 million), dividend payments (£3.4 million) and M&A activity (£6.1 million).

Working capital increased by £4.9 million. Drivers of working capital expansion included revenue growth, the investment in growing new sites, the continuing shift in the Group's mix of business towards Emerging Markets, which typically have longer receivables cycles, pressure from some larger clients to secure longer credit terms from Regenersis, and pressure from certain suppliers (who are often also clients of Regenersis) tightening their invoicing and collection processes. In managing these effects, the Group improved working capital management on stock and debtors in most locations and continued limited use of invoice financing facilities.

The key working capital metrics that are monitored are:

- Debtor days, which decreased to 55 days (2014: 64 days);
- Stock days, which decreased to 36 days (2014: 37 days); and
- Creditor days, which increased to 49 days (2014: 47 days).

Tax paid was £1.0 million (2014: £0.8 million).

Net interest paid was £0.8 million (2014: £0.7 million).

The Group has continued to invest in differentiating its services and strengthening its platform for long term profitable growth. Capital expenditure and R&D increased to £7.3 million (2014: £6.7 million). Expenditure on tangible assets, including leasehold improvements and technical equipment, and software licences amounted to £3.3 million (2014: £3.8 million)

Capital development expenditure on R&D activities amounted to £4.0 million (2014: £2.9 million) and comprised further investment in:

- **Software** – Predominantly in the Blancco business, including the new mobile erasure product launched in 2015, and also a major new version of the core Blancco erasure software, Blancco 5.0
- **Set Top Box** – Predominantly in the continued development and localisation of diagnostic tools; as well as development for new video transmission technology such as the move towards 4K transmission. These activities are carried out in Glenrothes.
- **Mobile** – Predominantly in the continued development of screen re-lamination/lamination technology of mobile phone screens for use with larger displays and other OEM device types. These activities are carried out in Romania.

Net Cash

Year end net cash comprised gross borrowings of £4.6 million, denominated in Sterling and Euros (2014: £0.7 million), cash and cash equivalents of £12.1 million (2014: £20.8 million) and deferred arrangement fees of £0.3 million (2014: £0.5 million).

Dividend

In line with our stated dividend policy, the Board is recommending a final dividend of 3.35 pence per ordinary share to be paid on 3 December 2015 to shareholders on the register on 6 November 2015. This gives a full year dividend of 5.0 pence per ordinary share, which is a 25% increase on the prior year.

Post Year-end Events

Banking facility

In September 2015, the Group extended the term of its banking facility with HSBC from October 2016 to October 2019. The covenants were unchanged.

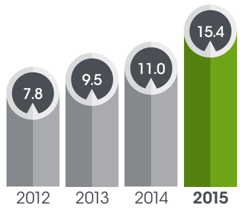
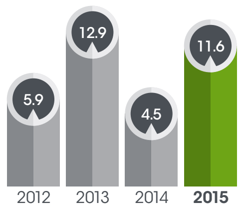
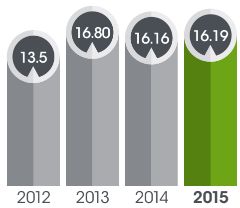
All banking covenants have been passed and show significant headroom for the foreseeable future.

Acquisition of Tabernus

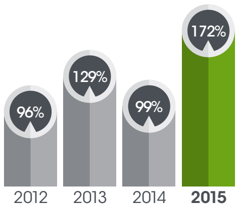
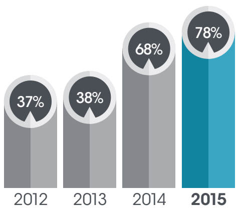
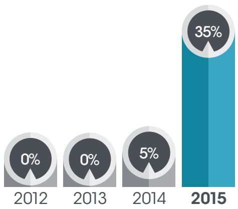
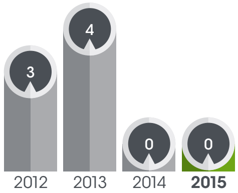
On 2 September 2015, the Group completed the acquisition of 100% of the share capital of Tabernus LLC and Tabernus Europe Limited for an initial consideration of $10.0 million (£6.3 million).

Key Performance Indicators

The Group has a range of performance indicators, both financial and non-financial, to monitor and manage the business and ultimately to improve performance. These are set at the individual customer level and for business units as well as for the Group as a whole. The Group's key performance indicators ("KPIs") are outlined below:

KPI	Description	Performance	Commentary	Future Target
Headline Operating Profit (£'m)	Operating profit stated before amortisation or impairment of R&D intangible assets, acquisition costs, exceptional restructuring costs and share-based payments.		Continued double digit profit growth has been generated through both organic growth and successful integration of acquisitions.	Positive growth for the Group overall, with the majority of growth coming from the Software and Advanced Solutions Division.
Headline Operating Cash Flow (£'m)	Operating cash flow excluding taxation, interest payments and receipts, acquisition costs, and exceptional restructuring costs.		The business targets a strong cash conversion relative to HOP, which has returned to normal levels in 2015 following significant working capital investment in 2014.	Cash conversion of 80%.
Adjusted EPS (pence)	Basic earnings per share excluding amortisation or impairment of intangible assets, amortisation of bank fees, exceptional restructuring costs, acquisition costs, share-based payments, unwinding of the discounted contingent consideration and adjustments to estimates of contingent consideration.		The increase in profitability of the Group has translated into higher shareholder value.	The Group targets growth in EPS, and in line with profit growth.

See our Strategic Priorities on page 20

KPI	Description	Performance	Commentary	Future Target
ROCE	ROCE is calculated as HOP as a percentage of capital employed (non-R&D intangibles, tangible assets, stock, debtors and creditors).		Significant working capital investment in prior periods is now translating to profit growth.	While the Group continues to invest in growth of new sites, the return to shareholders is a key metric which the Group expects to increase as the profitability of the Software and Advanced Solutions Division increases.
Mix of Software and Advanced Solutions to the rest of the business (Headline Operating Profit after corporate costs)	The proportion of divisional HOP generated by our strategically important Software and Advanced Solutions Division.		The Advanced Solutions segment has benefitted from ramp of the Digital Care offering, which underpins the stable growth in Set Top Box diagnostics.	Further expansion of Digital Care is expected to expand this division in 2016.
Mix of Software to the rest of the business (Headline Operating Profit after corporate costs)	The proportion of segmental HOP generated by our strategically important Software segment.		Blancco has contributed significantly to the Group's result, benefitting from the first full year under Group management.	Expansion within existing and new markets is expected to boost growth in 2016.
Health & Safety RIDDOR* reportable incidents (number)	Number of serious workplace accidents recorded.		No incidents have been reported in the year, which underlines the Group's strong processes.	The Group expects to maintain these high standards in the future.

* Or local country equivalent.

Risk Management

Principal Risks and Uncertainties

The Board is responsible for determining the nature and extent of the risks it is willing to take in delivering the Group's strategic objectives, and manages these risks through the Regenersis Risk Management Framework.

This enhanced framework, which is outlined in detail below, allows the Group to manage risks across all of its operating locations, which vary by scale, complexity and impact from country to country.

Risk Agenda

The Group's risk agenda is delivered through an appropriate and embedded risk management culture and framework. This helps to ensure that appropriate and proportionate resources are allocated to risk management, in order to ensure the activities of risk assessment and risk response are further embedded in Regenersis' governance processes going forward.

Risk Assessment

In identifying risks, we consider both the external factors, arising from the environment in which we operate; and the internal factors arising from the nature of our business, our controls and processes and our decision making.

Business Unit Managing Directors own their respective risks and, with support from the Internal Audit function, are required to record the causes and consequences, together with mitigating factors to reduce the risks that they have identified. Each risk will be evaluated based on its likelihood of occurrence and severity of impact (on strategy, profit, regulatory compliance, reputation and/or people) and positioned on a risk ranking matrix.

This approach is expected to allow the easy identification of the significant material risks, and allow management to consider the effect of any mitigating actions that they may be able to put in place. Each risk will also be assessed as to whether it is within the Group's risk appetite.

The strategic risk appetite for the business will be reviewed annually as part of the annual budgeting process by the Board. The Board will be asked to assess whether risks are within the Group's risk appetite.

Risk Response

As a result of this assessment and recording of risks, each Business Unit Managing Director will formulate an appropriate response for each risk, i.e. whether to tolerate, treat, or terminate the threat to the Group.

Appropriate actions will be agreed; for example, to mitigate, transfer (through insurance), or eliminate (by ceasing) the risk. The objective will be to continually challenge the efficiency and effectiveness of controls.

Regenersis Risk Management Framework

The Risk management Framework operates as follows:

- **The Board** – Will annually undertake a formal review of the effectiveness of the Regenersis Risk Management Framework, policy and procedures, and performance of the Risk Management Committee. Twice yearly, the Board will review the key risks in the Group's risk register, thereby allowing it the opportunity to review the level of risk that the Board is prepared to accept in pursuit of the Group's strategic objectives;
- **The Audit Committee** – Reviews the Group's system of internal control, including financial, operational, compliance and risk management, as well as reviewing the system's effectiveness. Such a system is primarily designed to mitigate risk to an acceptable level, support compliance with laws and regulations, and protect against material misstatement or loss;
- **The Risk Management Committee** – The Board will be supported in its responsibilities by the Risk Management Committee, which is chaired by the Chief Operating Officer of the Depot Solutions Division, and is responsible for ensuring that all significant management and operational risks facing the Group are reduced to an acceptable level; and
- **Internal Audit** – The Internal Audit function supports the Audit Committee in its review of the effectiveness of the system of internal control. There is a rolling programme of Internal Audit review carried out across the Group. During the course of the year, the Internal Audit function undertook eight reviews.

Principal Risks

It is recognised that the Group's strategic objectives can only be achieved if risks are taken and managed effectively. The risks below are those considered principal to delivering our strategy and are specific to the nature of our business, although there are other risks that may occur and impact the Group's performance.

Risk Area	Potential Impact	Mitigation
Commercial Contract Risks	Given the potential for onerous terms in customer contracts, it is essential that the Group continues to contract for business at acceptable rates and with appropriate commercial balance. This also includes consideration of the cash flow impact of each customer contract.	The Group has a contract approval process in which key customer contracts are approved by either the CFO, Executive Chairman, and if needed, the Group Board. The risk is declining as the Group diversifies across an ever greater portfolio of operating segments, customers and locations.
System Risks	As data management is an essential platform of our service offering, the flexibility and reliability of the systems is critical to the ongoing development of the Group. The integrity of our systems is maintained through regular backup testing and robust disaster recovery planning.	We have implemented policies and procedures to efficiently and safely manage all our operations and to maintain our supply of products/services to our customers. We have in place robust and comprehensive business continuity plans which are regularly reviewed and monitored to ensure their continued effectiveness. The risk is the same – the Group has a number of policies and procedures around the use of systems. However, the bespoke nature of the systems requires constant maintenance, as well as the new locations which are opened each year where, for external acquisitions, the controls over systems and processes are often below the level across the rest of the Group.
Market and Economic Risks	The Group's activities support a broad range of customer-orientated and technology rich products. There is a strong correlation between the volume of consumer sales and the number of service events arising as a result of those sales.	The Group has been developing a diversified service capability and expanding capacity in low cost service locations to ensure a balanced portfolio of customers, services and locations. The risk is declining – the Group endeavors to diversify its portfolio across a range of service offerings, mitigating the risks which could arise. The Group continues to operate across a diverse product and client range, with an expansion in the operating matrix of eight new product/service combinations in the last 12 months.
Financing Risks	There is a risk the Group will not be able to meet the day to day running obligations of the business.	The Group has maintained a prudent approach to the management of cash flow. The Group has good access to cash reserves and a revolving credit facility. The risk is reduced following the extension of the revolving credit facility to October 2019. The Group is net cash positive.

Risk Management continued

Risk Area	Potential Impact	Mitigation
Customer Concentration Risks	Reliance on a small number of large customers creates risks, as it puts pressure on the margins of the business. In addition, the loss of key contracts can seriously impact the ability for the Group to continue to operate as a going concern.	The Board is conscious of this ongoing risk and seeks to reduce this further through the development of new customers and the creation of more dependent relationships with its existing customers. A number of customers are significant in the context of the Group as a whole. However, no single customer accounts for more than 14% (2014: 14%) of the revenue, and the top 10 customers represent 67% (2014: 71%) of the Group's revenue. The risk is reduced as the concentration of customers is more spread out compared to the prior year.
Operational Efficiency Risks	Operational efficiency is vital to the profitability of the Group and to customer service. The risk arises both at a customer level – where inefficient operating processes can adversely affect the profitability of the Group – and at a business continuity level, where poor client service could lead to termination of the relationship.	The Group has standardised policies and operating procedures across all locations, which drives consistency in client service. The Group undertakes cross-border Kaizen events across both new and existing territories and contracts in order to implement new work and drive a culture of continuous improvement. The trend is the same – while the Group has successfully implemented a number of Kaizen events, the continued addition of new business and new locations requires further standardisation and implementation of operating processes, resulting in a continual cycle of risk management.
Compliance Risks	Some of the Group's business relies on the compliance with and enforcement of legislation consistent with the WEEE Directive. The Blancco product provides certified data erasure which is required to meet certain industry standards, including the global security certification ISO 15408. The Group must adhere to the Anti-Bribery and Corruption Act.	The Group maintains Government approved licenses to manage the collection, treatment and export of electrical waste. In addition, the Group handles equipment holding personal data and is mindful of the implications of the Data Protection Act. The Group maintains internal processes to ensure appropriate guidelines are followed. The Group has a range of policies and procedures to ensure the guidelines in respect of Safety, Health and Environmental matters are monitored and adhered to. The risk on system data is further mitigated by the use of the Blancco data erasure software across the Group in order to control the Group's sensitive data. The trend is the same – the Group continues to monitor its compliance across locations and deems the compliance risk to be reduced to a suitably low level.

Risk Area	Potential Impact	Mitigation
Foreign Exchange Rate Volatility	The widening geographic spread of the Group means that financial results can, increasingly, be affected by movements in foreign exchange rates. The risk presented by currency fluctuations may affect business planning and product procurement costs.	The Group monitors foreign exchange exposure closely and, when a transactional exposure is not covered through a natural hedge, will consider entering into a hedge arrangement. The trend is increasing, as the mix of overseas currencies is on an upward trend across the Group, and the sterling is strengthening against the majority of other currencies in which the Group transacts. Foreign exchange rate movements are uncertain and the timing of profits in overseas territories is uncertain, therefore the Board feels there is no economic and risk free way to hedge against this, other than the natural hedging which is currently undertaken.
Employee Engagement	Staff engagement is essential to the successful delivery of service to customers and, longer term, the overall business strategy. A workforce which is not engaged and / or motivated can hinder the growth of the business.	Considerable effort has been devoted to communicating the business strategy so employees are clear on our business objectives and their role in the strategy. The employee appraisals process and setting of personal objectives operates within the framework of our corporate objectives. This is then reinforced by the employee incentivisation process. We have succession plans in place for key roles and continue to work in developing our future leaders so that we are able to promote internally as well as sourcing talent externally.

Cautionary Statement

Regenersis' business and share price may be affected by a number of risks, trends, factors and uncertainties, not all of which are within our control. The process Regenersis has in place for identifying, assessing and managing risks is set out in the Risk Management section of the Report on page 32.

This review has been prepared solely to provide additional information to shareholders to assess the Group's strategy and the potential of that strategy to succeed and should not be relied upon by any other party or for any other purpose. It contains certain forward-looking statements with respect to the financial condition, results, operations and businesses of Regenersis Plc.

These statements and forecasts involve risk and uncertainty because they relate to events and depend upon the circumstances that may 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 review should be construed as a profit forecast.

Matthew Peacock
Executive Chairman

Jog Dhody
Chief Financial Officer

Corporate Social Responsibility and Sustainability

Our solutions help consumers and businesses by supporting them to transition towards more sustainable circular business models and move away from 'take, make, dispose' processes and lifestyles.

Our Vision

The Group's key focus across its operations is to support the life cycle of technology. As part of this strategy we aim to provide a sustainable service to our customers and the markets in which they operate.

Our Services

Our place in the technology sector allows us to contribute to the growth and prosperity of our environment in a number of different ways:

- Helping to provide connectivity for our clients and their customers, giving access to key services
- Promoting economic advancement in developing nations by providing devices to these previously unconnected areas
- Providing comfort to our clients in the recycling and re-use of devices both through content erasure and complete device refurbishment

Providing repair, refurbishment, and recovery solutions, we feel we are in the business of 'closing the loop', effectively circularising value chains within our sector. We believe this is an inherently sustainable business model that also contributes to the delivery of a nationally and globally circular economy. This is reinforced by our international repair network where we share best practice; our place as one of the leading global service providers strengthens our ability to provide these services.

This is vastly more sustainable than a traditional linear economy, minimising resource consumption and reducing negative environmental and social impacts from manufacturing, consumption and disposal.

What We Do

Regenersis provides a sustainable business model across each of its Divisions and contributes positively to economic prosperity of the locations in which we operate.

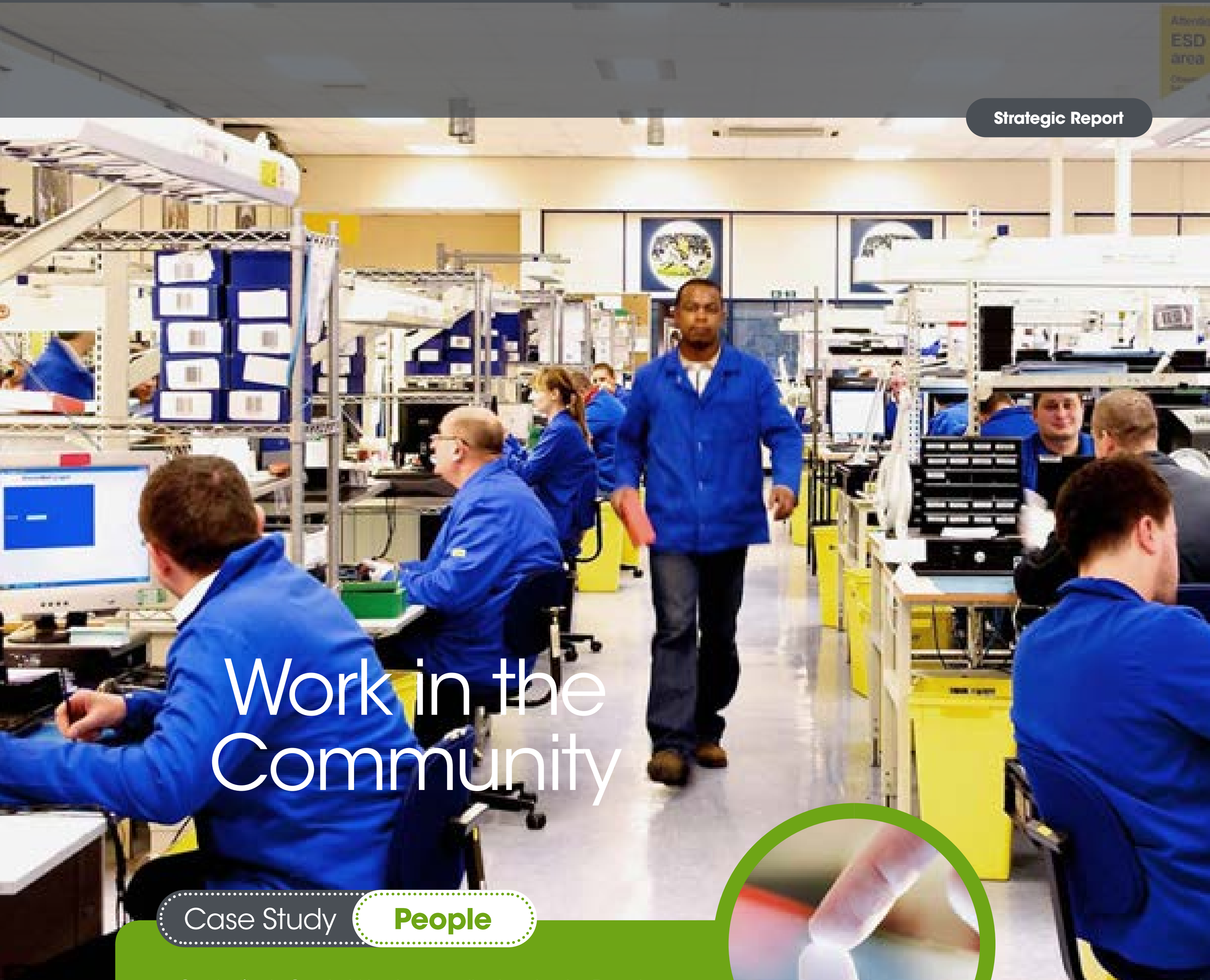
The Group has a large footprint of facilities in many emerging markets territories, and a portion of our refurbished products make their way into these less developed areas of the globe. These affordable electronic devices support social and economic advancement by allowing people who previously had no access to these technologies to become part of the global connected network.

Our full product life cycle solutions aid our customers in meeting their regulatory requirements through the provision of our data erasure technology. Not only does this allow our customers to easily manage and comply with their local requirements, it also positively promotes the product life cycle, allowing redundant devices to be refurbished as 'good as new' and to re-enter the market. This reduces the amount of device disposal and the environmental impact this has.

We also recognise the importance of our impact on the economies in which we have a presence, providing employment opportunities in those territories, but also ensuring we are a sustainable part of that geography. We achieve this through investment in sustainable business practices which promote compliance with global regulations and by ensuring both that our work is conducted in both an ethical manner and that the output of our service generates a positive impact on the environment.

Why We Do It

Our approach to CSR benefits both the Group and our stakeholders. Efficient operating practices help to drive cost reductions and improve our resilience in the market. The reputation of the business is improved and it helps to build trust with our customers and suppliers.



Work in the Community

Case Study **People**

Our facility in South Africa is accredited under the Broad-Based Black Empowerment Act of South Africa. The certification recognised the work the business does in the local community, measure by employment equity, enterprise and socio-economic development.

Old spare parts in the facility were donated to a local college which provides higher education to students from disadvantaged backgrounds, specifically in the training of repair technicians in the IT sector.

The donation allows the students to achieve a higher level of education, providing a benefit to the local community.

Read more online at **www.regenersis.com**

Corporate Social Responsibility and Sustainability continued

Compliance and Risk Management

As handlers of in-use or pre-owned electronic devices, we have a legal and moral duty to handle personal data with the utmost integrity and security. To this end, we have advanced quality control and assurance programmes in place to ensure we have a robust approach. Our quality management systems are certified to ISO 9001 and we are compliant in all material aspects with data protection laws in all of the countries in which we have significant operations. Electronic devices often contain a restricted and hazardous material, which explains in part why our operations are governed by a large body of environmental legislation. Management of our environmental and legal risks is undertaken through our ISO 14001-certified Environmental Management Systems (EMS). These systems operate at all of our material repair and refurbishment facilities. Through these systems we track compliance with environmental regulations and seek to implement strategies to exceed compliance.

Interactions With Our Stakeholders

We recognise that, in a globalised world, the opportunity to improve social and environmental outcomes extends far beyond the front gates of our facilities. We work with our customers and suppliers to deliver innovative solutions that mitigate impacts and deliver cost efficiencies.

Ethics and Values

We create an ethical working environment for our workforce. Our Code of Conduct Policy, Anti-bribery and Corruption Policy and Whistleblowing Policy form key parts of staff induction and ongoing training.

We recognise the importance of our employees and actively promote the development of our staff. This helps the Group to achieve its objectives while at the same time providing development to our staff, allowing them to progress their own careers as well as giving them access to and opportunities to develop the technologies in which we specialise.

The Whistleblowing hotline is monitored by a third party specialist call handler compliant with the Private Security Industry Act requirements for interviewing callers. They provide a confidential and independent global service for staff to report concerns, which are then escalated immediately to the Executive Chairman and CFO for appropriate action.

Our Priorities

- We strive to create a working environment driven by a strong ethical foundation.
- Our customers and suppliers should also adhere to these ethical principles

What We Have Achieved This Year

- Our supplier checklist has been distributed to provide due diligence information to support the procurement decisions at our operations. This includes consideration of a supplier's environmental management arrangements.
- We have created a global set of policies and procedures to encourage an ethical workplace and create a consistent set of operating principles across all of our locations

Employee Wellbeing, Health and Safety

We recognise our talented and diverse workforce as a key business asset. Their development and wellbeing is critically important to the continued success of our business.

We are committed to:

- Recruiting and retaining high calibre employees – We seek out employees who will help to maximise business growth and performance. We operate an equal opportunities policy and regard this as a commitment to make full use of the talents and resources of all our employees.
- Developing our staff – We are committed to providing our staff with career progression at every level, tailoring training to the requirements of roles in each business area. In addition, we assess the ongoing training needs of our staff and this is a key element to the annual appraisal process.

- Building a diverse culture – The Group operates in a diverse range of economic and cultural environments, with a lot of cross-border communications at both a senior management and an operative level. A key aspect of developing the success of the Group is to support an open culture and encourage the mix of cultures and business practices across the Group.
- Providing a safe and stable working environment – We provide a working environment which meets all legislative requirements and provides all the necessary training support for employees to operate safely within it. We are intolerant of any corrupt practices by any level of employee and encourage whistleblowing (through our formal procedure) if such practices are encountered
- Protecting the interests of our staff – We are intolerant of any unacceptable working practices, such as any form of discrimination, bullying or harassment.
- Encouraging employee involvement - Several of the Group's operations have implemented Kaizen, where every employee is encouraged to come up with improvement suggestions on a regular basis. Kaizen is based on making changes anywhere in the business. It involves setting standards and then creating a process to continually improve those standards.
- Recognising performance - We provide appropriate remuneration for work carried out and equal opportunities for development and career advancement.

The Board provides regular staff briefing sessions - both online and through newsletters from the Executive Chairman - to provide updates on business performance, strategy and developments affecting the business and to obtain feedback and suggestions on the development and growth of the business.

The following table shows the composition of the Group's workforce at the end of the year:

	Board	Senior Management	Other Staff	Total	%
Gender					
Female	—	16	1,265	1,281	30
Male	5	77	2,886	2,968	70
Total	**5**	**93**	**4,151**	**4,249**	**100**

Our health and safety record continues to be good, with no serious reported incidents during the year. All our operational staff receive the appropriate level of health and safety training. Every operational site has an established structure in place to deal with health and safety matters. The Board monitors health and safety RIDDOR reportable (or local country equivalent) incidents as a key performance indicator. This KPI is used continually to manage the business, improve performance and compare results against target.

	2015*	2014*	2013*	2012*	2011*	2010*
Fatalities (number)	**0**	0	0	0	0	0
Health and safety RIDDOR reportable incidents (number)	**0**	0	4	3	4	4

* Calendar year.

Corporate Social Responsibility and Sustainability continued

Our Priorities

- Our people form a key part of our business model and strategic priorities. It is important that we create an environment where our employees can operate efficiently and promote themselves.
- Senior management roles within the Group are filled at both a Group and local level, ensuring that there is a diverse range of management employees across the Group, benefiting from the experience of a global Plc as well as local knowledge.
- It is important to create a safe and sustainable working environment for our staff to work in

What We Have Achieved This Year

- Second successive year with no RIDDOR reportable incidents.
- Low voluntary staff turnover at both senior management and operative levels

Resource Efficiency

Energy

We are committed to monitoring the environmental impacts of our operations. The use of fossil fuels, carbon emissions and energy security are critical issues for the globe. Legislators are seeking to wean society off traditional forms of energy, encouraging both reduced consumption and a switch to low and zero carbon renewables. As a costly commodity, there are also cost efficiency benefits to be gained from reducing energy consumption. As such, there are strong environmental, social, regulatory and economic drivers for us to take action to improve the energy profile of our products and operations.

We see our repair, refurbishment and recycling business as helping to reduce the energy footprint of both our sector and society, closing the loop on product and material lifecycles.

At the facility level, we leverage the requirements of our ISO14001-certified Environmental Management Systems (EMS) to promote the implementation of energy reductions targets and initiatives.

Conflict Minerals

We recognise the risks of significant adverse impacts which may be associated with extracting, trading, handling and exporting minerals from conflict-affected areas. The sale of conflict minerals can be used to fund rebel armies, fuelling conflict and human rights abuses.

Our aim is for all products, which are manufactured, or contracted to be handled by Regenersis, to be DRC Conflict-Free.

Where our businesses find products that contain conflict minerals, we will work with suppliers towards removal of conflict minerals from the product. Additionally, we may suspend purchasing new products from the supplier until the issue is resolved. If a supplier refuses to cooperate and take action towards removal of the conflict mineral source(s) from products supplied, we may suspend our relationship with the supplier.

As part of the Regenersis process for the implementation of new suppliers, our supplier evaluation checklist helps ensure that materials we purchase do not contain conflict minerals, and a self-declaration is also required that the full supply chain process of the suppliers has been examined to confirm this.

In addition, we have also reviewed our existing supply base, and there was no indication that any products handled by us contained conflict minerals.

Waste and Materials

Resource shortages present a growing risk to economy and society. Furthermore, the world's producers and consumers are collectively responsible for generating an unsustainable volume of waste each year, resulting in significant social and environmental degradation. There are therefore strong motives for businesses to streamline operations and seek resource and waste efficiency gains wherever possible.

Our solutions extend the productive life of consumer electronics, avoiding the need for further resource consumption. Where we can't repair or refurbish a product, we recover and recycle its component materials; put succinctly, our services reduce resource consumption and mitigate waste arising.

At our facilities, our management systems are geared to drive continual improvements in waste reduction and landfill avoidance. Many of our waste reduction efforts rely on our engagement and partnerships with third parties.

Climate Change

It is generally agreed that man-made greenhouse gas emissions initiated and continue to perpetuate changes to our global climate. These emissions increase average surface temperatures, though it's the climatic knock-on effects that are the major cause for concern, such as more frequent extreme weather events and increased global sea levels. Governments, businesses and people must now act to mitigate further change by cutting emissions and adapting to change by preparing for its effects.

Our efficiency initiatives around energy, water, waste and materials form the basis for mitigating our climate change impacts. With regards to adaptation, we recognise that as a business with a network of sites and facilities we must understand any material risks from climate change, particularly flooding events. Therefore, we are working to future-proof our operations, incorporating flood risk assessment in the due diligence procedures of our facility acquisitions.

Our Priorities

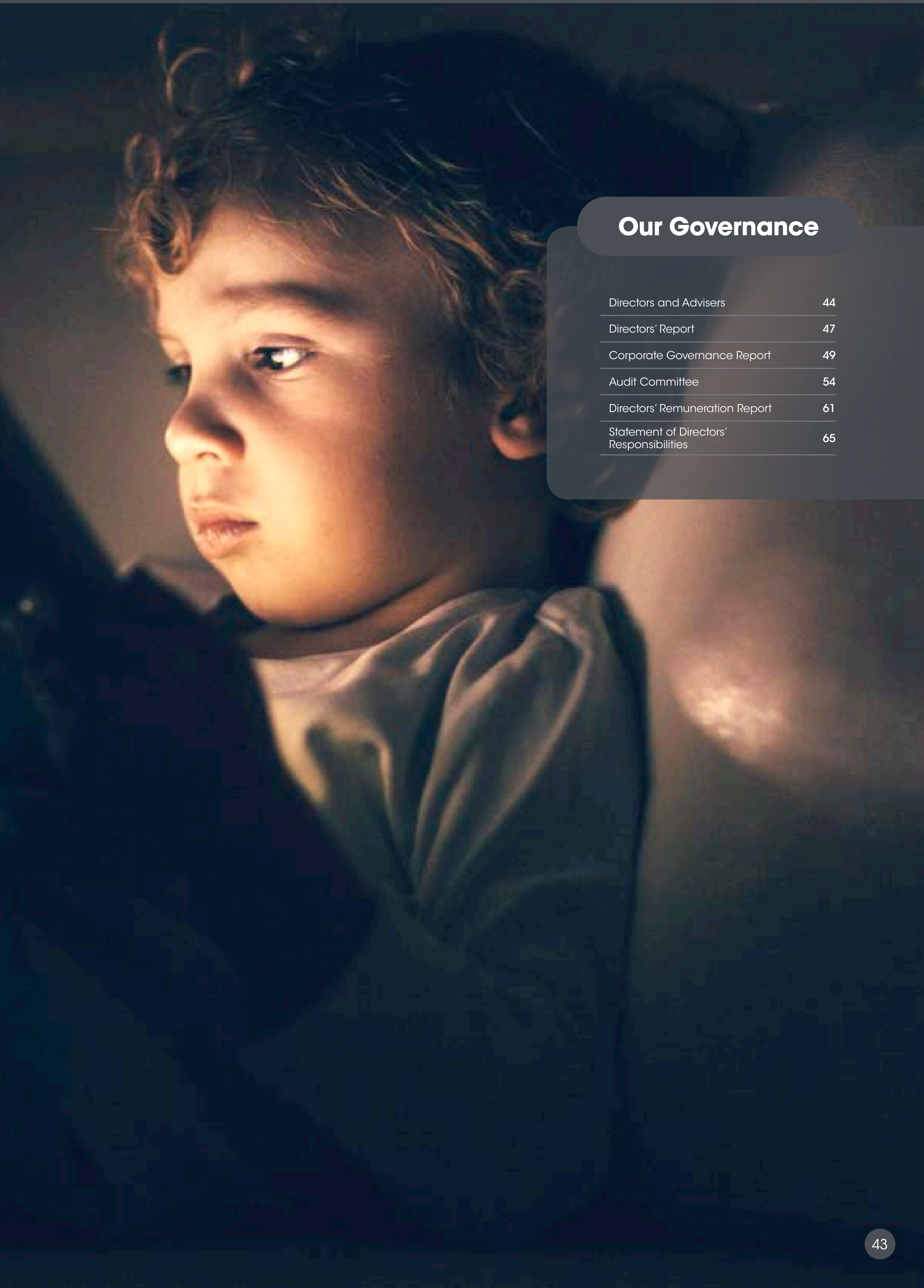
- We target low environmental impact of our operations in each of our locations, which is managed by the amount of waste product created by our facilities
- Our solutions aim to reduce the waste output of our customers, by encouraging renewing devices through re-investment in the product life cycle, rather than disposal of electronics.

What We Have Achieved This Year

- Our office in Glenrothes has moved to a 0% landfill waste operation, with 91% of waste recycled. The office generates higher revenue from its waste than the costs of disposal as a result of this waste management.
- Our operations in emerging markets such as Mexico, India and Poland recorded waste recycling rates in excess of 80%.
- Carbon dioxide emissions per employee in the UK have reduced by 25% in 2015.
- We have invested further in our refurbishment facility in Romania as well as the data erasure solution to provide a way for our customer to recycle and reuse their old devices.

Regenersis
Turning Around Technology

Supporting The Life Cycle Of Technology



Our Governance

Directors & Advisers

Matthew Peacock

Executive Chairman

Matthew Peacock joined the Board in February 2011. He is the founding partner of Hanover Investors Management LLP, which is a shareholder of Regenersis. Hanover Investors is a specialist turnaround and 'Change for Growth' investment firm. Matthew has led investments for over 20 years in, amongst other sectors, manufacturing, outsourced business services, chemicals, financial services, textiles and logistics. Prior to this, he ran the international M&A team in London at Barclays de Zoete Wedd, having started his career at Credit Suisse First Boston in New York.

Jog Dhody

Chief Financial Officer

Jog Dhody joined the Board in March 2012. He has significant financial management experience, particularly within ambitious, growth-oriented businesses. Prior to joining Regenersis, Jog was Chief Financial Officer of the Esporta Group, a position he held for four years. During that time, he played a key role in the successful restructuring and turnaround of the business, which had been the subject of a private equity-backed refinancing, and the ultimate sale of the business. Prior to this, Jog was Group Financial Controller of the Phones4u Group.

Frank Blin

Senior Independent Non-executive Director

Frank Blin joined the Board in December 2014 following the retirement of the incumbent Senior Independent Non-executive Director, Michael Peacock. Frank enjoyed a long and successful career with PwC, becoming Head of UK Regions and a UK Management Board member before his retirement in 2012. He is a Non-executive Director of London and Scottish Investments Limited, Urica Limited and DCM (Optical Holdings) Limited, and Chairman of the University of Strathclyde commercialisation Board. He was awarded a CBE for his services to the Scottish financial sector in 2002 and was awarded an honorary Doctorate of Business Administration by the University of Strathclyde in 2010.

Rob Woodward

Independent Non-executive Director

Rob Woodward joined the Board in June 2013. He is also Chief Executive of STV Group plc and has significant experience in the Technology, Media and Telecommunications (TMT) industry, notably with STV, as the Commercial Director of Channel 4 Television, as a Managing Director with UBS Corporate Finance and as the lead partner for Deloitte's TMT industry group in Europe.

Tom Russell

Non-executive Director

Tom Russell joined the Board in March 2011. He is also a partner at Hanover Investors. Prior to this, he spent nine years at Mercer Oliver Wyman, where he specialised in the Communications, Information and Entertainment sector, advising on strategy and operations.

Tom Skelton

(to be appointed on 1 October 2015)

Non-executive Director

Tom is currently Chief Executive Officer of Surescripts LLC, a leading healthcare information technology business. Before joining Surescripts he served as Chief Executive Officer for the Foundation Radiology Group and as a founding member of Confluence Medical Systems, a healthcare and technology consulting partnership. Previously he served at Misys Healthcare Systems from January 2002 until March 2007 and as a director of Misys plc. Prior to that, he was Chief Executive Officer of Medic Computer Systems, a US-based software company focused on the healthcare information technology market. He earned his BSBA from Robert Morris University, Pittsburgh, PA.

Directors & Advisers continued

Ian Powell

(to be appointed on 1 October 2015)

Executive Director

Ian will join the main Board as Executive Director on 1 October 2015 and take on the role of CEO of Regenersis Depot Solutions and Advanced Solutions. Ian, aged 54, was previously Group Managing Director of Regenersis in the period 2011-2013, prior to that he was CEO of Chapelthorpe plc, and Chairman of Banner Limited.

Patrick J Clawson

(to be appointed on 1 October 2015)

Executive Director

Pat will join the main Board as Executive Director on 1 October 2015 and take on the role of CEO of Blancco Technology Group. Patrick brings deep software and security sector experience. Pat, aged 51, was previously Chairman/CEO of Lumension.

Registered office
190 High Street
Tonbridge
Kent TN9 1BE
T: +44 (0)1480 482 866

Company number
05113820

Auditor
KPMG LLP
One Snowhill
Snow Hill Queensway
Birmingham B4 6GH

Nominated adviser and joint broker
Peel Hunt LLP
Moor House
120 London Wall
London EC2Y 5ET

Joint broker
Panmure Gordon (UK) Ltd
One New Change
London EC4M 9AF

Bankers
HSBC
4th Floor, 120 Edmund Street
Birmingham B3 2QZ

Financial Advisors
William Blair Investment Bank
17th Floor The Broadgate Tower
20 Primrose Street
London EC2A 2EW

Registrars
Computershare Investor Services plc
PO Box 82
The Pavilions
Bridgwater Road
Bristol BS99 7NH

Lawyers
Herbert Smith Freehills LLP
Exchange House
Primrose Street
London EC2A 2HS

Pinsent Masons
3 Colmore Circus
Birmingham B4 6BH

Financial public relations
Tulchan Communications LLP
85 Fleet Street
London EC4Y 1AE

Company Secretary
Lorraine Young Company Secretaries Limited
190 High Street
Tonbridge
Kent TN9 1BE

Directors' Report

The Directors present their report together with the audited financial statements for the year ended 30 June 2015.

Strategic Report

Pursuant to sections 414A-D of the Companies Act 2006 a Strategic Report is set out on pages 6 to 41 and incorporates the Chairman's Statement and Business Review. The Strategic Report includes details of expected future developments in the business of the Group, principal risks and uncertainties, details of key performance indicators deployed by management snd the Corporate Social Responsibility and Sustainability Report.

In addition to the Strategic Report, the Corporate Governance Report on pages 49 to 60, the Audit Committee Report on pages 54 to 59 and the Directors' Remuneration Report on pages 61 to 64 are incorporated into this report by reference.

The Group is not required to comply with Schedule 8 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations as amended in 2013 which enhanced reporting requirements for the Directors' Remuneration Report. However, the Remuneration Report on pages 61 to 64 does set out the policy on remuneration and shareholders are asked to vote on this report at the Annual General Meeting.

The Strategic Report has been prepared to provide the Company's shareholders with a fair review of its business and a description of the principal risks and uncertainties facing it. It should not be relied upon by anyone, including the Company's shareholders, for any other purpose.

Results and Dividends

The audited accounts for the Group for the year ended 30 June 2015 are set out on pages 72 to 119. The Group profit for the year after taxation was £5.1 million (2014: £3.25 million). The Board recommends the payment of a final dividend of 3.35 pence per ordinary share. If approved, the final dividend will be paid on 3 December 2015 to shareholders on the register at the close of business on 6 November 2015.

Directors

Biographical details of all Directors are set out on pages 44 to 46. Michael Peacock retired from the Board in November 2014 and was replaced by Frank Blin.

Jog Dhody will be offering himself for re-election at the Annual General Meeting and Frank Blin will be offering himself for election, having been appointed since the last meeting.

Details of Directors' service agreements are set out in the Directors' Remuneration Report on pages 61 to 64.

The interests of the Directors in the shares of the Company are set out on page 64.

Directors' Liability Insurance and Indemnities

The Company maintains liability insurance for the Directors and Officers of all Group companies.

Indemnities are in force under which the Company has agreed to indemnify the Directors to the extent permitted by applicable law and the Company's articles of association in respect of all losses arising out of, or in connection with, the execution of their powers, duties and responsibilities as Directors of the Company or any of its subsidiaries.

Neither the Group's liability insurance nor indemnities provides cover in the event that a Director or Officer is proved to have acted fraudulently or dishonestly.

Related party transactions

The details of transactions with Directors and other related parties are set out in note 36 to the financial statements.

Share capital

The issued share capital of the Company at 30 June 2015 was £1,580,504 comprised of 79,022,599 ordinary shares of two pence each.

Holders of ordinary shares are entitled to receive dividends when declared, to receive the Company's report and accounts, to attend and speak at General Meetings of the Company, to appoint proxies and to exercise voting rights.

There are no restrictions on transfer or limitations on the holding of ordinary shares and no requirements to obtain prior approval to any transfer.

No ordinary shares carry any special rights with regard to control of the Company and there are no restrictions on voting rights except that a shareholder has no right to vote in respect of a share unless all sums due in respect of that share are fully paid.

The Directors will be seeking shareholder approval at the AGM of the renewal of their authority to allot shares, dis-apply pre-emption rights and of the authority for the

Directors' Report continued

Company to purchase its own shares. Full details are contained in the Notice of Annual General Meeting on pages 130 to 135.

Substantial Shareholdings

As at 30 June 2015, the following shareholders owned more than 3% of the issued share capital of the Company:

	% of issued share capital	Number of shares
M&G Investment Funds	12.84	10,144,928
Hanover Investors Partners	6.60	5,217,651
Impax Asset Management Limited	6.01	4,754,027
Polygon Global Partners LLP	5.15	4,073,329
FIL Limited	5.12	4,052,461
NFU Mutual Insurance Society	3.91	3,092,225
The Regenersis Employee Benefit Trust	3.12	2,467,394
Investec Asset Management	3.10	2,450,000

Fixed Assets

In the opinion of the Directors, there is no material difference between the book value and the current open market value of the Group's interests in land and buildings.

Going Concern

As highlighted in note 26 to the financial statements, the Group meets its day to day working capital requirements through cash reserves and a revolving credit facility which has been extended until October 2019.

Further information on the Group's business activities, together with the factors likely to affect its future development, performance and position, is set out in the Business Review on pages 22 to 24. Further information on the financial position of the Group, its cash flow, liquidity position and borrowing facility are described in the Business Review on pages 24 to 29. In addition, note 30 to the financial statements details the Group's objectives, policies and processes for managing its capital and its exposures to credit risk and liquidity risk.

The Group's forecasts and projections, taking account of possible changes in trading performance, show that the Group should be able to operate within the level of its current revolving credit facility. The Board therefore has a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Subsequent Events

These are detailed on page 118.

Annual General Meeting

The AGM of the Company will be held at 12 noon on Wednesday 25 November 2015 at Peel Hunt LLP, Moor House, 120 London Wall, London EC2Y 5ET. The Notice setting out details of the business to be considered at the meeting is included on pages 130 to 135.

Financial Instruments

Information on the Group's financial risk management objectives and policies and its exposure to credit risk, liquidity risk, interest rate risk and foreign currency risk can be found in note 30.

Auditor

KPMG LLP have indicated their willingness to continue in office as auditor and a resolution for their reappointment will be proposed at the AGM.

Disclosure of Information to the Auditor

As required by Section 418 of the Companies Act 2006, each Director serving at the date of approval of the financial statements confirms that:

- to the best of their knowledge and belief, there is no information relevant to the preparation of their report of which the Company's auditor is unaware; and
- each Director has taken all the steps a Director might reasonably be expected to have taken to be aware of relevant audit information and to establish that the Company's auditor is aware of that information.

Words and phrases used in this confirmation should be interpreted in accordance with Section 418 of the Companies Act 2006.

By order of the Board

Jog Dhody
Chief Financial Officer

21 September 2015

Corporate Governance Report

The Board of Directors are committed to maintaining strong corporate governance for the benefit of the Group's shareholders, employees and wider stakeholders. We believe the long-term success of the Company is underpinned by effective governance, thereby enabling us to achieve our strategy and growth aims for the future.

As the Company is listed on the Alternative Investment Market, it is not required to follow the provisions of any particular governance code. However, the Board of Directors considers the UK Corporate Governance Code ("the Code") issued by the Financial Reporting Council as a suitable benchmark for the Company and has applied this when determining its governance arrangements.

This report, together with the Strategic Report on pages 6 to 41, the Directors' Report on pages 47 to 48, the Audit Committee Report on pages 54 to 59, and the Directors' Remuneration Report on pages 61 to 64, describes how the Company has applied the relevant provisions of the Code.

The Role of the Board

The role of the Board is to provide entrepreneurial leadership and the Directors are collectively responsible for the long-term success of the Group. The Board also acts as custodian of the Company's values and of its long-term vision, and provides strategic direction and guidance for the Group.

In discharging its responsibilities, the Board also seeks to set, promote and demonstrate adherence to our values and ethical standards. It remains mindful of the need for the Directors to observe their legal duties, as well as to promote the success of the Group in a sustainable way, not only for our shareholders, but also for our stakeholders, which includes our employees, suppliers, customers and the wider community.

The Board leads a strong governance framework throughout the business, supported by the Audit, Nominations and Remuneration Committees. The terms of reference for all three Board committees were reviewed and updated during the year.

The Executive Chairman is responsible for the leadership of the Board and ensuring its effectiveness in all aspects of its role. He is also responsible for creating the right Board dynamic and for promoting a culture of openness and debate, in addition to ensuring constructive and productive relations between Executive and Non-executive Directors. The Executive Chairman is an ambassador for the Company to shareholders and other stakeholders, and works specifically to ensure there is sufficient and effective communication with shareholders and to understand their issues and concerns.

The Executive Directors are responsible for the running of the business. The Non-executive Directors are responsible for exercising independent and objective judgement in respect of Board decisions, developing corporate strategy with senior management, and for scrutinising and constructively challenging the actions of senior management.

Frank Blin is the current Senior Independent Non-executive Director, to whom concerns may be conveyed by shareholders if they are unable to resolve them through existing mechanisms for investor communications or where such channels are inappropriate. Frank replaced Michael Peacock in this role following Michael's retirement in November 2014.

The responsibilities of the Executive Chairman, the Senior Independent Director and the Company Secretary have been agreed by the Board and are set out in writing.

Details of the terms of appointment of both the Executive and Non-executive Directors are set out in the Directors' Remuneration Report, which refers to Executive service contracts and non-executive terms of appointment, copies of which are available for inspection at the Company's registered office and which will be available for inspection at the AGM.

Corporate Governance Report continued

Compliance with the Code

The Group has complied with the provisions of the Code throughout the year, with the following exceptions:

- Matthew Peacock, as Executive Chairman, has responsibilities for both the organisation of the Board and running of the Group's business. Whilst this does not meet the criteria set out in provision A.2 of the Code, the objectivity of the Board and its independence from management is strengthened by the designation of a Senior Independent Director, Frank Blin, to convene or chair sessions of the Non-executive Directors if required.
- Tom Russell was appointed a Non-executive Director of the Company from 17 March 2015 having previously been an Executive Director. By virtue of his association with Hanover Investors Management LLP, he did not meet the independence criteria set out in provision B1.1 of the Code. Mr Russell is not a member of the Board committees. The Audit and Remuneration Committees are comprised of two Independent Non-executive Directors as required by C3.1 and D2.1, and the Nominations Committee comprises a majority of Independent Non-executive Directors as required by provision B2.1 of the Code.
- Frank Blin was appointed to the Board in December 2014. The Nominations Committee decided not to openly advertise or engage an external search agency for this appointment. As required under B2.4, the Committee were of the view that in order to meet the particular skill requirements needed for the Board it was not appropriate to openly advertise or use a search agency.

The Board

Structure and Composition

As at 30 June 2015, the Board comprised two Executive and three Non-executive Directors:

		Audit Committee	Remuneration Committee	Nominations Committee
Matthew Peacock	Executive Chairman	—	—	Chairman
Jog Dhody	Chief Financial Officer	—	—	—
Tom Russell*	Non-executive Director	—	—	—
Frank Blin	Non-executive Director	Chairman	Member	Member
Rob Woodward	Non-executive Director	Member	Chairman	Member

* Appointed a Non-executive Director from 17 March 2015 having previously been an Executive Director.

Biographies of all the Directors at the date of this report are set out from page 44.

Board Diversity

Regenersis has a strong and balanced Board, with a range of complementary skills to support the strategic and operational direction of the Group. We recognise the importance of diversity at Board level and our Board members comprise members with a wide range of skills and experiences from a variety of business backgrounds, including international and industrial expertise.

Whilst the Company pursues diversity, including gender diversity, throughout the business, the Board is not committing to any specific targets. Instead, the Board will continue to pursue a policy of appointing talented people at every level to deliver high performance.

The composition of the Board is intended to ensure that its membership represents a mix of backgrounds and experience that will enhance the quality of its deliberations and decisions. Diversity in Board composition is an important driver of Board effectiveness. In considering the composition of the Board, consideration is given to the skills required by the Board at that time and the need to address longer-term succession and business priorities.

The formal annual evaluation of the Board, Board committees and individual Directors takes Board diversity into account and is instrumental in identifying any new skill requirements, as well as possible shortcomings or gaps.

Further information on the number of men and women in our workforce is provided in the Corporate Social Responsibility and Sustainability Report on pages 36 to 41.

Board Process

The Directors ensure the effectiveness of the Board through regular meetings and by having open lines of communication between Board members.

During the year, the Board made two visits to the Group's operating sites, and believes that the benefit of its collective experience is a valuable asset to the business.

On joining the Board, new Directors are provided with a tailored induction programme. They are given background information describing the Group and its activities. Meetings with principal shareholders and advisers are also arranged as appropriate.

Details of attendance at scheduled Board and Board Committee meetings in this annual cycle are as follows:

	Board		Audit Committee		Remuneration Committee		Nominations Committee	
	Eligible to attend	Attended	Eligible to attend	Attended	Eligible to attend	Attended	Eligible to attend	Attended
Matthew Peacock	15	15	—	2*	—	4*	2	2
Frank Blin (Appointed 1 December 2014)	7	6	1	1	2	2	—	—
Tom Russell	15	14	—	—	—	2*	—	—
Rob Woodward	15	15	4	4	4	4	2	2
Jog Dhody	15	15	—	4*	—	3*	—	1*
Michael Peacock (Resigned 26 November 2014)	7	5	3	3	2	2	1	1

* Attended by invitation.

If Directors are unable to attend Board or Committee meetings they review the relevant papers and provide comments to the Executive Chairman or Committee Chairman.

The Board has agreed a schedule of matters reserved specifically for its decision, which includes:

- Overall strategy and objectives.
- Approving interim and annual financial statements.
- Approving annual budget and medium-term projections.
- Reviewing operational and financial performance.
- Acquisitions and disposals.
- Approval of major customer contracts.
- Major divestments and capital expenditure.
- Ensuring maintenance of a sound system of internal control and risk management by the Group.
- Reviewing the environmental and health and safety performance of the Group.
- Approving appointments to the Board, including the Company Secretary.

Corporate Governance Report continued

The Board is supplied in a timely manner with the appropriate information to enable it to discharge its duties, including providing constructive challenge to and scrutiny of, management.

Procedures are in place for Directors to take independent professional advice, when necessary, at the Company's expense. No such advice was sought during the year under review.

If Directors have concerns that cannot be resolved regarding the running of the Group or a proposed action, they are encouraged to make their views known and these are recorded in the Board minutes.

Directors' Conflicts of Interest

Under the Companies Act 2006, a Director must avoid a situation where he has, or can have, a direct or indirect interest that conflicts, or possibly may conflict, with the Company's interests. The Company's articles authorise the Directors to approve any such situational conflicts which may arise, should they consider it appropriate to do so.

The Group maintains a Conflicts Register, which is a record of all the actual and potential conflicts for each of the Directors. It is reviewed at the beginning of each Board meeting. Where an actual or potential conflict exists, there are safeguards which apply when Directors decide whether to authorise a conflict or potential conflict.

The Company has complied with these procedures during the year and the Board believes that they operate effectively. During the year, details of any new actual or potential conflicts were submitted to the Board for consideration and, where appropriate, these were approved. Authorised actual or potential conflicts are reviewed by the Board on an annual basis.

Board Performance and Evaluation

The Board carried out a formal self-assessment process for itself, its committees and individual Directors in respect of the year ended 30 June 2015. The evaluation process concluded that the Board as a whole and its committees had functioned effectively during the year and that each Director continued to make a valuable contribution. As part of the outcomes from the evaluation, the Board considers whether there is any need for additional training for Directors; the review in the current year concluded that all Directors are sufficiently experienced.

Relations with Shareholders

Dialogue

The Board is committed to maintaining good communications with shareholders. Other than during close periods, the Executive Chairman and Chief Financial Officer maintain a regular dialogue with institutional shareholders throughout the year and give presentations to institutional shareholders and analysts immediately after the announcement of the Group's half year and full year results. The Group also encourages communications with private shareholders throughout the year and welcomes their participation at shareholder meetings.

The Group maintains a corporate website (www.regenersis.com), which complies with AIM Rule 26 and contains a range of information of interest to institutional and private investors, including the Group's annual and half year reports, trading statements and press releases and all regulatory announcements relating to the Group.

Constructive Use of the AGM

The Board wishes to encourage the constructive use of the Company's AGM for shareholder communication.

The Executive Chairman of the Board and the Chairmen of the Audit, Remuneration and Nominations Committees will be available to answer questions at the AGM. As with previous practice, separate resolutions will be proposed on each substantive issue and the details of the numbers of proxy votes cast for and against each resolution will be available at the meeting.

Board Committees

Remuneration Committee

Role of the Committee and Responsibilities

The Remuneration Committee is chaired by Rob Woodward and its other member is Frank Blin. The Executive Directors occasionally attend meetings by invitation only.

Under its terms of reference, the Remuneration Committee is responsible for:

- Considering and approving all aspects of the Company's remuneration policy for the Executive Directors (including the Executive Chairman), making recommendations to the Board as appropriate.
- Ensuring that the remuneration and conditions of service of the Executive Directors support corporate objectives and shareholders' interests, represent value for money and reflect the performance of the Company and the individual Directors as appropriate.
- Determining the individual remuneration packages for the Executive Directors and the Executive Chairman (including bonuses and other incentives).
- Recommending and monitoring the structure and level of pay for the senior management team.
- Agreeing a policy for the authorisation of expenses claimed by all Directors and reviewing annually a schedule of expenses claimed by the Directors in the preceding financial year.
- Making whatever other recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.

During the year the committee met four times.

Full details of the role, policies and activities of the Remuneration Committee are set out in the Directors' Remuneration Report on pages 61 to 64.

At the 2014 Annual General Meeting all of the resolutions were passed with the exception of the advisory vote on the Director's Remuneration Report. Following the meeting the Directors have maintained a dialogue with investors regarding the structure of future incentives for the Executive team and will continue to do so.

Nominations Committee

Role of the Committee and Responsibilities

The Nominations Committee is chaired by Matthew Peacock. Rob Woodward and Frank Blin are also members. Under its terms of reference, the Nominations Committee is responsible for:

- regular review of the structure, size and composition of the Board.
- reviewing plans for the orderly succession for both Executive and Non-executive Directors and in particular for the key roles of Executive Chairman and Senior Independent Director.
- membership of the Audit and Remuneration Committees, in consultation with the relevant Chairmen of those committees.
- making recommendations to the Board on the re-appointment of any Non-executive Director at the conclusion of their specified term of office, having given due regard to their performance and ability to continue to contribute to the Board in light of the knowledge, skills and experience required.

The Committee meets as and when required and met after the year end to evaluate its own performance.

During the year, the Committee, in accordance with its terms of reference, recommended the appointment of Frank Blin to join the Board. The Committee recommended his appointment based on the skills and experience that would be brought to the Board.

Part of the role of the Committee is to keep the other interests of the Non-executive Directors under review to ensure the effectiveness is not compromised.

Corporate Governance Report continued

Audit Committee

Role of the Committee and Responsibilities

The Audit Committee is chaired by Frank Blin and its other Non-executive member is Rob Woodward. By virtue of his former Executive and current Non-executive roles, the Directors consider that Frank Blin has recent and relevant financial experience. The Executive Chairman and Chief Financial Officer attend meetings of the Audit Committee by invitation. The Chairman and/or the Committee meets with the external auditor without any Executive Directors present whenever this is considered appropriate. The Audit Committee Chairman also meets with the Head of Internal Audit on a regular basis without any Executive Directors present whenever this is considered appropriate.

The Committee's responsibilities include:

- Monitoring the integrity of the financial statements of the Group and any formal announcements relating to the Group's financial performance and reviewing significant financial reporting judgements contained therein.
- Making recommendations to the Board to be put to shareholders on the appointment, reappointment and removal of the external auditor, approving the remuneration and terms of engagement of the external auditor and agreeing the scope of the audit engagement;
- Keeping under review the effectiveness of the Group's systems of internal financial control and reporting to the Board regarding such systems on an annual basis; and
- Reviewing the arrangements by which Group employees may, in confidence, raise concerns about possible improprieties in matters of financial reporting (or other matters).

Key Areas of Focus During the Year

During this annual cycle, the Audit Committee met four times. It has an annual work plan, developed from its terms of reference, with standing items that the Committee considers at each meeting in addition to any specific matters on which the Committee has chosen to focus. The work of the Audit Committee covered the following areas:

New for 2015

- The Committee has revisited the Blancco revenue recognition policy, since the business has now been under Group control for its first full year. The complexity arises around multiple service element deliverables. The Committee reviewed the policy and concluded the approach to be reasonable.
- The Committee has reviewed the Digital Care revenue recognition approach which has become more significant to the Group in the year as the business has grown. Complexities arise in the revenue recognition in assessing the various elements of the contract, including insurance revenue. The Committee reviewed the empirical data and concluded the approach was reasonable.
- The Committee has reviewed the acquisition accounting for the new acquisitions in the year, including further investment in Xcaliber and the Blancco sales offices, as well as the acquisition of SafeIT. Complexities arise in this accounting due to the estimations involved in assessing the value of the acquisitions and related contingent consideration, where appropriate. The Committee concluded that the treatment adopted in the case of each acquisition was reasonable.

Risk management and internal controls

- Considered reports from the Head of Internal Audit on their work and ongoing assessment of the control environment.
- Considered reports from the external auditor on their assessment of the control environment.
- Considered the ongoing increase in the size and complexity of the Group, particularly overseas and the need to implement additional and appropriate controls to mitigate the higher levels of risk that the Group was exposed to.
- Reviewed the Risk Register and discussed the approach that executive management was expecting to adopt in the ensuing financial year to enhance mitigating actions.
- Reviewed the outcome of the Risk Management Committee activities.
- Reviewed the resources of the Internal Audit function and considered and approved the scope of the internal audit programme.
- Reviewed the outcome from the conflict minerals survey.

- Considered the effectiveness of Group-wide controls, including financial controls and disaster recovery procedures.
- Considered the effectiveness of the Internal Audit function.
- Considered the Group's treasury policies, including cash and foreign currency management procedures.
- Considered the effectiveness of the Group's whistleblowing policy, both for raising issues and their resolution, and reviewed the outcomes from the instances of whistleblowing in the year.

External auditor

- Considered and approved the audit approach and scope of the audit work to be undertaken by the external auditor and the fees for the same.
- Reviewed reports on audit findings.
- Considered the independence of the auditor and their effectiveness, taking into account: (a) the nature and value of the non-audit work undertaken by the external auditor; (b) the approval process for non audit work over £20,000; (c) the tendering process undertaken where necessary for the provision of significant non-audit work; (d) the knowledge, skills and experience of the auditor; and (e) the Committee's own assessment.
- Considered the recommendations in the Code regarding the fees of the external auditor.
- Considered and approved the letter of representation issued to the external auditor.

Accounting and financial reporting

- Reviewed the half year and annual financial statements and the significant financial reporting judgements and significant risks.
- Reviewed the capital reduction process during the year
- Considered the liquidity risk and the basis for preparing the Group half year and full year accounts on a going concern basis and reviewed the related disclosures in the Annual Report and Accounts.
- Reviewed an accounting matters update, including consideration of relevant accounting standards and underlying assumptions.
- Reviewed disclosures in the Annual Report and Accounts in order to advise the Board on whether, taken as a whole, it was fair, balanced and understandable and provided the information necessary for shareholders to assess the Company's performance, business model and strategy.
- Reviewed disclosures in the Annual Report and Accounts in relation to disclosures around internal controls, risk management, principal risks and uncertainties and the work of the Committee.

Audit independence

The Audit Committee and the Board place great emphasis on the objectivity of the external auditor in their reporting to shareholders. The audit partner and senior manager are present at Audit Committee meetings as required to ensure full communication of matters relating to the audit. The overall performance of the auditor is reviewed annually by the Audit Committee, taking into account the views of management, and feedback is provided when necessary to senior members of KPMG unrelated to the audit. This activity also forms part of KPMG's own system of quality control. The Audit Committee also has discussions with the auditor, without management being present, on the adequacy of controls and on any judgemental areas. These discussions have proved satisfactory to date. The scope of the forthcoming year's audit is discussed in advance by the Audit Committee. Audit fees are approved by the Audit Committee after discussions between the businesses and KPMG.

Rotation of the audit partner's responsibilities within KPMG is required by their profession's ethical standards. There will be rotation of the audit partner and key members within the audit team as appropriate.

Assignments of non-audit work have been and are subject to controls by management that have been agreed by the Audit Committee so that audit independence is not compromised. In summary, these procedures are as follows:

- Audit related services: as auditor. If any additional support is required, this is considered competitively if appropriate.
- Tax consulting: after considering competitive offers, in cases where they are best suited, the Group has engaged KPMG and its associates.
- M&A advice and due diligence: after considering competitive offers, in cases where they are best suited, the Group has engaged KPMG and its associates.

Corporate Governance Report continued

Other than audit, the Board is required to give prior approval of work carried out by KPMG and its associates in excess of £20,000. Part of this review is to determine that other potential providers of the services have been adequately considered. These controls provide the Audit Committee with confidence in the independence of KPMG in their reporting on the audit of the Group.

As a result of their review, and confirmation from the auditor of their independence and objectivity, the Audit Committee has concluded that KPMG is independent of the Company.

Accounting and Financial Reporting Matters Considered by the Audit Committee

After discussion with both management and the external auditor, the Audit Committee determined that the key risks of misstatement of the Group's financial statements related to:

- Recoverability of goodwill.
- Business combinations.
- Revenue recognition.
- Capitalisation of intangible assets

These issues were discussed with management during the year and with the external auditor at the time the Committee reviewed and agreed the external auditor's audit plan, and also at the conclusion of the audit of the annual financial statements in September 2015. The Audit Committee placed significant reliance on the analyses presented by management and the results of the audit work presented by the external auditor.

Risk factor considered	Sources of evidence and conclusions reached
Recoverability of goodwill The Group has been particularly active in recent acquisitions and this has led to the creation of significant acquired goodwill. There is potential risk of non-recoverability of: • Historically generated goodwill; and • Goodwill newly created through acquisitions and business combinations. This uncertainty arises due to the difficulty in forecasting and discounting future cash flows associated with the individual cash generating units that support the recoverability of the goodwill in the future. The accounting policies of the Group are outlined in notes 1.5 and 2.2 to the accounts.	Management highlighted to the Committee how they arrived at the key assumptions to estimate the future cash flows associated with each cash generating unit. These included: • Budget and other underlying assumptions • Quality and integrity of the Group forecast profit & loss and cash flow models • Sensitivity analysis performed • Annual testing procedure • The discount rates used • Benchmark analyses against the relevant peer group. The Committee interrogated management's key assumptions to understand their impact. The Committee was satisfied that the assumptions used were appropriately scrutinised, challenged and sufficiently robust. The Committee was further satisfied with the disclosures in the financial statements. **The Committee concluded that:** • **The change to the CGUs in the year more accurately reflects the split of operations of the Group** • **Impairment testing indicated continuing high levels of headroom on Goodwill associated with the Software and Advanced Solutions Division** • **Headroom was tighter, but still comfortable in relation to the Goodwill associated with the Depot Solutions Division.**

Risk factor considered	Sources of evidence and conclusions reached
Business combinations The Group has been particularly active in recent acquisitions and, in particular in relation to certain acquisitions, there is a potential risk of misstatement of: • Contingent consideration for acquisitions. • Fair value of net assets acquired • Valuation of intangibles arising on acquisition. This uncertainty arises due to the judgement required in assessing newly acquired assets and liabilities and in turn the goodwill. This uncertainty is increased when one considers the dispersed geographic nature of the acquired businesses. The accounting policies of the Group are outlined in notes 1.5, 1.7 and 2.2 to the accounts.	Management highlighted to the Committee how they arrived at the key assumptions to estimate the value of each acquired asset or liability, the fair value of consideration, and the valuation of the acquired intangibles in the current and previous years. This included: • Identification of all acquired assets and completeness of liabilities. • Assessment of fair values of identified assets and liabilities. • Underlying assumptions used. • Sensitivity analysis performed. • Assessment of contingent consideration and assumptions behind it. • Review of estimates of future cash flows associated with each acquired intangible asset including customer contracts, intellectual property and brands. • Results of work performed by external experts to value significant acquired intangibles. • Review of previously established fair value adjustments to determine if adjustments should be made to the goodwill on acquisition or the Income Statement in line with the relevant accounting standards The Committee interrogated management's key assumptions to understand their impact. The Committee was satisfied that the assumptions used were appropriately scrutinised, challenged and sufficiently robust. The Committee was further satisfied with the disclosures in the financial statements. **The Committee concluded that:** • **In respect of the fair value of net assets acquired - it concluded that the treatment adopted by management was reasonable.** • **In respect of the fair value assessments created or updated during the year - it concluded that the treatment adopted by management was reasonable.** • **In respect of the valuation of the intangibles - based upon the valuation methodology used it concluded that the treatment adopted by management was reasonable.** • **In respect of the calculation of contingent consideration - it was concluded that a reasonable estimation of the pay out was made based on forecast data.**

Corporate Governance Report continued

Risk factor considered	Sources of evidence and conclusions reached
Revenue recognition The Group has developed or acquired new offerings and entered new contracts where revenue recognition is becoming more complex, particularly in the Software and Advanced Solutions Division. There is potential risk of misstatement of revenues associated with the following business units that have either separable elements to services being delivered or where judgement is required as to when the obligation under the service agreement was fulfilled: • Digital Care, Insurance and Warranty services. • Software licenses. This uncertainty arises due to the requirement to identify the separable components of the revenue and to determine the timing of the recognition of the revenue. The accounting policies of the Group are outlined in note 1.10 to the accounts.	Management highlighted to the Committee how they arrived at the key assumptions. This included: • A summary of the main contract terms. • The point of revenue recognition under the contract. • Comparison of the payment profile with the revenue profile of key contracts. • Analyses of separable elements of the revenue streams where multiple service components are delivered to the customers. The Committee interrogated management's key assumptions to understand their impact. The Committee was satisfied that the assumptions used were appropriately challenged and sufficiently robust. The Committee was further satisfied with the disclosures in the financial statements. **The Committee concluded that:** • **In respect of the Digital Care contracts – the amounts allocated to the separate deliverables identified and assumptions used were reasonable based upon empirical data and the treatment adopted by management was reasonable.** • **In respect of the software and services element arrangements - the calculation used was reasonably based on contract terms and the treatment adopted by management was reasonable.**

Risk factor considered	Sources of evidence and conclusions reached
Capitalisation of development costs The Group undertakes development of a range of new product and service offerings in the Depot Solutions Division and ongoing Blancco and other product development in the Software and Advanced Solutions business. There is a potential risk of misstatement of: • Inappropriate judgements on whether a project meets the criteria for capitalisation • Impairment of capitalised assets, which depends on future cash flows The uncertainty arises due to the classification of work into research or development, which must be accounted for separately under IFRS. Additional uncertainty arises due to the difficulty in forecasting and discounting future cash flows associated with the development expenditure. The accounting policies of the Group are outlined in note 1.5 to the accounts	Management highlighted to the Committee how they arrived at the key assumptions. This included: • A summary of the processes used in determining what costs to capitalise, including assessment of projects completed in the year. • Consideration of the future economic benefit of current development work, including scrutiny of budget. • Review of estimates of future cash flows associated with each asset. • Review of the assumed useful economic life of each development project. • Review of past development projects which have generated economic benefit for the Group. The Committee interrogated management's key assumptions to understand their impact. The Committee was satisfied that the assumptions used were appropriately scrutinised, challenged and sufficiently robust. **The Committee concluded that:** • **In respect of the capitalisation of costs – the amounts allocated to the development phase of the intangible assets were appropriately capitalised and supported by project data** • **In respect of the potential impairment of development intangibles – there were no impairment indicators and the Committee noted that the future economic benefit from the development expenditure was evident in the Group budget.**

Conclusion in Respect of the Annual Report and Financial Statements

The production and the audit of the Company's Annual Report and Financial Statements is a comprehensive process requiring input from a number of different contributors. One of the key governance requirements of the Company's Annual Report and Financial Statements is that they are fair, balanced and understandable. The Board has requested that the Audit Committee advise on whether it considers that the Annual Report and Financial Statements fulfil these requirements.

As a result of the work performed, the Committee has concluded that the Annual Report and Financial Statements for the year ended 30 June 2015, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the Company's performance, business model and strategy and has reported on these findings to the Board. The Board's conclusions in this respect are set out in the Statement of Directors' Responsibilities on page 65.

Frank Blin
Chairman
Audit Committee

21 September 2015

Corporate Governance Report continued

Other Committees
Risk Management Committee ('RMC')
Role of Committee and Responsibilities

This Management Committee is chaired by the Chief Operating Officer. In addition, it comprises the Head of Internal Audit and other members of senior management from each of the Group's segments. The Committee includes representatives of key support functions in the business, such as Finance, IT and Legal and reports to the Audit Committee.

The RMC is responsible for ensuring that all significant operational and management risks facing the Group are reduced to an acceptable level.

Key Focus During the Year

During the course of the year, the RMC met three times and reported to the Board formally once. The findings of the RMC are also discussed at the Audit Committee.

The work of the Committee focussed on the following areas:

- Reviewing the effectiveness of the risk management framework in identifying and managing risks and controlling internal processes
- Reviewing the risk management process annually and report this in an annual report on risk management to the Board and the Audit Committee.
- Establishing formal mechanisms that will facilitate the timely identification, management and mitigation of risks.
- Ensuring policies are established and adopted for the oversight and management of material business risks.
- Identifying and evaluating the significant risks faced by the Group.
- Participating in the annual review on the effectiveness of the system of internal control and risk management.

Internal Controls

The Board is responsible for maintaining a sound system of internal control to safeguard shareholders' investments and the Group's assets. Such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives and can provide only reasonable and not absolute assurance against material misstatement or loss.

The Group is committed to conducting its business responsibly and in accordance with all applicable laws and regulations. Employees are encouraged to raise concerns about fraud, bribery and other matters through a whistleblowing procedure. All such concerns are referred to the Executive Chairman or Chief Financial Officer, who then recommend appropriate remedial action. During the course of the year, there were four incidents reported. All of them were investigated by the Head of Internal Audit and appropriately resolved. The nature and outcomes of these incidents were summarised and also reported to the Audit Committee.

The Group's financial reporting processes are detailed and regularly reviewed. The detailed reporting is reviewed at least each month end by the members of the Central Finance team, highlighting areas of concern and checking and confirming that the reasons for variations are valid. Quarterly reviews of each of the businesses are performed by the Chief Financial Officer covering both historic and forthcoming financial and business performance as well as anticipating key future events.

In addition each business unit is required to submit a monthly controls checklist which is signed locally to say that controls and reviews have been carried out both during the month and as part of the month end close process.

A six monthly self-assessment exercise is also completed by business units that allow the Board to review the performance of internal controls within the Group and allows their state of health from a risk management viewpoint. It is designed to ensure that risks threatening business objectives are identified and also provides:

- A commitment from the Board to maintain good internal controls.
- A standard approach for risk management and controls across the Group.
- The Business Unit Managing Directors with individual responsibility and accountability for addressing risk hence, maintaining effective controls and compliance with Group policies, standards and delegations of authority.

Directors' Remuneration Report

Remuneration Committee

The Committee determines on behalf of the Board the Company's policy on the remuneration and terms of engagement of the Executive Directors and senior managers. Executive Directors attend by invitation only when appropriate and are not present at any discussion of their own remuneration.

The members of the Remuneration Committee and details of attendance at the meetings are disclosed in the table in the Corporate Governance Report on page 51.

The Committee members have no personal financial interest, other than as shareholders, in the matters to be decided. They have no conflicts of interest arising from cross-directorships or from being involved in the day-to-day business of the Group. Committee members do not participate in any formal bonus, share awards or pension arrangements.

Remuneration Policy

The Group operates in a highly competitive environment. For the Group to continue to compete successfully, it is essential that the level of remuneration and benefits offered achieves the objectives of attracting, retaining, motivating and rewarding the high calibre of individuals at all levels across the Group.

The Group therefore sets out to provide competitive remuneration to all its employees, appropriate to the business environment in the market in which it operates. To achieve this, each individual's remuneration package is based upon the following principles:

- Total rewards should be set to provide a fair and attractive remuneration package.
- Appropriate elements of the remuneration package should be designed to reinforce the link between performance and reward.
- Executive Directors' incentives will be aligned with the interests of shareholders.

The remuneration strategy is designed to be in line with the Group's fundamental values of fairness, competitiveness and equity and also to support the Group's corporate strategy. A cohesive reward structure consistently applied, with links to corporate performance, is seen as critical in ensuring attainment of the Group's strategic goals.

The Group also seeks to align the interests of shareholders with those of Executive Directors and senior employees by giving the latter opportunities and encouragement to build up a shareholding interest in the Company through long-term incentive plans.

Remuneration of Executive Directors

Elements of remuneration

The Executive Directors' total remuneration currently consists of:

- Fixed elements, comprising basic salary or fees, benefits and pensions.
- Performance-related elements comprising performance-related bonuses and long-term performance arrangements satisfied primarily by share awards.

The elements of the remuneration packages are designed in order to incentivise the Directors, and to align their interests with shareholders. This includes performance-related elements which challenge the Directors to achieve targets in the interest of promotion and growth of the Group.

Each of these elements of remuneration is explained below.

Basic Salary or Fees

Basic salaries or fees are set by the Remuneration Committee on an annual basis after taking into consideration the performance of the individuals, their levels of responsibility and rate of salary or fees for similar positions in comparator companies.

Directors' Remuneration Report continued

Benefits in Kind
These principally comprise car benefits, life assurance and membership of the Group's healthcare insurance scheme or payment in lieu of these benefits. These benefits do not form part of pensionable earnings.

Pensions
The Group makes defined contributions into individual pension plans. The Directors may opt out of the UK Pension Auto Enrolment scheme.

The amounts paid in the financial year are set out in the Directors' emoluments table on page 63.

Annual Performance Related Bonuses
Performance related bonuses for the Executive Directors are contractual and are determined by reference to performance targets based on the Group's financial results and personal objectives set at the beginning of the financial year. Terms and conditions are based on the recommendations of the Remuneration Committee.

The Executive Directors are eligible to receive a cash bonus of up to the following amounts for the year ended 30 June 2015.

		Maximum % eligible of basic salary or fees	Actual % awarded of basic salary or fees
Matthew Peacock	Executive Chairman	100%	0%
Jog Dhody	Chief Financial Officer	70%	0%

No bonus award has been made in this financial year as a result of bonus objectives not having been achieved.

Long-Term Incentive Arrangements
The Group has implemented long term incentive arrangements for its senior management and Directors in order to align their interests to those of the shareholders. The Directors participated in Incentive Share Plan (ISP3) in the current year.

All of the awards under two Incentive Share Plans (ISP1 and ISP2) were exercised in the previous financial year.

Incentive Share Plan (ISP3)
On 14 January 2014, the Company established the Regenersis Incentive Share Plan ("ISP3") on similar lines to ISP2, to incentivise management to achieve further shareholder value growth. The terms of this scheme were disclosed in the financial statements for the year to 30 June 2014.

No awards have vested during the current year since none of the performance targets have been met.

The Executive Directors are the only participating members of this scheme as at 30 June 2015; the grants in respect of Jog Dhody and Hanover General Partners II L.P. are 1.25% and 7.0% of the increase in shareholder value respectively (2014: 1.25% and 7.0%).

Service Agreements
Executive Director services are provided by way of rolling service contracts held between Regenersis Plc or one of its subsidiaries and Hanover General Partner LLP, providing six months' notice on either side. Matthew Peacock and Tom Russell are both associated with Hanover General Partner LLP.

Jog Dhody has a rolling Executive Director service agreement with Regenersis Plc and one of its subsidiaries that provides for 12 months' notice from the Company and six months' notice from him.

In the event that the Group serves notice to terminate the contract of any Executive Director, the Group may make a payment in lieu of notice, but is not obliged to do so. Such payments are restricted to the unexpired portion of the duration of the Executive's employment or entitlement to notice.

The dates of the contracts are as follows:

Matthew Peacock	3 December 2014
Jog Dhody	11 June 2013
Tom Russell	14 June 2013

The Remuneration Committee also determines the terms and conditions of employment of the Executive Directors.

Non-executive Directors' Remuneration

Non-executive Directors are appointed for a specified term, being an initial three-year period subject to their re-election by shareholders at the first AGM after their appointment. The initial three-year period may be extended for a further three-year term, at the discretion of the Board and subject to the ongoing requirement for re-election by shareholders under the Company's articles. On termination, no compensation is payable other than outstanding fees.

The following are the Non-executive Directors with the dates they joined the Board:

Frank Blin	1 December 2014
Rob Woodward	1 June 2013
Tom Russell	17 March 2015

The Non-executive Directors receive fees set at a level commensurate with their experience and ability to make a contribution to the Group's affairs and these are set by the Board as a whole. No incentives, pensions or other benefits are available to the Non-executive Directors and, accordingly, they have opted out of the UK Pension Auto Enrolment scheme.

The Board may request Non-executive Directors to perform specific additional work at an agreed per daily rate. It would be the intention of the Board that the Directors' independence is not prejudiced by the nature of any such additional work.

Details of the Directors' emoluments and share awards are given below and have been audited.

	Salary, fees, benefits 2015 £'000	Bonus 2015 £'000	Pension contributions 2015 £'000	Total 2015 £'000	Total 2014 £'000
Executive					
Matthew Peacock[1]	265	—	—	265	605
Jog Dhody	199	—	68	267	337
Tom Russell[1]	91	—	—	91	35
	555	**—**	**68**	**623**	**977**
Non-executive					
Michael Peacock (resigned 25 November 2014)	19	—	—	19	51
Frank Blin (appointed 1 December 2014)	26	—	—	26	—
Rob Woodward	41	—	—	41	43
Tom Russell[1]	20	—	—	20	—
	106	**—**	**—**	**106**	**94**
Total	**661**	**—**	**68**	**729**	**1,071**

1 Matthew Peacock and Tom Russell's fees are paid to Hanover Investors Management LLP or one of its connected parties for the provision of their services as Executive Chairman and Non-executive Director respectively.

Directors' Remuneration Report continued

Long-Term incentives Vested During the Current Financial Year

No long term incentives vested for any of the directors during the current financial year

Long-Term incentives Vested During the Previous Financial Year

The table below outlines awards made under ISP1 to Executive Directors which vested in the previous financial year:

Director	Vesting Date	Award Basis	Number of shares vested	Vesting price of award
Jog Dhody	14 January 2014	Share price increase	*	£3.09

* Awards vested and exercised by Jog Dhody in the previous financial year consisted of cash payments of £156,503.

The table below outlines awards made under ISP2 to Executive Directors which vested in the previous financial year:

Director	Vesting Date	Award Basis	Number of shares vested	Vesting price of award
Matthew Peacock	14 January 2014	Share price increase	**	£3.25
Jog Dhody	14 January 2014	Share price increase	100,591***	£3.25
Tom Russell	14 January 2014	Share price increase	**	£3.25

** Matthew Peacock and Tom Russell have an indirect beneficial interest in awards made to Hanover (Cayman) General Partner II LP, through their association with Hanover Investors Management LLP. Awards vested and exercised by Hanover (Cayman) General Partner II LP in 2014 consisted of cash payments of £4,422,981.
*** Awards vested and exercised by Jog Dhody consisted of 100,591 shares and cash payments of £344,228.

Directors' Beneficial interests in Shares

The interests of the Directors who held office at 30 June 2015 and their connected parties in the ordinary share capital of the Company are as shown in the table below.

	As at the date of this report Number	As at 30 June 2015 Number	As at 30 June 2014 Number
Executive			
Matthew Peacock	*	*	*
Jog Dhody	418,081	418,081	405,581
Non-executive			
Michael Peacock**	—	—	3,000
Frank Blin***	18,000	18,000	—
Rob Woodward	4,459	4,459	4,459
Tom Russell	*	*	*

* Matthew Peacock and Tom Russell have an indirect beneficial interest in the shares of the Group, through their association with Hanover Investors Management LLP. The combined holding of Hanover Investors Management LLP and its connected parties is 5,217,651 ordinary shares at 30 June 2015 (2014: 5,043,651).
** To 26 November 2014.
*** From 1 December 2014.

This report has been approved by the Board and has been signed on its behalf by:

Rob Woodward
Chairman of the Remuneration Committee

21 September 2015

Statement of Directors' Responsibilities

in respect of the Annual Report and Accounts and the 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 financial statements for each financial year. Under that law they have elected 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 UK accounting standards.

Under 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 Company and of the Group at the end of the financial year and of their profit or loss for that period. In preparing those financial statements, the Directors are required to:

- Select suitable accounting policies and apply them consistently.
- Make judgements and estimates that are reasonable and prudent.
- State whether they have been prepared in accordance with IFRSs as adopted by the EU.
- State for the Company financial statements whether applicable UK accounting standards have been followed.
- Prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Company and the Group will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Parent Company's transactions and disclose with reasonable accuracy at any time the financial position of the Parent Company and enable them to ensure that its financial statements comply with the Companies Act 2006. 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.

Responsibilities Statement

The Directors confirm to the best of their knowledge:

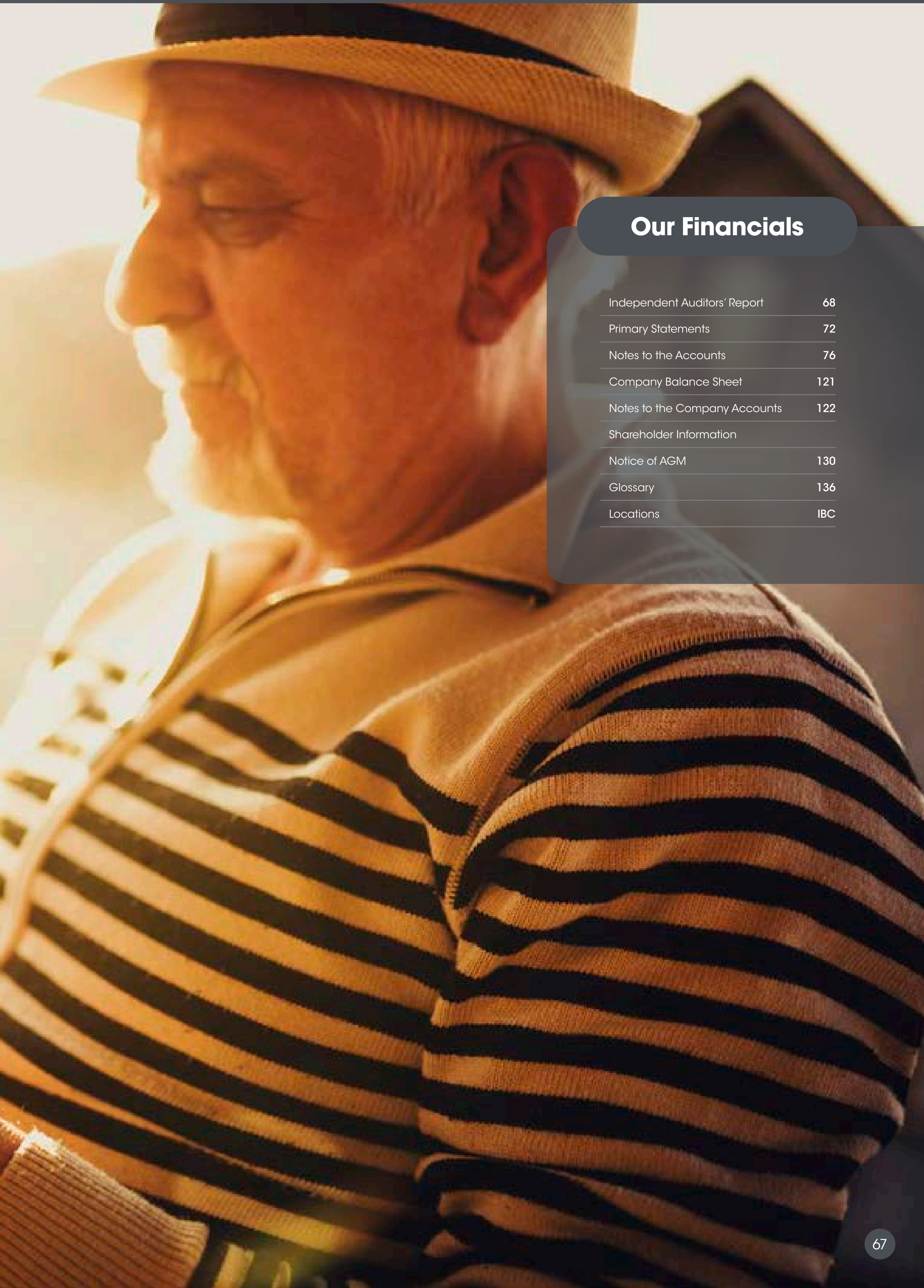
- The financial statements, prepared in accordance with IFRS as adopted by the EU, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole, including the individual Company accounts which are prepared under UK GAAP.
- The Strategic Report includes a fair review of the development and performance of the business and the position of the 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.
- The Annual Report and Financial Statements, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the Company's performance, business model and strategy.

The Directors are responsible for preparing the Annual Report in accordance with applicable law and regulations. Having taken advice from the Audit Committee, the Board considers the Annual Report and Financial Statements, taken as a whole, are fair, balanced and understandable and that it provides the information necessary for shareholders to assess the Company's performance, business model and strategy.

Neither the Company nor the Directors accept any liability to any person in relation to the Annual Report except to the extent that such liability could arise under English law.

Regenersis
Turning Around Technology

Supporting The Life Cycle Of Technology



Our Financials

Independent Auditor's Report

to the members of Regenersis Plc only

Opinions and conclusions arising from our audit

1. Our opinion on the financial statements is unmodified

We have audited the financial statements of Regenersis Plc for the year ended 30 June 2015 set out on pages 72 to 129. In our opinion:

- The financial statements give a true and fair view of the state of the Group's and of the parent company's affairs as at 30 June 2015 and of the Group's profit for the year then ended;
- The Group financial statements have been properly prepared in accordance with International Financial Reporting Standards as adopted by the European Union;
- The Parent Company financial statements have been properly prepared in accordance with UK Accounting Standards; and
- The financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

2. Our assessment of risks of material misstatement

In arriving at our audit opinion above on the financial statements the risks of material misstatement that had the greatest effect on our audit were as follows:

Recoverability of goodwill (£83.2 million)

Refer to page 56 (Audit Committee report), page 78 (accounting policy) and page 97 (financial disclosures).

- **The risk** – The recoverability of goodwill is considered to be a significant audit risk due to the high level of recent business combinations and the associated significant goodwill arising. The value in use of the cash generating units, which include the goodwill and is the level at which these are assessed for recoverability, is dependent on the related businesses generating sufficient cash flows. Due to the inherent uncertainty involved in forecasting and discounting future cash flows, this is one of the key judgement areas for our audit.
- **Our response** – In this area our audit procedures included, testing of the Group's budgeting procedures upon which the forecasts are based; and the principles and integrity of the Group's discounted cash flow model. We evaluated the assumptions and methodologies used by the Group, in particular those relating to the forecast revenue growth and profit margins. We compared the Group's assumptions to our assessments in relation to key inputs such as projected economic growth, cost inflation and discount rates, as well as performing break-even analysis on the assumptions. We used our own valuation specialist to benchmark the assumptions used in determining the discount rates applied and compared these rates to externally derived data comprising groups in similiar operating markets. We compared the sum of the discounted cash flows to the Group's market capitalisation to assess the reasonableness of those cash flows. We also assessed whether the Group's disclosures, in particular about the sensitivity of the outcome of the impairment assessment to changes in key assumptions reflected the risks inherent in the valuation.

Business combinations (Contingent consideration payable of £5.7 million)

Refer to page 57Audit Committee report), page 78 (accounting policy) and page 92 (financial disclosures).

- **The risk** – The Group has completed a number of significant business combinations. Those transactions require the Directors to make ongoing judgements in the following areas:
  - in respect of HDM, Digicomp and Blancco Sweden acquisitions, determining or updating the fair value of the contingent consideration payable which relies on forecasting future earnings and
  - in respect of the Digicomp and Blancco acquisitions, determining adjustments required to the provisional fair value of assets and liabilities acquired, and whether these adjustments related to circumstances which existed at the date of acquisition (and therefore are made to acquired goodwill) or after that date (and therefore made to the Income statement), which is complex given the large number of locations and their geographic spread.

- **Our response** – In this area our audit procedures included:
  - challenging the key assumptions and methodologies used in determining the current estimate of the contingent consideration payable in respect of the Digicomp, HDM and Blancco Sweden acquisitions;
  - challenging the basis used by the Group to retrospectively adjust the provisional fair value of the assets and liabilities acquired and whether these adjustments were appropriately made to acquired goodwill or to the income statement. We corroborated the explanations provided by comparing to the facts and circumstances specific to the businesses acquired, our past experience of similar transactions and the Group's business plan supporting the acquisition;
  - consideration of the appropriateness of the accounting for significant fair value adjustments in subsequent periods with reference to relevant accounting standards; and
  - consideration of the presentation and disclosure of any material adjustments in the financial statements and the adequacy of the disclosure of the sensitivity of key estimates made.

Capitalisation of development costs (Additions to intangible development costs of £4.0 million)

Refer to page 59 (Audit Committee report), page 78 (accounting policy) and page 99 (financial disclosures).

- **The risk** – The Group incurred research and development costs in the year, some of which met the criteria for capitalisation as development costs. There is significant judgement involved in determining whether a particular project or activity has met these criteria and therefore must be capitalised. There is a risk that capitalisation occurs on projects that do not meet these criteria or that incorrect amounts are allocated to projects.
- **Our response** – In this area our audit procedures included interrogations of the Group's assessments of future cash flows from significant research and development projects, so as to assess the benefits expected to be generated from these projects and whether these projects meet the criteria for capitalisation. In respect of those projects, that meet the criteria, our audit procedures included, obtaining a breakdown of additions to internally generated intangible assets at a project level, verifying a sample of costs back to time recorded or to invoices and assessing the reasonableness of labour rates used. We evaluated the assumptions and methodologies used by the Group, in particular those relating to engineers' time which may be capitalised. We considered the adequacy of the disclosure in the financial statements in respect of judgements made in capitalising these costs.

Independent Auditor's Report continued

to the members of Regenersis Plc only

Revenue recognition (£33.3 million Advanced Solutions and £15.0 million Software)

Refer to page 58 (Audit Committee report), page 80 (accounting policy) and page 86 (financial disclosures).

- **The risk** – The Group has a number of revenue streams reflecting the diversity of services offered to its customers. Although the recognition of revenue for repairs is relatively straightforward, certain other income streams, particularly in the Software and Advanced Solutions division, can be more complex. In Blancco, software licences may need to be spread over the licence period or separated into their respective deliverables; whilst in Digital Care policies have several elements which can include insurance. The application of the Group's accounting for arrangements involving multiple elements can be complex as the total contract value is allocated to each identified component on a relative fair value basis and recognised as revenue as the related goods or services are delivered. With regard to these contracts the identification of components and allocation and recognition of revenue is a key area of judgement.
- **Our response** – Our audit procedures included selecting contracts based on quantitative factors (for example, those with the greatest impact on the Group's financial results) and qualitative factors (for example, new contracts or services entered into during the financial year). In respect of those contracts we assessed the appropriateness of the Group's revenue recognition policies, with reference to relevant accounting standards, and considered whether revenue on the contracts selected was recognised in accordance with these policies. We also challenged the revenue amounts assigned to each deliverable by assessing the Group's delivery of its performance obligations with respect to contractual terms, particularly where the Group made estimates or applied judgement relating to the timing and value of revenue recognised. We considered the adequacy of the disclosure of these policies in the financial statements.

In the prior year we considered "Tax provisioning and the recoverability of deferred tax assets" to be a significant audit risk. We consider this risk to be less significant in the current year.

3. Our application of materiality and an overview of the scope of our audit

The materiality for the Group financial statements as a whole was set at £1,200,000, determined with reference to a benchmark of Group revenue, of which it represents 0.6%. We consider revenue to be the most appropriate benchmark as it provides a more stable measure year on year than Group profit before tax.

We report to the Audit Committee any corrected or uncorrected identified misstatements exceeding £60,000, in addition to other identified misstatements below that threshold that warranted reporting on qualitative grounds.

Of the Group's 60 reporting components, 22 were subject to audits for Group reporting purposes. We conducted specified audit procedures at a further 15 non-significant components. The components for which we performed work other than audits for Group reporting purposes were not individually significant but were included in the scope of our Group reporting work in order to provide further coverage over the Group's results. The components within the scope of our work accounted for the following percentages of the Group's results.

	Revenue	Profit before tax	Total assets
Audits for group reporting purposes	86%	80%	80%
Specified audit procedures	12%	16%	17%
Total	98%	96%	97%

For the remaining 23 components, we performed analysis at an aggregated Group level to re-examine our assessment that there were no significant risks of material misstatement within these.

The Group audit team instructed component auditors as to the significant areas to be covered, including the relevant risks detailed above and the information to be reported back. The Group audit team approved the component materialities, which ranged from £60,000 to £900,000, having regard to the mix of size and risk profile of the Group across components. The work on 12 of the 22 components subject to audit was performed by component auditors and the rest by the Group audit team.

The Group audit team visited 17 component locations in the UK, Spain, Poland, Finland, Romania, South Africa, USA and India. Telephone conference meetings were also held with these component auditors and the others that were not physically visited. At these visits and meetings, the findings reported to the Group audit team were discussed in more detail, and any further work required by the Group audit team was then performed by the component auditor.

4. Our opinion on other matters prescribed by the Companies Act 2006 is unmodified

In our opinion the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

5. We have nothing to report in respect of the matters on which we are required to report by exception

Under ISAs (UK and Ireland) we are required to report to you if, based on the knowledge we acquired during our audit, we have identified other information in the annual report that contains a material inconsistency with either that knowledge or the financial statements, a material misstatement of fact, or that is otherwise misleading.

In particular, we are required to report to you if:

- we have identified material inconsistencies between the knowledge we acquired during our audit and the Directors' statement that they consider that the annual report and financial statements taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's performance, business model and strategy; or
- the Audit Committee report does not appropriately address matters communicated by us to the Audit Committee.

Under the Companies Act 2006 and under the terms of our engagement we are required to report to you if, in our opinion:

- adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in respect of the above responsibilities.

Scope of report and responsibilities

As explained more fully in the Directors' Responsibilities Statement set out on page 65, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

This report is made solely to the Company's members as a body and is subject to important explanations and disclaimers regarding our responsibilities, published on our website at www.kpmg.com/uk/auditscopeukco2014b, which are incorporated into this report as if set out in full and should be read to provide an understanding of the purpose of this report, the work we have undertaken and the basis of our opinions.

Stuart Smith (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
One Snowhill
Snow Hill Queensway
Birmingham
B4 6GH

21 September 2015

Consolidated Income Statement

for the year ended 30 June 2015

	Note	2015 £'000	2015 £'000	2014 £'000	2014 £'000
Group revenue	3		**202,564**		**197,482**
Headline Operating Profit			**15,426**		**10,965**
Acquisition costs	6		(3,041)		(5,044)
Exceptional restructuring costs	7		(678)		(4,351)
Amortisation of intangible assets	18		(3,349)		(589)
Share-based payments	33		(531)		(658)
Group Operating Profit before disposal of subsidiaries			**7,827**		**323**
Loss on disposal of subsidiaries	16		(1,456)		—
Group Operating Profit			**6,371**		**323**
Share of results of equity accounted investment	20		(746)		(100)
Profit on disposal of equity accounted investment			—		240
Operating profit from continuing operations			**5,625**		**463**
Revaluation of contingent consideration	30	3,302		4,695	
Other finance income		143		86	
Finance income	10		3,445		4,781
Unwinding of discount factor on contingent consideration		(934)		(1,063)	
Other finance costs		(1,339)		(1,311)	
Finance costs	10		(2,273)		(2,374)
Profit before tax			**6,797**		**2,870**
Taxation	11		(1,680)		381
Profit for the year			**5,117**		**3,251**
Attributable to:					
Equity holders of the Company			5,404		2,975
Non-controlling interest			(287)		276
Profit for the year			**5,117**		**3,251**
Earnings per share					
Basic	12		6.97p		5.45p
Diluted	12		6.97p		5.41p

Consolidated Statement of Comprehensive Income

for the year ended 30 June 2015

	2015 £'000	2014 £'000
Profit for the year	5,117	3,251
Other comprehensive income – Amounts that may be reclassified to profit or loss in the future:		
Exchange differences arising on translation of foreign entities	(3,786)	(3,403)
Total comprehensive income/(expense) for the year	**1,331**	**(152)**
Attributable to:		
Equity holders of the Company	1,618	(428)
Non-controlling interests	(287)	276
Total comprehensive income/(expense) for the year	**1,331**	**(152)**

Consolidated Balance Sheet

as at 30 June 2015

	Note	2015 £'000	2014 £'000
Assets			
Non-current assets			
Goodwill	17	83,157	81,791
Other intangible assets	18	27,041	28,479
Equity accounted investments	20	1,850	10
Other investments	20	61	745
Property, plant and equipment	19	6,355	5,341
Deferred tax	31	622	1,182
		119,086	**117,548**
Current assets			
Inventory	21	9,480	10,137
Trade and other receivables	22	34,556	37,742
Cash	23	12,143	20,795
		56,179	**68,674**
Total assets		**175,265**	**186,222**
Current liabilities			
Trade and other payables	24	(40,471)	(44,330)
Contingent consideration	30	(1,734)	-
Provisions	29	(372)	(792)
Income tax payable		(642)	(1,476)
		(43,219)	**(46,598)**
Non-current liabilities			
Borrowings	26	(4,357)	(194)
Contingent consideration	30	(3,994)	(6,358)
Provisions	29	(1,029)	(2,659)
Total liabilities		**(52,599)**	**(55,809)**
Net assets		**122,666**	**130,413**
Equity			
Ordinary share capital	32	1,581	1,581
Share premium	32	51,737	121,737
Merger reserve	32	4,034	4,034
Translation reserve	32	(7,115)	(3,329)
Retained earnings	32	72,191	5,820
Total equity attributable to equity holders of the Company		**122,428**	**129,843**
Non-controlling interests		238	570
Total equity		**122,666**	**130,413**

The financial statements were approved by the Board of Directors and authorised for issue on 21 September 2015.

They were signed on its behalf by:

Matthew Peacock
Executive Chairman

Jog Dhody
Chief Financial Officer

Company number: 05113820

Consolidated Statement of Changes in Equity

for the year ended 30 June 2015

	Share capital £'000	Share premium £'000	Merger reserve £'000	Translation reserve £'000	Retained earnings £'000	Non-controlling interest reserve £'000	Total £'000
Balance as at 30 June 2013	**994**	**26,592**	**3,088**	**74**	**8,650**	**—**	**39,398**
Comprehensive income:							
Profit for the year	—	—	—	—	2,975	276	3,251
Other comprehensive income:							
Exchange differences arising on translation of foreign entities	—	—	—	(3,403)	—	—	(3,403)
Transactions with owners recorded directly in equity:							
Issue of share capital	587	95,145	946	—	—	—	96,678
Recognition of share-based payments	—	—	—	—	867	—	867
Vesting of share options	—	—	—	—	(5,142)	—	(5,142)
Dividends paid	—	—	—	—	(1,530)	—	(1,530)
Other transactions:							
On acquisition of subsidiary	—	—	—	—	—	294	294
Balance as at 30 June 2014	**1,581**	**121,737**	**4,034**	**(3,329)**	**5,820**	**570**	**130,413**
Comprehensive income:							
Profit for the year	—	—	—	—	5,404	(287)	5,117
Other comprehensive income:							
Exchange differences arising on translation of foreign entities	—	—	—	(3,786)	—	—	(3,786)
Transactions with owners recorded directly in equity:							
Recognition of share-based payments	—	—	—	—	914	—	914
Dividends paid	—	—	—	—	(3,381)	—	(3,381)
Other transactions:							
Acquisition of non-controlling interest without a change in control	—	—	—	—	(2,938)	—	(2,938)
Reserves transfer on acquisition of non-controlling interest	—	—	—	—	45	(45)	—
Purchase of Company's own shares	—	—	—	—	(3,673)	—	(3,673)
Conversion of share premium account	—	(70,000)	—	—	70,000	—	—
Balance as at 30 June 2015	**1,581**	**51,737**	**4,034**	**(7,115)**	**72,191**	**238**	**122,666**

Consolidated Cash Flow Statement

for the year ended 30 June 2015

	Note	2015 £'000	2014 £'000
Profit for the year		**5,117**	**3,251**
Adjustments for:			
Net finance (income)	10	(1,172)	(2,407)
Tax expense/(credit)	11	1,680	(381)
Depreciation on property, plant and equipment	19	1,702	1,619
Amortisation of intangible assets	18	4,452	2,152
Impairment of intangible assets	18	—	5
Share of results of equity accounted investment		746	100
Loss/(gain) on disposal of subsidiary/equity accounted investment		1,456	(240)
Loss/(gain) on disposal of property, plant and equipment		114	(5)
Share-based payments expense		531	658
Operating cash flow before movement in working capital		**14,626**	**4,752**
Acquisition costs		3,041	5,044
Exceptional restructuring costs		678	4,351
Operating cash flow before movement in working capital and exceptionals		**18,345**	**14,147**
Decrease/(increase) in inventories		(377)	(2,725)
Decrease/(increase) in receivables		1,083	(9,227)
(Decrease)/increase in payables and accruals		(4,867)	4,025
Decrease in provisions		(1,824)	(1,049)
Cash generated from/(used in) operations		**8,641**	**(4,224)**
Acquisition costs payments		1,708	4,679
Exceptional restructuring payments		1,223	4,024
Headline Operating Cash Flow		**11,572**	**4,479**
Interest received		100	86
Interest paid		(858)	(792)
Tax paid		(963)	(816)
Net cash inflow/(outflow) from operating activities		**6,920**	**(5,746)**
Cash flow from investing activities			
Purchase of property, plant and equipment	19	(2,588)	(2,814)
Purchase and development of intangible assets	18	(4,749)	(3,874)
Proceeds from sale of property, plant and equipment		990	231
Acquisition of investment in an associate	20	(1,912)	(745)
Acquisition of subsidiary, net of cash acquired	14	(2,450)	(50,484)
Net cash used in investing activities		**(10,709)**	**(57,686)**
Cash flow from financing activities			
Proceeds from issue of share capital (net)	31	—	95,732
Payment on vesting of share options	32	(80)	(4,924)
Repurchase of shares		(3,550)	—
Drawdown/(repayment) of borrowings	28	4,066	(6,724)
Dividends paid	25	(3,381)	(1,530)
Net cash (outflow)/inflow from financing activities		**(2,945)**	**82,554**
Net (decrease)/increase in cash and cash equivalents		**(6,734)**	**19,122**
Other non-cash movements – exchange rate changes		(1,918)	(2,846)
Cash and cash equivalents at the beginning of year		20,795	4,519
Cash and cash equivalents at end of year	23	**12,143**	**20,795**
Cash and cash equivalents at end of year		12,143	20,795
Bank borrowings	26	(4,357)	(194)
Net cash	27	**7,786**	**20,601**

Notes to the Accounts

for the year ended 30 June 2015

1. General information

Regenersis Plc is a company incorporated in the United Kingdom under the Companies Act 2006. Details of its registered office are published on the inside back cover, whilst the nature of the Group's operations and principal activities are set out in the Strategic Report from page 6. These financial statements are presented in thousand pounds sterling, which is the functional currency of the Group and Parent Company. Foreign operations are included in accordance with the policies set out in note 1.4.

1.1 Basis of preparation

These consolidated financial statements have been prepared in accordance with all International Financial Reporting Standards ("IFRS") as adopted by the EU ("Adopted IFRS").

The financial statements of the Parent Company have been prepared in accordance with United Kingdom Generally Accepted Accounting Practice ("UK GAAP") and presented from page 121.

Changes in accounting policies

The standards, changes to existing standards and interpretations listed below have been enacted and adopted by the Group in the period in the preparation of these financial statements. They have not had a significant impact on the Group's accounting.

At the date of approval of these financial statements, the following Standards and Interpretations which have not been applied in these financial statements were in issue but not yet effective:

		Effective for periods beginning on or after:
IFRS 9	Financial Instruments	1 January 2018
IAS 16/IAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016

The Group does not consider the adoption of these standards will have any material impact on its financial statements.

The financial statements are prepared under the historical cost convention, except where the measurement of balances at fair value is required as set out below. The accounting policies below have been consistently applied to all periods presented in these consolidated financial statements.

1.2 Going concern

As highlighted in note 26 to the financial statements, the Group meets its day-to-day working capital requirements through a Revolving Credit Facility which is not due for renewal until October 2019.

Further information on the Group's business activities, together with the factors likely to affect its future development, performance and position is set out in the Business Review on pages 22 to 29. Further information on the financial position of the Group, its cash flow, liquidity position and borrowing facility is also described in this review. In addition, note 30 to the financial statements includes the Group's objectives, policies and processes for managing its capital, and its exposures to credit risk and liquidity risk.

The Group's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the Group should be able to operate within the level of its Revolving Credit Facility.

After making enquiries, the Board has a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the Annual Report and Accounts.

1.3 Basis of consolidation

The consolidated financial statements aggregate the results, cash flow and balance sheets of Regenersis Plc ("the Company") and its subsidiary undertakings (together the "Group") drawn up to 30 June each year. A list of the Company's principal subsidiary undertakings including details of statutory year ends that differ from the Group is given in note 20. The results of subsidiary undertakings, acquired during the financial year are included from the date of acquisition. The financial statements of subsidiaries are prepared in accordance with the Group's accounting policies and to coterminous balance sheet dates.

Subsidiaries comprise the entities controlled by the Group. Control exists when the Group has power over an entity, is exposed or has the rights to variable returns from its involvement with the entity and has the ability to affect those returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements over subsidiaries are included in the consolidated financial statements from the date that commences until it ceases.

Intra-Group balances and transactions, and any unrealised income and expenses arising from intra-Group transactions are eliminated in preparing the consolidated financial statements. On acquisition of a subsidiary, applicable assets and liabilities existing at the date of acquisition are reflected at their fair values.

Non-controlling interests in the net assets of consolidated subsidiaries are identified separately from the Group's equity therein. Non-controlling interests consist of the amount of those interests at the date of the original business combination and the share of the changes in equity since the date of the combination. Losses applicable to the non-controlling interest that are in excess of the non-controlling interest in the subsidiary's equity, are allocated against the interests of the Group only if there is a binding obligation to fund the losses and the Group is able to make an additional investment to cover the losses. Acquisition of non-controlling interests' equity stakes in the Group's subsidiaries are recorded directly through reserves, with a transfer of the non-controlling interest's share of net assets directly to retained earnings on the date of acquisition.

1.4 Foreign currencies

Transactions denominated in foreign currencies are translated into Sterling at the exchange rate ruling at the date of the transaction. Foreign currency monetary assets and liabilities are translated into Sterling at rates of exchange ruling at the balance sheet date. The income statements and cash flow of overseas subsidiaries are translated into sterling at the weighted average exchange rates applicable during the year and their assets and liabilities are translated at the rates ruling at the balance sheet date. Exchange differences arising on the retranslation of opening net assets of overseas subsidiaries, together with differences between profit and loss accounts at average and closing rates, are included within other comprehensive income. In addition, exchange differences arising on long-term intercompany loans are included within other comprehensive income.

All other exchange differences are accounted for within the income statement.

Notes to the Accounts continued

for the year ended 30 June 2015

1.5 Goodwill and intangible assets

Goodwill arising on consolidation represents the excess of the cost of the acquisition over the Group's interest in the fair value of the identifiable assets and liabilities of a business at the date of the acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses. Goodwill is reviewed for impairment at least annually. Any impairment is recognised immediately in the income statement and is not subsequently reversed.

Goodwill arising on acquisitions before the date of transition to IFRS has been retained at the previous UK GAAP amounts subject to being tested for impairment at that date.

Goodwill and other intangible assets with indefinite useful lives are reviewed for impairment annually, or whenever there is an indication that they may be impaired, by comparing the carrying value of the asset, or group of assets, to its recoverable amount. Assets which do not generate cash inflows independent of other assets are aggregated into cash generating units (CGUs) and the recoverable amount of the CGU to which the asset belongs is estimated. The recoverable amount of an asset or CGU is the higher of its fair value less costs to sell and its value in use.

The value in use is estimated by calculating the present value of its future cash flow. Impairment charges are recognised in the income statement to the extent that the carrying value exceeds the recoverable amount in the period in which the impairment is identified.

Goodwill acquired in a business combination is allocated to each of the cash generating units that is expected to benefit from the synergies of the combination.

Separately identifiable intangible assets arising on business combinations

Other intangible assets, such as customer relationships, brand names and other intellectual property, are recognised on business combinations if they are separable or arise from a legal or contractual right. Separately identifiable intangible assets are amortised over their expected future lives unless they are regarded as having indefinite useful lives, in which case they are not amortised, but subject to an annual impairment test.

- Customer relationships are being amortised on a straight line basis over three to 12 years.
- Brand names are being amortised on a straight line basis over 14 years.
- Intellectual property is being amortised on a straight line basis over ten years.

Development expenditure

Expenditure on research and certain development activities is recognised as an expense in the period in which it is incurred. Any internally generated development costs (including software development) are recognised as an asset only if the following criteria are met:

- An asset is created that can be identified.
- It is probable and intended that the asset created will generate future economic benefits.
- The development costs of the asset can be measured reliably.
- There is availability of adequate resources to complete the development.

Amortisation of acquired intangibles and internally generated development expenditure is excluded from Headline Operating Profit in the Consolidated Income Statement.

Where no internally generated intangible asset can be recognised, the development expenditure is recognised as an expense in the period in which it is incurred. Internally generated intangible assets are amortised on a straight line basis over three to five years once the asset is available for use.

Software licences

Software licences are initially measured at cost. Cost includes the purchase price of the assets and the directly attributable cost of bringing the asset into its intended use. After initial recognition, the intangible asset is carried at cost, less accumulated amortisation, less any accumulated impairment losses. Amortisation is charged evenly over the assets' estimated useful lives, which are between three and five years.

1.6 Property, plant and equipment

Property, plant and equipment are carried at cost less accumulated depreciation and accumulated impairment losses. Subsequent costs are capitalised only when it is probable that they will result in future economic benefits flowing to the Group and when they can be measured reliably. Depreciation begins when the asset is available for use and is charged to the income statement on a straight line basis so as to write off the cost less residual value of the asset over its estimated useful life as follows:

Leasehold improvements	— over the period of the lease or life of the improvements if less
Plant and machinery	— 16%–20% per annum
Computer equipment	— 25%–30% per annum
Motor vehicles	— 25% per annum
Fixtures and fittings	— 16%–50% per annum

The useful economic lives are reviewed on an annual basis to ensure that they are appropriate.

Gains and losses arising on the disposal of an asset are determined as the difference between the sale proceeds and the carrying amount of the asset and are recognised in the income statement.

1.7 Interests in joint ventures and associates

A joint venture is a contractual arrangement whereby the Group undertakes an economic activity that is subject to joint control. Joint control exists when the strategic financial and operating policy decisions relating to the activity require the unanimous consent of the parties sharing control.

The Group has an interest in an associate where they have significant influence over the operations of that entity. The Group generally regards an equity ownership of between 20% and 49% to represent significant influence, although other factors are taken into account such as the influence over operating policy decisions.

The Group's interest in jointly controlled entities and associates is accounted for using the equity method. Under this method the Group's share of the profits less losses of jointly controlled entities and associates is included in the consolidated income statement and its interest in their net assets is included in investments in the consolidated balance sheet. Where the share of losses exceeds the interests in the entity the carrying amount is reduced to nil and recognition of further losses is discontinued. Interest in the entity is the carrying amount of the investment together with any long-term loan that, in substance, forms part of the net investment in the entity.

1.8 Inventories

Inventories and work in progress are stated at the lower of cost and net realisable value. The cost of inventories is based on the first-in first-out principle and includes all direct expenditure and an appropriate proportion of attributable overheads that have been incurred in bringing the inventories and work in progress to their present location and condition. Net realisable value represents the estimated selling price less all estimated costs to be incurred in marketing, selling and distribution. The amount of any write-down of inventories to net realisable value is recognised as an expense in the year in which the write-down occurs.

Notes to the Accounts continued

for the year ended 30 June 2015

1.9 Accruals and provisions

A provision is recognised when there is a present obligation, whether legal or constructive, as a result of a past event for which it is probable that a transfer of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions in respect of contingent consideration for acquisitions are made at the Board's best estimate of the likely consideration payable taking account of the performance criteria which affect the level of contingent consideration.

Provisions are determined by discounting the expected future cash flow at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount rate is recognised as a finance cost.

A provision for onerous contracts is recognised when the expected benefits to be derived by the Group from a contract are lower than the unavoidable costs of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Group recognises any impairment loss on the assets associated with the contract.

1.10 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and is net of value added tax and other duties. Revenue is recognised when the delivery of goods or services has taken place in accordance with the terms of the sale, and there is certainty on the value, recoverability is reasonably assured and risk has transferred to the customer.

Revenue on software sales is recognised according to the terms of individual contracts, which fall into two types: either a volume or subscription basis. For sales of licences made under a subscription model, revenue is deferred and recognised over the length of the user agreement. Revenue billed in advance is deferred within deferred income and billing in arrears is recognised in accrued income. Where Blancco software is sold on a volume basis a finite number of "uses" are delivered. Revenue is recognised on delivery as this is the point at which risk and reward is transferred to the customer and there are no continuing obligations to the Group.

Bundled sales or multiple-element arrangements require the Group to deliver hardware and/or a number of services under one agreement, or a series of agreements which are commercially linked. Under such agreements, an assessment is made over the ability to identify and account for each of the components separately. In order for these components to be identified it is determined whether the component has stand-alone value to the customer and whether the fair value of the component can be measured reliably. If these criteria are deemed to be met the components are accounted for separately.

Where these agreements are accounted for separately, the consideration received is allocated to each of the identifiable components based on the relative fair values. Fair values are determined on a hierarchical basis as follows:

- Evidence where the Group sells on a stand-alone basis.
- Evidence where the same or similar components are being sold by another third party.
- Best estimate of the selling price.

The amount of revenues allocated to the hardware or service element is accounted for on delivery, and when all revenue recognition criteria are met. The amount allocated to services is accounted for over the term in which those services are being delivered.

Revenue generated from revenue sharing agreements is recognised in full in revenue with the revenue share due to third parties recognised as a cost of sale.

Revenue share comprises amounts payable to network operators and other sources of product in respect of equipment which is sourced from them and which are sold by the Group to independent third parties.

The following factors are relevant to the accounting treatment for this revenue sharing business as the Group:

- Takes full title and ownership of the products prior to onward sale.
- Is sometimes exposed to stockholding risks such as loss or damage and also bears the risk of stock obsolescence.
- Processes and decides on the best route to market for the equipment.
- Has full discretion in identifying customers for onward sale of products and establishes the selling price to these customers.
- Bears the full credit risk of these sales.

Given the above factors the gross inflows are recognised as revenue.

The Group undertakes some insurance contracts, which are accounted for in accordance with IFRS 4 "Insurance Contracts". Under these agreements, the Group receives compensation for administrative as well as insurance services. In all cases the insurance is underwritten to some extent thus limiting the exposure to insurance risk on the Group. The multiple-element arrangements are separated and recognised in accordance with the Group's revenue recognition policy.

The insurance revenue is recognised on a straightline basis over the life of the Group's policies. Amounts for the year as on 30 June 2015 are not considered material.

1.11 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on the taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantially enacted by the balance sheet date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of the taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary differences arise from the goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interest in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Notes to the Accounts continued

for the year ended 30 June 2015

The carrying amount of the deferred tax asset is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

1.12 Employee benefits

Pensions

The Group offers defined contribution pension arrangements to certain employees. Payments to defined contribution pension schemes are expensed as incurred.

Share-based payments

Some Directors and employees are granted share options which may, if certain performance criteria are met, allow these employees to acquire shares in the Company. The specific schemes are detailed in note 33 to the accounts, and include both market and non-market based schemes.

The fair value of options granted after 7 November 2002 under market based schemes, are 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 an option pricing model, 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 variations are due only to share prices not achieving the threshold for vesting.

The fair value of options granted under non-market based schemes are recorded in the same way, however the fair value is reassessed at each reporting date, with the corresponding change in fair value recorded as an expense with a corresponding increase in equity.

Cash settled option schemes

The Group grants options to certain employees which, on vesting, are settled in cash. These are detailed in note 33 to the accounts and are referred to as Phantom Share Schemes. An option pricing model is used to ascertain the fair value of the option at each balance sheet date. A charge is recognised and included within share-based payments with a corresponding liability, based on the expected number of options to vest, pro-rated for the vesting period that has expired.

1.13 Own shares held by EBT

Transactions of the Company-sponsored EBT are treated as being those of the Company and are therefore reflected in the Parent Company and Group financial statements. In particular, the trust's purchases of shares in the Company are debited directly to equity.

1.14 Dividends on shares presented within equity

Dividends unpaid at the balance sheet date are only recognised as a liability at that date to the extent that they are appropriately authorised and are no longer at the discretion of the Company. Unpaid dividends that do not meet these criteria are disclosed in the notes to the financial statements.

1.15 Leases

Lease arrangements entered into by the Group are assessed at the inception of the lease and classified as either an operating or a finance lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards of incidental ownership to the lessee. All other lease arrangements are classified as operating leases.

Rentals payable under operating leases are recognised in the income statement on a straight line basis over the periods of the leases. Assets acquired under finance leases are capitalised and the outstanding future lease obligations are shown under creditors.

1.16 Financial instruments

Financial assets and financial liabilities are recognised in the Group's balance sheet when the Group becomes a party to the contractual provisions of the instrument.

Equity instruments

Equity instruments issued by the Group are initially recorded at the proceeds received, net of direct issue costs.

Non-derivative financial instruments

Non-derivative financial instruments include investments, cash and cash equivalents, trade and other receivables, trade and other payables and borrowings.

- Cash and cash equivalents comprise cash balances and short-term deposits. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purposes of the consolidated cash flow statement.
- Trade and other receivables are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost.
- Trade and other payables are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost.
- Bank borrowings: Bank borrowings are recognised initially at fair value net of directly attributable transaction costs incurred. Borrowings are subsequently stated at amortised costs. Any difference between the proceeds (net of transaction costs) and redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

1.17 Government grants

Government grants are recognised on the balance sheet and released to the income statement over the term to which the grant relates.

1.18 Headline Operating Profit / Headline Operating Cash Flow

"Headline Operating Profit" is the key profit measure used by the Board to assess the underlying financial performance of the operating divisions and the Group as a whole. Headline Operating Profit is stated before the following items for the following reasons:

- Acquisition costs, because these are one off in nature
- Exceptional restructuring costs, because these are not considered to reflect the underlying performance of the Group's operating businesses
- Share-based payment charges, because these represent a non-cash accounting charge for long term incentives to senior management rather than the underlying operations of the Group's business.

Notes to the Accounts continued

for the year ended 30 June 2015

- Amortisation or impairment of acquired intangible assets because these are non-cash charges arising as a result of the application of acquisition accounting, rather than core operations
- The non-cash amortisation charge of development expenditure capitalised because this does not reflect an ongoing cash outflow of the Group
- Disposal of subsidiaries, because these represent a one off non-cash charge to the consolidated Income Statement.

"Headline Operating Cash Flow" is a key internal measure used by the Board to evaluate the cash flow of the Group. It is defined as operating cash flow excluding taxation, interest payments and receipts, acquisition costs, and exceptional restructuring costs.

1.19 Adjusted earnings per share

An adjusted measure of earnings per share has also been presented, which the Board consider gives a useful additional indication of the Group's performance. Adjusted earnings are stated before amortisation or impairment of acquired intangible assets and development expenditure capitalised, amortisation of bank fees, exceptional restructuring costs, acquisition costs, share-based payments, loss on disposal of subsidiaries, unwinding of the discounted contingent consideration and adjustments to estimates of contingent consideration.

2. Critical judgements and estimations in applying the Group's accounting policies

2.1 Judgements

In the process of applying the Group's accounting policies, management makes various judgements that can significantly affect the amounts recognised in the financial statements. The critical judgements are considered to be the following:

- Recoverability of goodwill and carrying value and useful economic life of other intangible assets.
- Assessment of the fair value of assets and liabilities acquired in business combinations.
- Revenue recognition on new revenue streams in more complex areas of the business.
- Underlying assumptions used in taxation and recoverability of any related deferred tax assets.
- Judgements in determining whether development expenditure meets the criteria for capitalisation

2.2 Estimations

- Goodwill and other intangible assets
  Determining whether goodwill or other intangibles are impaired requires an estimation of the value in use of the cash generating units to which the goodwill or other intangible is allocated. The value in use calculation includes estimates about future financial performance and long-term growth rates and requires management to select a suitable discount rate in order to calculate the present value of those cash flows. The key assumptions used in the impairment review are disclosed in note 17 to the Financial Statements.

- Revenue Recognition
  The Group has developed or acquired new offerings and entered new contracts where revenue recognition is becoming more complex. The complexity arises around identification of the separable elements generating revenue within each contract and estimation of the fair value of those elements. Judgement is also required as to when the obligation under the service agreement was fulfilled and therefore the timing of when revenue may be recognised.

- Tax

  The Group has recognised deferred tax assets in respect of unutilised losses and other temporary differences arising in certain of the Group's businesses. This requires management to make decisions on the recoverability of such deferred tax assets based on future forecasts of taxable profits. If these forecast profits do not materialise, or there are changes in the tax rates or to the period over which the losses or temporary difference might be recognised, the value of the deferred tax asset will need to be revised in a future period.

  The Group has losses for which no value has been recognised for deferred tax purposes in these financial statements, as future economic benefit of these temporary differences is not probable. If appropriate profits are earned in the future, the temporary difference may result in a benefit to the Group in the form of a reduced tax charge in a future period.

- Customer relationships

  The assessment of the future economic benefits generated from acquired customer relationships, and the determination of the related amortisation profile, involves a significant degree of judgement based on management estimation of future potential revenue and profit and the useful lives of the assets.

- Contingent consideration

  The Directors use their judgement to determine the extent to which contingent consideration will be payable. To assist in making this estimation the Directors use all available information when preparing these financial statements.

- Current asset provisions

  In the course of normal trading activities, judgement is used to establish the net realisable value of various elements of working capital, principally inventory and trade receivables. Provisions are established for net realisable value and bad and doubtful debt risks. Provisions are based on the facts available at the time and may also be determined by using profiles, based upon past practice, applied to inventory and aged receivables.

  In estimating the net realisable value of inventory, judgement is required in assessing their likely value on realisation taking into account market and technological changes.

  In estimating the collectability of trade receivables, judgement is required in assessing their likely realisation, including the current creditworthiness of each customer and related ageing of past due balances. Specific accounts are assessed in situations where a customer may not be able to meet its financial obligations due to deterioration of its financial condition, credit ratings or bankruptcy.

  The judgement as outlined above is also used when acquiring a company and assessing the net assets acquired to ensure they are stated at their realisable value.

Notes to the Accounts continued

for the year ended 30 June 2015

3. Segmental reporting

Depot Solutions

The Depot Solutions Division provides the Group's geographic infrastructure and core repair service, focusing on continuous improvement, common operating practices, IT platforms and efficiency. It includes the operations in the UK (excluding Glenrothes), Germany, Poland, Romania, Turkey, South Africa, Spain, Argentina, Mexico, India, Portugal, Russia, the USA, and the Czech Republic.

Software and Advanced Solutions

The Software segment includes:

- The Blancco business which was acquired in the previous financial year. The business specialises in the provision of data erasure software and is the leading global provider in this field.
- The Xcaliber smartphone diagnostic business which has moved from a start-up, focused on product development in the prior year to a business with a product ready to market and with a promising sales pipeline. The Group increased its ownership of this business from 15% to 49% in July 2014.

The Advanced Solutions: Other businesses include:

- The Set Top Box activities in Glenrothes;
- The Set Top Box Diagnostics business which started in 2011 – including the In-Field Tester business and other remote diagnostics capabilities covering countries including the USA, South Africa and Belgium;
- The Digital Care Insurance business which started in 2013, with activities principally in Poland;

	Revenue 2015 £'000	Share of associate 2015 £'000	Revenue 2015 £'000	Revenue 2014 £'000	Share of JV 2014 £'000	Revenue 2014 £'000
Revenue from external customers						
Depot Solutions	**154,262**	—	**154,262**	**151,641**	**(446)**	**151,195**
Software	15,150	(136)	15,014	2,382	—	2,382
Advanced Solutions	33,288	—	33,288	43,905	—	43,905
Software and Advanced Solutions	**48,438**	**(136)**	**48,302**	**46,287**	**—**	**46,287**
Total Group	**202,700**	**(136)**	**202,564**	**197,928**	**(446)**	**197,482**

There are two customers who account for more than 10% of the Group's revenue and had total revenues of: £27,878,429 and £24,909,276; (2014: three customers £28,264,525, £23,920,662 and £20,112,833).

The revenues from the two largest customers were split across the segments as follows: Depot Solutions £51,407,198 (2014 from the three largest customers: £70,963,608), Advanced Solutions £1,380,507 (2014: £1,334,412) and Software £nil (2014: £nil). These are significant in the context of the Group although we contract with them under several service agreements in several different countries.

	2015 £'000	2014 £'000
Headline segment profit		
Depot Solutions	**8,623**	**8,112**
Software	5,382	502
Advanced Solutions	6,578	6,951
Software and Advanced Solutions	**11,960**	**7,453**
Total Group	**20,583**	**15,565**
Corporate costs	(5,157)	(4,600)
Headline Operating Profit	**15,426**	**10,965**
Exceptional restructuring costs	(678)	(4,351)
Acquisition costs	(3,041)	(5,044)
Amortisation of intangible assets	(3,349)	(589)
Share-based payments	(531)	(658)
Group Operating Profit before disposal of subsidiaries	**7,827**	**323**
Loss on disposal of subsidiaries	(1,456)	—
Group Operating Profit	**6,371**	**323**
Share of results of equity accounted investments	(746)	(100)
Profit on disposal of jointly controlled entity	—	240
Operating profit from continuing operations	**5,625**	**463**
Finance income	143	86
Revaluation of contingent consideration	3,302	4,695
Unwinding of discount factor on contingent consideration	(934)	(1,063)
Other finance costs	(1,339)	(1,311)
Net finance income	1,172	2,407
Profit before tax	**6,797**	**2,870**

	Segment assets 2015 £'000	Segment assets 2014 £'000	Segment liabilities 2015 £'000	Segment liabilities 2014 £'000
Depot Solutions	**59,762**	**62,418**	**52,387**	**48,672**
Software	11,075	10,369	4,318	3,566
Advanced Solutions	23,599	11,847	21,584	17,169
Software and Advanced Solutions	**34,674**	**22,216**	**25,902**	**20,735**
Total Group	**94,436**	**84,634**	**78,289**	**69,407**
Corporate	80,829	101,588	(25,690)	(13,598)
	175,265	**186,222**	**52,599**	**55,809**

	Capital expenditure 2015 £'000	Capital expenditure 2014 £'000	Depreciation & amortisation 2015 £'000	Depreciation & amortisation 2014 £'000
Depot Solutions	**2,860**	**3,542**	**2,588**	**1,862**
Software	1,641	200	2,250	14
Advanced Solutions	1,751	1,701	1,110	1,092
Software and Advanced Solutions	**3,392**	**1,901**	**3,360**	**1,106**
Total Group	**6,252**	**5,443**	**5,948**	**2,968**
Corporate costs	1,085	23,102	206	299
	7,337	**28,545**	**6,154**	**3,267**

Notes to the Accounts continued

for the year ended 30 June 2015

Geographical information

The following geographical information is based on the location of the business units of the Group:

	2015 £'000	2014 £'000
Revenue from external customers		
UK	34,042	56,427
Germany	31,484	27,469
Poland	51,167	44,717
Spain	30,755	33,508
Rest of World	55,252	35,807
	202,770	**197,928**
Less: share of jointly controlled entity	(136)	(446)
	202,564	**197,482**

	2015 £'000	2014 £'000
Inter-location revenue		
UK	881	3,940
Poland	972	1
Romania	1,215	212
Rest of World	551	267
	3,619	**4,420**

	2015 £'000	2014 £'000
Non-current assets		
UK	28,071	28,987
Non-UK	91,015	88,561
	119,086	**117,548**

4. Auditors' remuneration

	2015 £'000	2014 £'000
Fees payable to the Company's auditor for the audit of the Company's annual accounts	19	19
The audit of the Company's subsidiaries pursuant to legislation	428	351
Total audit fees	**447**	**370**
Non-audit fees		
Taxation compliance services	33	41
Taxation advisory services	1,170	725
Transaction services	144	432
Non-audit fees	**1,347**	**1,198**
	1,794	**1,568**

The audit fee for the Group has increased in 2015 as a result of the new legal entities acquired in previous years as well as the general growth in the Group.

The Board considered the level of fees paid to the auditor and in particular the level of non-audit fees. Having considered their own view and the view of KPMG, the Board concluded appropriate safeguards were in place to ensure the independence of the auditor.

5. Operating profit

	2015 £'000	2014 £'000
Revenue	202,700	197,928
Less: share of jointly controlled entity	(136)	(446)
Group revenue	**202,564**	**197,482**
Cost of sales	(148,961)	(151,436)
Gross profit	**53,603**	**46,046**
Headline administrative expenses	(38,177)	(35,081)
Headline Operating Profit	**15,426**	**10,965**
Other administrative expenses	(7,599)	(10,642)
Profit on disposal of jointly controlled entity	—	240
Loss on disposal of subsidiaries	(1,456)	—
Share of results of equity accounted investment	(746)	(100)
Operating profit	**5,625**	**463**
Administrative expenses	47,232	45,723

6. Acquisition costs

	2015 £'000	2014 £'000
Acquisition costs, deal costs and other M&A related costs	**3,041**	**5,044**

Acquisition costs relate to the M&A activity within the year, with the most significant relating to the acquisition of SafeIT and additional investments in Xcaliber and Blancco sales offices.

7. Exceptional restructuring costs

	2015 £'000	2014 £'000
Redundancies and restructuring	678	3,610
Onerous lease and dilapidation provision	—	741
	678	**4,351**

Exceptional redundancy and restructuring costs relate primarily to finalisation of the restructuring activities carried out in the second half of the previous financial year.

8. Profit for the year

Profit for the year has been arrived at after charging/(crediting):

	2015 £'000	2014 £'000
Depreciation of property, plant and equipment – owned	1,702	1,619
Loss/(profit) on disposal of property, plant and equipment	114	(5)
Amortisation of intangible assets including software licences	4,452	2,152
Cost of inventories recognised as an expense	91,372	100,406
Staff costs (note 9)	60,368	59,142
Net foreign exchange (gains)/ losses	(233)	241

Within the Consolidated Income Statement, the Group has realised a profit arising due to the translation of sales and purchases in foreign currencies into the reporting currency of the Group's subsidiaries.

Notes to the Accounts continued

for the year ended 30 June 2015

9. Staff costs

	2015 Number	2014 Number
Average numbers employed		
Production	3,426	3,515
Sales and business development	142	136
Administration	681	561
	4,249	**4,212**

	2015 £'000	2014 £'000
Aggregate employment costs		
Wages and salaries	51,806	49,924
Social security costs	6,564	6,678
Share-based payments	531	658
Pension and other staff costs	1,467	1,975
	60,368	**59,235**

Key management personnel have been identified as the main Board, the Depot Solutions Board, and the Software and Advanced Solutions Board. Remuneration of key management personnel is as follows:

	2015 £'000	2014 £'000
Key management personnel costs		
Short-term employee benefits	1,852	2,565
Post-employment benefits	117	144
Share-based payments	531	658
	2,500	**3,367**

The remuneration of individual Directors is detailed in the table at the bottom of page 63 in the Remuneration Report.

The reduction in the remuneration of key personnel in the current year is due to no bonus or long term incentive plan pay-outs accruing to the Directors.

10. Finance costs and finance income

	2015 £'000	2014 £'000
Bank interest receivable and similar income	143	86
Revaluation of contingent consideration (note 30)	3,302	4,695
Total finance income	**3,445**	**4,781**
Interest payable on borrowings:		
Bank loans and overdrafts	583	647
Other finance costs	756	664
Unwind of discount factor on contingent consideration (note 30)	934	1,063
Total finance costs	**2,273**	**2,374**
Net finance income	**1,172**	**2,407**

Invoice financing facility charges were £0.2 million (2014: £0.2 million). Interest costs for the Revolving Credit Facility and other costs were £1.2 million (2014: £1.1 million).

The HDM contingent consideration is payable in September 2015 with a final payment agreed with the vendor of €1.4 million (£1.0 million). As a result, a revaluation of the contingent consideration in the year has resulted in a non-cash profit recorded of £3.3 million.

11. Tax

	2015 £'000	2014 £'000
Current tax		
UK corporation tax	180	—
Overseas tax	1,796	972
Adjustments in respect of prior years	(945)	(542)
Total current tax charge	**1,031**	**430**
Deferred tax		
UK	(577)	(221)
Overseas	(126)	(932)
Adjustments in respect of prior years	1,352	342
Total deferred tax charge/(credit) (note 31)	**649**	**(811)**
Tax charge/(credit)	**1,680**	**(381)**

UK corporation tax is calculated at 20.75% (2014: 22.5%) of the estimated assessable profit for the year. Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

The Group's total income tax charge for the year can be reconciled to the profit per the Consolidated Income Statement as follows:

	2015 £'000	2014 £'000
Profit before tax	6,797	2,870
Tax at standard UK corporation tax rate of 20.75% (2014: 22.5%)	1,410	646
Effects of:		
Permanent differences	(751)	201
Income not taxable	—	(1,120)
Rate differences	(493)	(275)
Adjustment in respect of previous periods	407	(200)
Loss on disposal of subsidiaries	310	—
Brought forward losses no longer recognised	798	—
Current year losses not recognised	65	633
Relief on research and development costs	—	(266)
Other timing differences	(66)	—
	1,680	**(381)**

Factors that may affect future current and total tax charges

Reductions in the UK corporation tax rate from 23% to 21% (effective from 1 April 2014) and 20% (effective from 1 April 2015) were substantively enacted on 2 July 2013. In the Budget on 8 July 2015, the Chancellor announced additional planned reductions to 18% by 2020. This will reduce the company's future tax charge accordingly. The deferred tax asset at 30 June 2015 has been calculated based on the rate of 20% substantively enacted at the balance sheet date.

12. Earnings per share (EPS)

	2015 Pence	2014 Pence
Basic earnings per share	6.97	5.45
Diluted earnings per share	6.97	5.41
Adjusted earnings per share	16.19	16.16
Adjusted diluted earnings per share	16.19	16.06

Notes to the Accounts continued

for the year ended 30 June 2015

	2015 Pence per share	2014 Pence per share	2015 £'000	2014 £'000
Profit for the year	6.60p	5.96p	5,117	3,251
Loss/(profit) attributable to non-controlling interests	0.37p	(0.51p)	287	(276)
Basic EPS/profit attributable to equity holders of the Company	6.97p	5.45p	5,404	2,975
Reconciliation to adjusted profit:				
Amortisation of intangible assets	4.32p	1.08p	3,349	589
Exceptional bank charges	0.94p	0.91p	730	495
Acquisition costs	3.92p	9.24p	3,041	5,044
Share-based payments	0.69p	1.21p	531	658
Unwinding of discount on contingent consideration	1.20p	1.95p	934	1,063
Adjustment to fair value of contingent consideration	(4.26p)	(8.60p)	(3,302)	(4,695)
Exceptional restructuring costs	0.88p	7.97p	678	4,351
Loss on disposal of subsidiaries	1.88p	(0.44p)	1,456	(240)
Tax impact of above adjustments	(0.35p)	(2.61p)	(269)	(1,418)
Adjusted EPS/profit for the year	**16.19p**	**16.16p**	**12,552**	**8,822**

Number of shares	2015 '000	2014 '000
Weighted average number of ordinary shares	80,017	55,438
Treasury shares excluded	(2,467)	(854)
Weighted average number of ordinary shares (basic)	77,550	54,584
Effect of share options in issue	13	359
Weighted average number of ordinary shares (diluted)	**77,563**	**54,943**

13. Acquisitions during the year

Acquisition of SafeIT

On 2 September 2014 the Group completed the acquisition of 100% of the issued share capital of SafeIT Security Sweden AB for a consideration of €1.8 million (£1.4 million), which was funded through the Group's cash reserves.

In the ten months to 30 June 2015, this acquisition has contributed total revenue of £260,000, Headline Operating Profit of £149,000 and operating profit of £149,000.

If the acquisition had been completed on the first day of the financial year, management estimates that the benefit to consolidated revenue for the year would have been £315,000, the benefit to consolidated Headline Operating Profit would have been £180,000, and the benefit to consolidated operating profit would have been £180,000.

In determining these amounts, management has assumed that the fair value adjustments, determined provisionally, that arose on the date of acquisition would have been the same if the acquisition had occurred on 1 July 2014.

The provisional book value and fair value of the assets acquired and liabilities assumed were as follows:

	Book Value £'000	IFRS alignment £'000	Fair value adjustments £'000	Fair Value £'000
Intangible assets – customer contracts	—	—	197	197
Property, plant and equipment	3	—	(3)	—
Deferred tax	(11)	—	18	7
Cash	153	—	—	153
External borrowings	—	—	—	—
Trade and other receivables	29	—	(27)	2
Trade and other payables	(55)	(100)	(210)	(365)
Net assets acquired	**119**	**(100)**	**(25)**	**(6)**
Goodwill				1,410
Total consideration				**1,404**

Satisfied by:	
Cash paid in 2015	1,404
Total consideration	**1,404**

There were a number of fair value adjustments identified to get to the fair value following a review of all balance sheet categories. These adjustments include £197,000 relating to customer contracts intangibles, a provision against doubtful debtors (£27,000), write off of previously disposed property, plant and equipment (£3,000), and the recognition of accruals in respect to litigation, claims and other unrecorded liabilities (£310,000).

Trade receivables acquired totalled £29,000 gross and there was no bad debt provision. The goodwill of £1,410,000 can be attributed to the anticipated growth of the Software group, strategic benefits and workforce in place.

Acquisition of non-controlling interests in Blancco

On 2 September 2014, the Group acquired the remaining 25% of the share capital of Blancco Sweden SFO which it did not already own for an initial cost of SEK 2.8 million (£0.2 million). The acquisition also includes an earn-out for the period to March 2016 and March 2017 based upon some growth metrics above a pre-agreed target revenue. The estimated cash outflow at the time of settlement is difficult to predict but has been estimated as £1.9 million. A deferred liability of £1.3 million has been established which represents the fair value at the acquisition date, using a discount rate of 13.1%. At 30 June 2015, the deferred liability had increased to £1.9 million. The earn-out is payable partly in Euros and partly in Swedish Krone.

On 30 September 2014, the Group acquired the remaining 40% of the share capital of Blancco US LLC which it did not already own for a cost of $1.2 million (£0.7 million). There is no earn-out.

On 30 June 2015, the Group acquired the remaining 20% of the share capital of Blancco Central Europe GmbH which it did not already own for a cost of €0.4 million (£0.3 million). There is no earn-out.

Notes to the Accounts continued

for the year ended 30 June 2015

The buy outs of non-controlling interests do not require a fair value assessment as both companies were already under control of the Group when the initial Blancco acquisition was completed on 16 April 2014. The fair value assessment performed for the Blancco Group can be found below.

In accordance with IFRS 10 "Consolidated Financial Statements", the purchase prices for each acquisition have been taken directly to the profit and loss reserve, in addition to the non-controlling interest in the balance sheet attributable to Blancco Sweden SFO, Blancco US LLC and Blancco Central Europe GmbH as at the respective acquisition dates.

Acquisitions in the year ended 30 June 2014

Acquisition of Blancco

On 17 April 2014, Regenersis completed the acquisition of all of the issued share capital of Blancco Oy Ltd and controlling stakes in its major sales offices (together comprising "Blancco") for a consideration of €60,000,000 on a cash and debt free basis comprising approximately €58,700,000 (£48,558,000) in cash and €1,300,000 (£952,000) in consideration shares. Total shares issued to the vendors were 225,096 at a value of £3.73.

The book value and revised fair value of the assets acquired and liabilities assumed were as follows:

	Book Value £'000	IFRS alignment £'000	Fair value adjustments £'000	Fair Value £'000
Intangible assets arising on consolidation	—	—	22,120	22,120
Goodwill recognised in subsidiaries' books	1,899	(1,899)	—	—
Property, plant and equipment	69	—	(27)	42
Investments in associates	134	(21)	(103)	10
Cash	3,205	—	—	3,205
External borrowings	(142)	—	—	(142)
Inventory	57	—	(57)	—
Trade and other receivables	2,480	(395)	(145)	1,940
Trade and other payables	(1,294)	(2,211)	(2,423)	(5,928)
Deferred tax	(147)	—	(3,227)	(3,374)
Total net assets	**6,261**	**(4,526)**	**16,138**	**17,873**
Net assets attributable to non-controlling interests				(294)
Net assets acquired				**17,579**
Goodwill				31,931
Total consideration				**49,510**

Satisfied by:	
Cash	48,558
Equity instruments issued	952
Total consideration	**49,510**

The IFRS alignment and fair value adjustments relate to intangibles arising on consolidation (£22,120,000), true up of goodwill to Regenersis level (£1,899,000), write off of unusable property, plant and equipment (£27,000), correction of investment accounting (£21,000), write off of unprofitable investments (£103,000), write off of inventory (£57,000), correction of sub-consolidation accounting (£395,000), provision against doubtful debtors (£145,000), provisions against litigations and claims and other unrecorded liabilities (£4,634,000), and the deferred tax impact of the above (£3,227,000).

Trade receivables acquired totalled £2,158,000 gross, which consisted of £724,000 net and bad debt provision of £1,434,000.

Under IFRS 3 "Business Combinations" separately identifiable intangible assets arising from the acquisition have been capitalised. These relate to product development valued at £11,872,000, customer contracts and relationships valued at £7,360,000 and the Blancco brand name, valued at £2,888,000. The intangible assets were valued by an external valuer, Global View Advisors. The key assumption used was the discount rate for future cash flows which was estimated at 15%. The sensitivity of each asset's value to a change in the discount rate is summarised below.

Sensitivity factor	Effect of +1% change in factor £
Discount rate on product development	(296,000)
Discount rate on customer relationships	(271,000)
Discount rate on brand name	(142,000)

The remaining goodwill of £31,984,000 can be attributed to the anticipated profitability through the growth of the enlarged Group synergistic benefits and workforce in place.

Acquisition of Digicomp

On 10 September 2013 the acquisition of 80% of the issued share capital of Digicomp Complete Solutions Limited ("Digicomp") was completed.

The book value and fair value of the assets acquired and liabilities assumed were as follows:

	Book Value £'000	IFRS alignment £'000	Fair value adjustments £'000	Fair Value £'000
Intangible assets	252	(213)	—	39
Intangible assets – customer contracts	—	—	242	242
Property, plant and equipment	793	(429)	(216)	148
Deferred tax liability	(94)	—	1	(93)
Overdraft	(493)	—	—	(493)
Inventory	597	(404)	(146)	47
Trade and other receivables	1,642	(163)	(209)	1,270
Trade and other payables	(654)	(288)	(1,042)	(1,984)
Other long-term payables	(113)	—	—	(113)
Net assets acquired	**1,930**	**(1,497)**	**(1,370)**	**(937)**
Goodwill				7,667
Total consideration				**6,730**

Satisfied by:	
Initial cash consideration	4,517
Deferred cash consideration	2,213
Contingent consideration for redeemable preference shares	—
Total consideration	**6,730**

The adjustments relating to IFRS accounting alignment include: intangibles not eligible for capitalisation under IFRS (£213,000); alignment of depreciation policies on property, plant and equipment (£429,000); alignment of stock provisioning on stock (£404,000); incorrectly applied accruals accounting on debtors (£21,000); provisions against doubtful debts and customer claims (£142,000); provisions for onerous transactions (£206,000); incorrectly applied accruals accounting on payables (£76,000); and other provisions required by IFRS (£6,000).

In addition to the adjustments noted above, the Directors identified a number of further fair value adjustments that were required to the book values, following a review of all balance sheet categories. These adjustments include write off of obsolete property, plant and equipment and stock (£362,000), provisions against doubtful debtors (£209,000); intangibles arising from customer contracts (£242,000); and provisions against litigations and claims and other unrecorded liabilities (£1,042,000).

Notes to the Accounts continued

for the year ended 30 June 2015

Trade receivables acquired totalled £999,000 gross, which consisted of £865,000 net and bad debt provision of £134,000.

The contingent consideration in respect of the Digicomp acquisition, was originally payable in September 2016 and based on a fixed earnings multiple applied to EBIT achieved in the 12 month period ending 31 March 2016. During the year, the terms of the earn-out have been renegotiated with the vendors, with the earn out now becoming payable on one of three pre-determined dates between 31 March 2017 and 31 March 2018, depending on meeting certain EBIT thresholds at these dates.

Regenersis will be able to exercise their option over the remaining share capital if these thresholds are not achieved at any of these dates, with an unconditional right to acquire the shares on 31 March 2018.

The value of the earn out will be based on a fixed earnings multiple applied to the EBIT achieved in the 12 month period ending on the trigger date.

Acquisition of Regenersis Rus Ooo (Russia)

On 26 December 2013 Regenersis completed the acquisition of the remaining 50% of the issued share capital of Regenersis Rus Ooo which became a fully wholly owned subsidiary from this date.

The book value and fair value of the assets acquired and liabilities assumed were as follows:

	Book Value £'000	IFRS alignment £'000	Fair value adjustments £'000	Fair Value £'000
Intangible assets	15	—	—	15
Property, plant and equipment	61	(37)	—	24
Deferred tax asset	89	—	(86)	3
Cash	324	—	—	324
Inventory	170	(34)	(99)	37
Trade and other receivables	462	(126)	(108)	228
Trade and other payables	(1,239)	(210)	(26)	(1,475)
Net liabilities acquired	**(118)**	**(407)**	**(319)**	**(844)**
Goodwill				1,529
Total consideration				**685**

Satisfied by:	
Initial cash consideration	445
Disposal proceeds	240
Total consideration	**685**

A gain of £240,000 was recognised in the prior year on the disposal of the 50% equity interest on 31 December 2013 which was required to be accounted for prior to the acquisition.

The adjustments relating to IFRS accounting alignment includes property, plant and equipment accounting policies alignment (£37,000); revaluation of stock (£34,000); provisions for irrecoverable debtors (£126,000); and incorrectly applied accruals accounting on payables (£210,000).

In addition to the adjustments noted above, the Directors identified a number of further adjustments that were required to the book values, following a review of all balance sheet categories. These adjustments include provision against recoverability of tax assets (£86,000), provision against unusable stock (£99,000); provisions against doubtful debtors (£108,000); and provisions against litigations and claims and other unrecorded liabilities (£26,000).

Trade receivables acquired totalled £262,000 gross, which consisted of £65,000 net and bad debt provision of £197,000. The remaining goodwill of £1,529,000 can be attributed to the anticipated profitability through the growth of the enlarged Group, synergistic benefits and workforce in place.

14. Cash flow – acquisition of subsidiaries net of cash acquired

Within the consolidated cash flow statement, the cash flow relating to acquisitions, net of cash acquired is reconciled as per the table below:

	£'000
SafeIT acquisition – initial cash consideration	1,404
SafeIT acquisition – cash acquired	(153)
Blancco Sweden minority buy out – cash consideration	238
Blancco US minority buy out – cash consideraton	698
Blancco Central Europe minority buy out – cash consideration	263
Net cash flow – acquisition of subsidiaries, net of cash acquired	**2,450**

No cash or overdraft was acquired as part of the minority buy outs since the cash balances were consolidated by virtue of the initial shareholding being a controlling stake.

15. Other acquisition

Investment in Xcaliber

On 21 November 2013 we completed the acquisition of 15% of the issued share capital of Xcaliber Technologies LLC and Xcaliber Infotech PVT Ltd (together "Xcaliber") for a consideration of $1.2 million (£0.75 million).

On 25 July 2014 the Group completed the acquisition of an additional 34% of the issued share capital of Xcaliber Technologies LLC for a consideration of $3.3 million (£1.9 million) bringing the Group's share to 49%.

Xcaliber is a US based software business with a market leading mobile diagnostics technology which adds to our existing diagnostics offering in Europe, the US and globally.

The initial consideration of $1.2 million cash was funded through the Group's Revolving Credit Facility and the subsequent consideration of $3.3 million (£1.9 million) cash was funded through the Group's cash reserves.

16. Disposal of subsidiaries

On 8 June 2014 the Group disposed of its entire shareholding in Regenersis Recommerce Limited and Regenersis Sweden AB for a consideration of £1. The directors do not consider this to be a separate major line of business and so, in accordance with IFRS 5, its results have not been classified as a discontinued operation. This transaction resulted on a non-cash loss on disposal of £1,456,000.

17. Goodwill

	Total £'000
Cost	
At 1 July 2014	88,372
Acquisitions	1,410
Reassessment of fair value accounting	(44)
At 30 June 2015	**89,738**
Accumulated impairment losses	
At 1 July 2014 and 30 June 2015	**6,581**
Net book value	
At 30 June 2015	**83,157**
At 1 July 2014	81,791

Notes to the Accounts continued

for the year ended 30 June 2015

The addition to goodwill in the year relates to the acquisition of SafeIT (see note 13). The Blancco fair value assessment, originally calculated on 30 June 2014, was reassessed during the year and resulted in a reduction of the goodwill value by £44,000. The revaluation relates to a number of small changes across several balance sheet accounts for which additional information about the acquired value became known during the current year. IFRS requires for the change in value to be adjusted through the goodwill value, since the reassessment took place within 12 months of the acquisition date and relates to conditions that were present at the acquisition date.

The Directors have assessed the recoverable amount of the Group's goodwill as at 30 June 2015. The recoverable amount of each cash generating unit (CGU) has been determined from the value in use, calculated with reference to the net present value of its future cash flow.

Cash flow projections are based on the latest budget for each CGU approved by the Board. Beyond this, the projections extend to 20 years using a long-term growth rate for each CGU which the Executive Directors consider to be specific to the business. This exceeds the post-war real annual average growth in GDP in the markets the Group serves, however the assessment to impairment is not considered sensitive to changes in this assumption.

In establishing the discount factor for each CGU, the Group's weighted average cost of capital was calculated and then flexed according to CGU geographical spread, customer concentration, length of customer contracts and risk of loss, breadth of services offered, longer term profitability trend, unique selling points, expected business change and growth opportunity.

The Board believes that, even in the current economic conditions, any reasonable change in the key assumptions on which the recoverable amounts are based would not cause the CGU's carrying amount to exceed the recoverable amount.

	2015 Carrying value £'000	2014 Carrying value £'000
Depot Solutions	38,583	38,583
Advanced Solutions	11,344	11,344
Software	33,230	31,863
Total Goodwill	**83,157**	**81,791**

The average long term growth rates and pre-tax discount rates applied are as follows:

	2015 Growth rate %	**2015 Discount rate %**	2014 Growth rate %	2014 Discount rate %
Depot Solutions	5%	16%	6%	12%
Advanced Solutions	5%	18%	8%	13%
Software	15%	15%	8%	13%

Management has undertaken sensitivity analysis on a number of the key assumptions in the value in use calculations. Sensitivity analysis on the discount rate shows that the discount rate would have to increase to a minimum of 17.8% for Depot Solutions, to a minimum of 55.1% for Advanced Solutions and to a minimum of 24.4% for Software before impairment was triggered in any CGU. Sensitivity analysis was applied to the cash flows used to determine the value in use by reducing growth rates to 3.1% growth, 19.0% shrinkage and 5.7% growth respectively. On the basis of the sensitivity analysis undertaken in relation to cash flows, Group management concluded that there is a more than adequate amount of headroom in the value in use calculations before an impairment would be triggered.

18. Other intangible assets

	Brand Name £'000	Intellectual Property £'000	Customer contracts £'000	Development expenditure £'000	Software licences £'000	Total £'000
Cost						
At 1 July 2013	**—**	**—**	**3,465**	**2,381**	**4,028**	**9,874**
Additions	—	—	—	2,928	946	3,874
On acquisitions	2,888	11,872	7,601	—	92	22,453
Disposals	—	—	(106)	(3)	(62)	(171)
Exchange movement	—	—	—	(29)	(158)	(187)
At 30 June 2014	**2,888**	**11,872**	**10,960**	**5,277**	**4,846**	**35,843**
Additions	—	—	—	3,959	790	4,749
On acquisitions	—	—	197	—	—	197
Disposals	—	—	—	(219)	(1,357)	(1,576)
Reclassification	—	—	—	(1,141)	—	(1,141)
Exchange movement	—	—	—	(66)	(485)	(551)
At 30 June 2015	**2,888**	**11,872**	**11,157**	**7,810**	**3,794**	**37,521**
Accumulated amortisation						
At 1 July 2013	**—**	**—**	**2,695**	**550**	**2,041**	**5,286**
Charge for the year	43	247	299	896	667	2,152
On acquisitions	—	—	—	13	18	31
Disposals	—	—	—	—	(22)	(22)
Impairment	—	—	—	5	—	5
Exchange Movement	—	—	—	(11)	(77)	(88)
At 30 June 2014	**43**	**247**	**2,994**	**1,453**	**2,627**	**7,364**
Charge for the year	206	1,187	787	1,169	1,103	4,452
Disposals	—	—	—	(407)	(724)	(1,131)
Exchange movement	—	—	—	8	(213)	(205)
At 30 June 2015	**249**	**1,434**	**3,781**	**2,223**	**2,793**	**10,480**
Net book value at 30 June 2015	**2,639**	**10,438**	**7,376**	**5,587**	**1,001**	**27,041**
Net book value at 30 June 2014	**2,845**	**11,625**	**7,966**	**3,824**	**2,219**	**28,479**
Net book value at 30 June 2013	—	—	770	1,831	1,987	4,588

The Group capitalised development expenditure of £4.0 million (2014: £3.8 million) predominantly in the continued development of in-field testing, remote diagnostics and development of Blancco software. Amortisation of internally generated development expenditure is £1.3 million (2014: £0.9 million)

Notes to the Accounts continued

for the year ended 30 June 2015

19. Property, plant and equipment

	Leasehold improvements £'000	Plant and machinery £'000	Computer equipment £'000	Motor vehicles £'000	Fixtures and fittings £'000	Total £'000
Cost						
At 1 July 2013	**4,344**	**8,508**	**5,478**	**84**	**2,908**	**21,322**
Additions	581	872	891	48	422	2,814
On acquisitions	137	410	422	28	133	1,130
Disposals	—	(79)	(82)	(39)	(35)	(235)
Exchange movement	(200)	(370)	(180)	(14)	(133)	(897)
At 30 June 2014	**4,862**	**9,341**	**6,529**	**107**	**3,295**	**24,134**
Additions	588	364	752	—	884	2,588
Disposals	(621)	(1,864)	(1,741)	(15)	(210)	(4,451)
Reclassification	—	1,141	—	—	—	1,141
Exchange movement	(425)	(509)	(310)	(5)	(255)	(1,504)
At 30 June 2015	**4,404**	**8,473**	**5,230**	**87**	**3,714**	**21,908**
Accumulated depreciation						
At 1 July 2013	**2,472**	**7,382**	**4,823**	**48**	**2,215**	**16,940**
Charge for the year	461	332	532	6	288	1,619
On acquisitions	121	383	311	28	167	1,010
Disposals	—	(52)	(60)	(32)	(14)	(158)
Exchange movement	(118)	(273)	(130)	(5)	(92)	(618)
At 30 June 2014	**2,936**	**7,772**	**5,476**	**45**	**2,564**	**18,793**
Charge for the year	461	146	663	17	415	1,702
Disposals	(584)	(1,413)	(1,718)	(9)	(153)	(3,877)
Exchange movement	(250)	(400)	(238)	(5)	(172)	(1,065)
At 30 June 2015	**2,563**	**6,105**	**4,183**	**48**	**2,654**	**15,553**
Net book value at 30 June 2015	**1,841**	**2,368**	**1,047**	**39**	**1,060**	**6,355**
Net book value at 30 June 2014	1,926	1,569	1,053	62	731	5,341
Net book value at 30 June 2013	1,871	1,125	655	35	695	4,381

There are no assets held under finance leases.

During the year, there was a reclassification of £1.1 million from Development Expenditure to Plant and Machinery. This relates to the proportional reclassification of the capitalisation of the continued Oktra development.

20. Investments

The Group's subsidiary undertakings and investments are as follows:

Company name	Principal activity of the company	Ownership percentage by the Group as at 30 June 2015	Country of incorporation
Held directly by the Company			
Regenersis Central Services Limited	Holding Company	100%	England and Wales
Regenersis (Depot) Services Limited	Holding Company	100%	England and Wales
Regenersis (Digital Care) Limited	Insurance Intermediary	100%	England and Wales
Regenersis (Glasgow) Limited	Dormant	100%	Scotland
Regenersis (Glenrothes) Limited	Technical repair services	100%	England and Wales
Regenersis (IG) Limited	Holding Company	100%	England and Wales
Regenersis Refurbishment LLP	Dormant	100%	England and Wales
Regenersis (SCS Partnership) Limited	Holding Company	100%	England and Wales
Regenersis (Software) Services Limited	Holding Company	100%	England and Wales
Regenersis (Spain) Limited	Holding Company	100%	England and Wales
Regenersis (Sweden) Limited	Holding Company	50%	England and Wales
Regenersis TrustSub Limited	Trustee for the Regenersis Employee Benefit Trust	100%	England and Wales
Regenersis Trustees Limited	Trustee for the Regenersis Employee Benefit Trust	100%	England and Wales
Regenersis (Bucharest) SRL*	Technical repair services	100%	Romania
Regenersis (South Africa) (PTY) Limited	Technical repair services	100%	South Africa
Regenersis Istanbul Teknoloji Danışmanlığı Limited Şirketi	Technical repair services	100%	Turkey
Regenersis (Nederland) BV	Holding company	100%	Netherlands
Held indirectly by the company			
HDM Argentina*	Technical repair services	100%	Argentina
Regenersis Belgium SPRL	Technical repair services	100%	Belgium
Regenersis (Czech) s.r.o	Technical repair services	100%	Czech Republic
Regenersis (AIDL) Limited	Dormant company	100%	England and Wales
Regenersis Distribution Limited	Non-trading entity	100%	England and Wales
Regenersis Finance Limited	Holding Company	100%	England and Wales
Regenersis Huntingdon Limited	Technical services	100%	England and Wales
Regenersis (Germany) Limited	Holding Company	100%	England and Wales
Regenersis Mobile Diagnostics Limited	Dormant	100%	England and Wales
Regenersis Finland Acquisitions Oy	Holding Company	100%	Finland
Regenersis Finland Oy	Holding Company	100%	Finland
Regenersis GmbH	Technical repair services	100%	Germany
Regenersis Services GmbH	Device buy-back and repair	100%	Germany
Xcaliber Infotech Private Limited	Mobile diagnostics	15%	India
Regenersis Mexico S.A.de C.V.*	Technical repair services	100%	Mexico
Regenersis Cooperatife WA	Holding Company	100%	Netherlands
Regenersis Finance BV	Holding Company	100%	Netherlands
Regenersis Finance US BV	Holding Company	100%	Netherlands
Regenersis (Software) Netherlands BV	Holding Company	100%	Netherlands

Notes to the Accounts continued

for the year ended 30 June 2015

Company name	Principal activity of the company	Ownership percentage by the Group as at 30 June 2015	Country of incorporation
Regenersis (Portugal) Limited	Technical repair services	100%	Portugal
Regenersis SC Refurbishment (Bucharest)*	Technical repair services	100%	Romania
Regenersis Rus O.o.o*	Technical repair services	100%	Russia
Landela Electronics Pty Limited	Technical repair services	100%	South Africa
Regenersis (Warsaw) Sp.z.o.o.	Technical repair services	100%	Poland
Regenersis (Sommerda) GmbH	Technical repair services	100%	Germany
Regenersis Digital Care Sp. z.o.o.	Insurance intermediary	100%	Poland
Regenersis Spain 1, S.L.	Technical repair services	100%	Spain
Regenersis Spain 2, S.L.	Technical repair services	100%	Spain
Regenersis (Spain) Comanditaria Simple	Holding Company	100%	Spain
Regenersis Digital Care AB (Sweden)	Insurance Intermediary	100%	Sweden
Regenersis Inc	Technical repair services	100%	United States of America
Regenersis (Software) Services US Inc	Holding Company	100%	United States of America
Regenersis Services US LLC	Holding Company	100%	United States of America
Regenersis Mobile Diagnostics Inc	Holding Company	100%	United States of America
Xcaliber Technologies LLC	Mobile diagnostics	49%	United States of America
Xcaliber IP LLC	Mobile diagnostics	49%	United States of America
Regenersis India Limited**	Technical repair services	80%	India
Blancco Oy Limited	Data erasure	100%	Finland
Blancco UK Limited	Data erasure	100%	England and Wales
Blancco Italy SRL	Data erasure	100%	Italy
Blancco France SAS*	Data erasure	51%	France
Software Blancco S.A. de C.V. Mx*	Data erasure	51%	Mexico
Blancco US LLC	Data erasure	100%	United States of America
Blancco Central Europe GmbH*	Data erasure	100%	Germany
Blancco Canada Inc	Data erasure	50%	Canada
Blancco SEA Sdn Bhd	Data erasure	100%	Malaysia
Blancco Australasia Pty Limited	Data erasure	100%	Australia
Blancco Japan Inc*	Data erasure	51%	Japan
Blancco Sweden SFO	Data erasure	100%	Sweden
SafeIT Security Sweden AB	Data erasure	100%	Sweden

* Year end date is 31 December

** Year end date is 31 March

All investments are in the ordinary share capital of the subsidiaries.

All subsidiaries are included in the consolidated results of the Group.

Investments in Part Owned Subsidiaries

Summarised financial information relating to each of the Group's subsidiaries with non-controlling interests (NCI) that are material to the Group, before any intra-group eliminations is shown below. These are aggregated because they are all Blancco sales offices performing the same function for the Group in different jurisdictions:

	Blancco 2015 £'000	Blancco 2014 £'000
Share holdings	50-80%	50-80%
Current assets	2,426	2,523
Non-current assets	206	86
Current liabilities	(1,655)	(1,043)
Non-current liabilities	(82)	(78)
Net Assets	895	1,487
Net assets attributable to NCI	238	570
Revenue	7,507	1,496
Profit after taxation	(667)	475
Profit after taxation attributable to NCI	(287)	276

A profit after tax attributable to the NCI arose in the prior year due to a number of high value sales between the date of acquisition and the year end. In the current period, the deferral of subscription revenue has been greater which has resulted in a net loss attributable to NCI.

Other Investments

On 1 July 2014, the Group held 15% of the issued share capital of Xcaliber Technologies LLC which it acquired for a consideration of US$1.2 million (£0.75 million) in a prior period. On 25 July 2014 the Group completed the acquisition of an additional 34% of the issued share capital for a consideration of $3.3 million (£1.9 million) bringing the Group's share to 49%.

Notes to the Accounts continued

for the year ended 30 June 2015

From the date of ownership of 49% of the share capital, the Group has significant influence over the associate. In accordance with IFRS 3, Business Combinations, management have considered whether Regenersis has control of the Xcaliber, which included assessment of the following factors:

- Composition of the Board
- The day to day management of the business
- Options to acquire further equity in the business

Management deemed that insufficient criteria were met to demonstrate that the Group had control over Xcaliber. As a result, the investment is treated as an equity accounted associate, with the Group consolidating its share of profit of loss since the date of ownership of the 49% stake. This is done through one line on the Consolidated Income Statement, below Group Operating Profit.

The Groups' share of associates' assets, liabilities, income and expenses, which were comprised of Regenersis Rus Ooo (Russia) in the prior year, are as follows:

	2015 Xcaliber US £'000	2014 Russia £'000
Current assets	491	—
Current liabilities	(526)	—
Non-current assets	694	—
Non-current liabilities	—	—
Net assets/(liabilities)	**659**	—
Group's share of net assets (49%)	323	—
Goodwill	1,527	—
Carrying amount of investment in associate	**1,850**	—
Income	277	892
Expense	(1,798)	(1,220)
Net expense of equity accounted investments	**(1,521)**	(328)
Group's share of revenue (Xcaliber: 49% (2014: Russia: 50%))	136	446
Group's share of net expense (Xcaliber: 49% (2014: Russia: 50%))	(746)	(164)

The reconciliation of total investments is as follows:

	Blancco ZAO 2015 £'000	Xcaliber US 2015 £'000	Total 2015 £'000	Total 2014 £'000
At 1 July	10	—	10	185
Transfer of carrying value on recognition of significant influence	—	684	684	
Acquisition of investment	—	1,912	1,912	10
Disposal of investment	(10)	—	(10)	—
Retained (loss)	—	(746)	(746)	(100)
Trade and other receivables eliminated on acquisition	—	—	—	(85)
At 30 June	**—**	**1,850**	**1,850**	**10**

The Group's investments are presented in the following captions in the balance sheet:

	2015 £'000	2014 £'000
Equity accounted investments	1,850	10
Other investments	61	745
Total	**1,911**	**755**

Included within other investments is the investment in Xcaliber India Pvt Limited, representing a 15% ownership, made during the prior year.

A share of losses of associate has been recorded through the Consolidated Income Statement for the year ending 30 June 2015 of £0.7 million (2014: £nil). The loss share reflects that the business is still in development stage and is only now starting to gain customers.

Other Investing Activities

On 16 April 2014, the Group completed the acquisition of Blancco Oy and stakes in its international sales offices. This included a 20% stake in Blancco ZAO, with an acquisition book value of £10,000. During the current year, and within the 12 month hindsight period, management has revisited the carrying value of this investment in accordance with IFRS 3 'Business Combinations' and determined that on acquisition, the fair value of this investment was £1. The revision of the fair value is a result of the sale of the 20% stake in Blancco ZAO for £1 to a third party on 9 April 2015. Since Blancco ZAO has not traded between 16 April 2014 and 9 April 2015, management has deemed the carrying value on acquisition equates to the consideration received of £1.

On 25 June 2015, the Group disposed of its 20% holding in Varsta Software Oy. Varsta was acquired as an associate through the acquisition of Blancco Oy and its subsidiaries on 16 April 2014.

21. Inventories

	2015 £'000	2014 £'000
Raw materials	7,214	7,560
Work in progress	515	1,085
Finished goods	1,751	1,492
	9,480	**10,137**

22. Trade and other receivables

	2015 £'000	2014 £'000
Trade receivables	22,850	26,652
Less: provision for doubtful trade receivables	(204)	(534)
Trade receivables net of provision	22,646	26,118
Prepayments and accrued income	11,910	11,624
	34,556	**37,742**

A reconciliation of the movement in the provision for doubtful trade receivables is as follows:

	2015 £'000	2014 £'000
At 1 July	534	159
Provision created	75	379
Amounts written off as uncollectable	(29)	—
Amounts recovered during the year	(195)	(4)
Amounts written off resulting from disposal of subsidiary	(181)	—
At 30 June	**204**	**534**

Notes to the Accounts continued

for the year ended 30 June 2015

23. Cash and cash equivalents

	2015 £'000	2014 £'000
Cash at bank and in hand	**12,143**	**20,795**

24. Trade and other payables

	2015 £'000	2014 £'000
Trade payables	14,795	15,562
Other taxes and social security	1,786	535
Other payables	4,444	7,070
Accruals and deferred income	19,446	21,163
	40,471	**44,330**

25. Dividends

	2015 £'000	2015 Pence per share	2014 £'000	2014 Pence per share
Previous year final	2,118	2.68	885	1.83
Current year interim dividend	1,263	1.65	645	1.32
	3,381	**4.33**	**1,530**	**3.15**

26. Bank borrowings

	2015 £'000	2014 £'000
Due after more than one year:		
Secured bank loan	4,357	194
Repayable:		
In the first to second years inclusive	4,357	—
In the third to the fifth years inclusive	—	194

The bank borrowing is secured on the majority of the Group's assets for the duration of the Revolving Credit Facility. The total facility available to the Group as at 30 June 2015 totalled £39.0 million (2014: £39.0 million), of which £4.6 million (2014: £0.5 million) had been drawn down in cash, resulting in an unutilised facility of £34.4 million (2014: £38.5 million). Borrowing costs of £0.3 million (2014: £0.5 million) are set-off against the amount owing at year end.

In September 2015, the Group extended the term of its banking facility with HSBC from October 2016 to October 2019, which gives Regenersis clear certainty of funding over the next four years.

All banking covenants have been satisfied in the year and show significant headroom for the foreseeable future.

27. Net cash

	2015 £'000	2014 £'000
Cash	12,143	20,795
Bank borrowings (non-current)	(4,357)	(194)
	7,786	**20,601**

28. Reconciliation of movement in net cash

	Net cash at 1 July 2014 £'000	Cash flow £'000	Drawdown of borrowings £'000	Other non-cash items £'000	Net cash at 30 June 2015 £'000
Cash at bank and in hand	20,795	(8,014)	—	(638)	12,143
Borrowings	(194)	—	(4,066)	(97)	(4,357)
	20,601	**(8,014)**	**(4,066)**	**(735)**	**7,786**

29. Provisions

	Onerous leases £'000	Dilapidations £'000	Total £'000
At 1 July 2014	**2,958**	**493**	**3,451**
Utilised during the year	(1,824)	—	(1,824)
Unused amounts released	(226)	—	(226)
At 30 June 2015	**908**	**493**	**1,401**

Provisions relate to a period of between one and five years and are analysed between current and non-current as follows:

	2015 £'000
Current	372
Non-current	1,029
	1,401

Opening provisions relate to onerous lease and dilapidation provisions relating to the restructuring in Glasgow. The remaining provision at 30 June 2015 covers residual lease commitments which expire between 2017 and 2019 in Glasgow.

Notes to the Accounts continued

for the year ended 30 June 2015

30. Financial instruments — risk management

Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximising return for stakeholders through the optimisation of the debt and equity balance.

The Group's capital structure is as follows:

	2015 £'000	2014 £'000
Total borrowings	(4,357)	(194)
Cash and cash equivalents	12,143	20,795
Net cash	7,786	20,601
Equity holders of the Company	122,428	129,843
Gearing ratio (net debt to equity)	—	—

Debt is primarily used for financing acquisitions.

Under the Revolving Credit Facility the Group is subject to certain financial covenants relating to:

- Leverage – the ratio of total net debt to EBITDA.
- Interest cover – the ratio of EBITDA to total debt costs.
- Capital expenditure – any obligation treated as such under accounting principles.

The Group has complied with these financial covenants in the year and future forecasts indicate these will be met for the foreseeable future.

Categories of financial instruments

The following assets and liabilities at carrying values meet the definition of financial instruments and are classified according to the following categories.

	2015 £'000	2014 £'000
Assets carried at amortised cost		
Trade and other receivables	34,556	37,742
Cash	12,143	20,795
Financial assets	**46,699**	**58,537**

	2015 £'000	2014 £'000
Liabilities carried at amortised cost		
Trade and other payables	40,471	44,330
Income tax payable	642	1,476
Borrowings	4,357	194
Liabilities carried at fair value		
Contingent consideration	5,728	6,358
Financial liabilities	**51,198**	**52,358**

Estimation of fair values

The table above analyses financial instruments into a fair value hierarchy based on the valuation technique used to determine fair value.

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The only Level 3 instrument is contingent consideration liability and is carried at fair value derived using a Level 3 valuation method. The movement in the fair value is shown below:

	Digicomp £'000	HDM £'000	Blancco Sweden £'000	Total £'000
At 30 June 2014	**2,425**	**3,933**	**—**	**6,358**
Created on acquisition	—	—	1,738	1,738
Unwinding of discount factor on contingent consideration	398	364	172	934
Revaluation of contingent consideration	—	(3,302)	—	(3,302)
At 30 June 2015	**2,823**	**995**	**1,910**	**5,728**

The contingent consideration payable as part of the HDM acquisition in 2013 falls due in September 2015, and has accordingly £1.0 million been reclassified from non-current liabilities to current liabilities at 30 June 2015.

Part of the contingent consideration payable for the Blancco Sweden acquisition in the year falls due in March 2016 and accordingly £0.7 million has been reclassified from non-current to current liabilities at 30 June 2015.

All other payments are due in excess of 12 months from the balance sheet date.

The fair value is calculated based on management's best estimate of forecast performance, and therefore the valuation is most sensitive to movements in forecast EBIT. A 10% decrease in the forecast EBIT of the respective subsidiaries would reduce the fair value by £0.4 million.

For the other financial assets and financial liabilities, the carrying value and fair value are considered to be the same with the following assumptions:

For trade and other receivables/payables with a remaining life of less than one year, the carrying amount is deemed to reflect the fair value. For cash and cash equivalents, the amount reported on the balance sheet approximates to fair value. For borrowing at floating rates, the carrying value is deemed to reflect the fair value as it is considered to represent the price of the instrument in the marketplace.

Financial risk management

The main risks arising from the Group's financial instruments were market risk (including foreign currency risks and interest rate risk), liquidity risk and credit risk. The Group seeks to minimise the effects of these risks by developing and consistently applying Board approved policies and procedures. Such policies and procedures are regularly reviewed for their appropriateness and effectiveness to deal with the changing nature of financial risks.

Market risk - interest rate risk

The Group holds cash in a variety of currencies within the business units in order to meet working capital requirements.

During the year, the Revolving Credit Facility attracted margins of between 2.00% and 2.75% above LIBOR (for GBP and ZAR amounts drawn down) and between 2.00% and 2.75% above EURIBOR (for EUR amounts drawn down) depending on the ratio of EBITDA to net debt. In the prior year, the margin also ranged from 2.00% to 2.75%, also depending on the ratio of EBITDA to net debt. The undrawn part of the Revolving Credit Facility is subject to a charge during its availability computed at 40% of margin.

Notes to the Accounts continued

for the year ended 30 June 2015

A change in the LIBOR rate of 1% would increase/decrease the annual interest charge on the GBP/ZAR Revolving Credit Facility drawn down as at 30 June 2015 of £3,400,000 (2014: £500,000) by £34,000 (2014: £5,000).

A change in the EURIBOR rate of 1% would increase/decrease the annual interest charge on the revolving credit facility drawn down as at 30 June 2015 of £1,000,000 (2014: £nil) by £10,000 (2014: £nil).

The CFO continues to monitor the exposure to interest rate risk and the requirement to use an interest rate swap agreement or other financial instruments.

Foreign currency risk

One of the risks that the Group faces in doing business in overseas markets is currency fluctuations. The Group takes the following approach to managing currency fluctuations:

- The CFO conducts a quarterly review of the Group's currency hedging activities.
- A formal recommendation for any changes is then made to the Board once every half year.

The Group's hedging policy is the responsibility of the Board. The Group adopts the following hedging activities:

- We undertake a limited number of forward contracts for certain payments and receipts, where the amounts are large, are not denominated in the local country's functional currency, where the timing is known in advance, and where the amount can be predicted with certainty.
- We undertake natural hedging between the cash and loan balances of different currencies.
- We undertake natural hedging by structuring and paying future earn-outs on acquisitions in the target company's local currency.
- We do not undertake any other hedging activities in respect of tangible and intangible fixed assets, working capital such as stock, debtors, or creditors, or other balance sheet items, as these are generally small in nature in any one individual country. We do not undertake any cash flow or profit hedging activities to insulate from currency movements in respect of overseas earnings, as the earnings cannot be assessed with any high degree of accuracy in terms of timings and amounts.

The Group has a good mix of business across 22 different territories and this does provide some degree of smoothing of currency movements in any one country through a portfolio effect. Over the last few periods this has resulted in a sensible and well managed position.

The table below shows the extent to which the Group had significant monetary assets and liabilities denominated in currencies other than the local currency of the company in which they are recorded.

	ZAR denominated		Euro denominated		USD denominated	
	2015 £'000	2014 £'000	**2015 £'000**	2014 £'000	**2015 £'000**	2014 £'000
Monetary assets	—	—	5,198	7,189	2,677	3,359
Monetary liabilities	(359)	(3,835)	(2,364)	(8,757)	(3,062)	(3,640)
Net monetary (liabilities)/assets	**(359)**	**(3,835)**	**2,834**	**(1,568)**	**(385)**	**(281)**

Sensitivity analysis

This quantifies the impact of change in value of assets and liabilities denominated in a currency other than the functional currency of that business unit. A 10% appreciation/depreciation of the South African Rand, the Euro and the US Dollar against the Sterling, applied to the net exposures as at 30 June, would give rise to the following gain/(loss) in the retranslation of these balances:

	ZAR denominated		Euro denominated		USD denominated	
	2015 £'000	2014 £'000	**2015 £'000**	2014 £'000	**2015 £'000**	2014 £'000
Profit/(loss) before tax – gain/(loss)						
10% appreciation of ZAR/Euro/USD	(4)	(384)	283	(157)	(39)	(28)
10% depreciation of ZAR/Euro/USD	4	384	(283)	157	39	28

The analysis has been performed using the Group exchange rates at the 30 June 2015 reporting date of 19.24 ZAR/£ (2014: 18.06); 1.41 €/£ (2014: 1.25 €/£); and 1.57 US$/£ (2014: 1.70 US$/£).The Group is exposed to fluctuations in exchange rates on the translation of net assets and profits earned by its subsidiaries in Argentina, Australia, Belgium, Canada, the Czech Republic, Finland, France, Germany, India, Italy, Japan, Malaysia, Mexico, the Netherlands, Poland, Portugal, Romania, Russia, South Africa, Spain, Sweden, Turkey, and the USA. These profits are translated at the prior month closing exchange rate during the year, which is an approximation to the rates at the date of the transaction.

Credit risk

The top ten customers (all of which are major international businesses) account for 66.5% (2014: 71.2%) of the Group's revenue and hence there is some customer reliance risk although the biggest single customer is 13.7% (2014: 14.3%) of revenue and is spread over many of our countries and several contracts. This is distinct from credit risk.

At the balance sheet date one customer made up of several contracts amounted to 17% (2014: 13%) of the Group's total trade receivables and accrued income balances. Over the past year the ageing profile has remained strong and, as at the year end, 85% (2014: 80%) of our trade receivables balances were in terms and therefore the Board believes these balances do not present a significant credit risk which could lead to a loss for the Group.

Ageing of trade receivables, net of impaired balances, is as follows:

	2015 £'000	**2015 %**	2014 £'000	2014 %
Neither past due nor impaired	19,151	85%	20,889	80%
Past due but not impaired				
Less than 30 days overdue	2,498	11%	2,969	11%
30 to 60 days overdue	640	3%	1,092	4%
More than 60 days overdue	357	1%	1,168	5%
	22,646	**100%**	**26,118**	**100%**

The average credit period taken on sales has improved to 55 days (2014: 64 days).

The Group has provided for specific trade receivables where the recoverability is uncertain. As at 30 June 2015 the doubtful debtors balance was £204,000 (2014: £534,000), of which £30,000 (2014: £37,000) was more than 60 days overdue. The Board believes there is no further provision required in excess of the allowance for doubtful debts.

Receivables are written off against the impairment provision when management considers the debt is no longer recoverable.

Notes to the Accounts continued

for the year ended 30 June 2015

Liquidity risk

The Group ensures that there are sufficient levels of committed facility, cash and cash equivalents to ensure that the Group is at all times able to meet its financial commitments.

The total facility available to the Group as at 30 June 2015 totalled £39.0 million (2014: £39.0 million), of which £4.6 million (2014: £0.5 million) had been drawn down in cash, resulting in an unutilised facility of £34.4 million (2014: £38.5 million).

The table below summarises the contractual maturity profile of the Group's financial liabilities:

	2015 Effective interest rate (%)	2015 Less than one year £'000	2015 One to five years £'000	2014 Effective interest rate (%)	2014 Less than one year £'000	2014 One to five years £'000
Trade and other payables	—	40,471	—	—	44,330	—
Income tax payable	—	642	—	—	1,476	—
Provisions	5.0	372	1,029	5.0	645	2,805
Bank borrowings	2.5	—	4,357	2.5	—	194
	—	**41,485**	**5,386**	**—**	**46,451**	**2,999**

31. Deferred tax assets

	At 1 July 2014 £'000	Recognised in the income statement £'000	Recognised upon acquisition £'000	Exchange £'000	At 30 June 2015 £'000
Property, plant and equipment	1,304	(209)	—	—	1,095
Intangible assets	(4,345)	111	—	6	(4,228)
Short-term timing differences	3,029	(1,423)	7	74	1,687
Tax losses	1,194	872	—	2	2,068
	1,182	**(649)**	**7**	**82**	**622**

	At 1 July 2013 £'000	Recognised in the income statement £'000	Recognised Upon acquisition £'000	Exchange £'000	At 30 June 2014 £'000
Property, plant and equipment	1,093	204	7	—	1,304
Intangible assets	—	—	(4,427)	82	(4,345)
Short-term timing differences	2,046	(276)	954	305	3,029
Tax losses	308	883	—	3	1,194
	3,447	**811**	**(3,466)**	**390**	**1,182**

Deferred tax assets are recognised to the extent that they are considered recoverable against the future profits of the Group. No deferred tax asset has been recognised in relation to taxation on UK losses amounting to £1.2 million (2014: £2.7 million).

Certain deferred tax assets and liabilities have been offset to the extent permitted by IAS 12. The deferred tax asset balance as at 30 June 2015 is made up of a UK deferred tax asset balance of £2.5 million (2014: £0.9 million) and an overseas balance of £2.9 million (2014: £1.5 million).

32. Called up share capital

	2015 Number of shares	2015 £'000	2014 Number of shares	2014 £'000
Allotted, called up and fully paid:				
Ordinary shares of 2p	79,022,599	1,581	79,022,599	1,581

The Company has one class of ordinary shares, which carry no rights to fixed income. The holders of ordinary shares are entitled to receive dividends as declared and are entitled to one vote per share at meetings of the Company.

Share premium

This arises on issue of the Company's shares over and above the nominal value of the shares, less any expenses of issue incurred in issuing equity.

Movements within share premium this year relate primarily to the transfer to retained earnings of £70 million following High Court approval of this capital conversion on 17 December 2014.

Merger reserve

The merger reserve arises in respect of the premium arising on the ordinary shares issued as consideration for the acquisition of shares in another company.

Translation reserve

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations.

Employee Benefit Trust (EBT)

Of the issued share capital at 30 June 2015, 2,467,394 (30 June 2014: 853,497) shares are held by the Employee Benefit Trust.

During the year, following a recommendation by the Company and with the intention that they could be used to satisfy employee share option awards in the future, the Employee Benefit Trust purchased a total of 1,650,000 shares, by way of the purchase:

- 800,000 shares, at an average price of 230.8 pence per share and at a total price of £1.8 million, on 14 January 2015;
- 200,000 shares, at an average price of 241.5 pence per share and at a total price of £0.5 million, on 16 January 2015;
- 150,000 shares, at an average price of 200.0 pence per share and at a total price of £0.3 million, on 19 March 2015; and
- 500,000 shares, at an average price of 205.0 pence per share and at a total price of £1.0 million, on 26 March 2015.

During the year 38,499 shares held by the EBT were used to settle awards under the historic Performance Share Plan. The plan was fully vested in the prior year, however some awards were only exercised in the current year. The scheme is closed to new members.

Outstanding options have been granted to the Directors and employees of the Group under the Incentive Share Plans over shares in Regenersis Plc. Further details of these are included within note 33. Details of the share plans and share options held by Directors are included in the Remuneration Report on pages 61 to 64.

Notes to the Accounts continued

for the year ended 30 June 2015

33. Share-based payments

The Group has implemented long-term incentive arrangements for its senior management and Directors in order to align their interests to those of the shareholders. The following incentive plans were in place during the current financial year:

- Incentive Share Plan (ISP1)
- Incentive Share Plan (ISP3)
- Depot Incentive Share Plan
- Digital Care Incentive Share Plan
- Software Incentive Share Plan

On 30 June 2015, the Company cancelled/modified the existing long-term incentive schemes for certain senior management staff, in order to better align the performance incentives for their particular roles. This was achieved by implementing new incentive plans that are specific to the operating segments in which those employees are engaged, notably the Depot and Software segments. An additional scheme for the Digital Care businesses was implemented since the product is at an earlier stage of its life cycle than the Depot repair business, and the growth incentives have been tailored accordingly.

All of the awards under Incentive Share Plan (ISP2) were exercised in the previous financial year.

Incentive Share Plan (ISP3)

On 14 January 2014, the Company established the Regenersis Incentive Share Plan ("ISP3") to incentivise management to achieve further shareholder value growth. The terms of this scheme were disclosed in the financial statements for the year to 30 June 2014.

No awards have vested during the current year since none of the performance targets have been met.

Certain members of the ISP3 scheme have not met the ongoing employment obligations of the scheme and their awards have lapsed. In addition, some members were transferred onto one of the new divisional LTIP schemes effective from 30 June 2015 and are no longer eligible to awards under this scheme. Following these amendments, awards in respect of 2.7% of the increase in shareholder value lapsed or were cancelled.

The Executive Directors are the only participating members of this scheme as at 30 June 2015.

The grants in respect of Jog Dhody and Hanover General Partners II L.P. remain at 1.25% and 7.0% respectively (2014: 1.25% and 7.0%).

Incentive Share Plan (ISP2)

On 14 March 2013, the Company established ISP2. On 14 January 2014, all of the awards granted under ISP2 (in respect of 11.66% of the increase in shareholder value) vested and were exercised.

All of the awards under Incentive Share Plan (ISP2) were exercised in the previous financial year.

Incentive Share Plan (ISP1)

On 1 July 2011, the Company established the Regenersis Incentive Share Plan (“ISP1”) for the senior management team including Hanover Investors Management LLP. The terms of this scheme were disclosed in the financial statements for the year to 30 June 2013.

On 22 February 2013, the performance target was met and all of the awards under ISP1 (representing 11.85% of the increase in shareholder value) became available for vesting. No awards were exercised during the year and as at 30 June 2015 outstanding awards in respect of 0.4% of the increase in shareholder value had not yet been exercised.

At 30 June 2015, the outstanding liability of £248,000 was included in accruals and deferred income in respect of the outstanding awards under ISP1.

	£’000
Liability brought forward 30 June 2014	421
Revaluation of liability	(173)
Liability remaining at 30 June 2015	**248**

Depot Incentive Share Plan

On 30 June 2015, the Company established the Depot Incentive Share Plan to incentivise management of the Depot Solutions division to achieve further shareholder value growth. This plan was established for the senior management of the Depot Solutions Division only. The Executive Directors of the Group are not eligible to participate in this scheme.

Under this plan, employees, at the discretion of the Company were granted rights to acquire a share of the growth in the value of the division, subject to continuing employment. The value growth is determined from the date of the grant of the award and is calculated using a pre-determined HOP multiple to give a base value of the division.

The performance period runs for three years after the date of grant, with vesting of awards taking place at each anniversary. At each vesting period, the increase in value of the division will be based on a pre-determined last 12 months HOP multiple.

At the end of the performance period, the Remuneration Committee will determine the increase in division value over the three year period and recommend a final payout.

The value of the share of growth will be settled by the issuing of shares in Regenersis Plc at par.

As at 30 June 2015, awards had been granted in respect of 1.5% of the increase in value of the Division.

Notes to the Accounts continued

for the year ended 30 June 2015

Digital Care Incentive Share Plan

On 30 June 2015, the Company established the Digital Care LTIP to incentivise management of the Depot business to achieve further shareholder value growth. This plan was established for the senior management of the Digital Care business only. The Executive Directors of the Group are not eligible to participate in this scheme.

Under this plan, employees, at the discretion of the Company were granted rights to acquire a share of the growth in the value of the division, subject to continuing employment. The value growth is determined from the date of the grant of the award and is calculated using a pre-determined HOP multiple to give a base value of the division.

The performance period runs for three years after the date of grant, with vesting of awards taking place at each anniversary. At each vesting period, the increase in value of the division will be based on a pre-determined last 12 months HOP multiple.

At the end of the performance period, the Remuneration Committee will determine the increase in division value over the three year period and recommend a final pay-out.

The value of the share of growth will be settled by the issuing of shares in Regenersis Plc at par.

As at 30 June 2015, awards had been granted in respect of 10% of the increase in value.

Software Incentive Share Plan

On 30 June 2015, the Company established the Software LTIP to incentivise management of the Software business to achieve further shareholder value growth. The Executive Directors are not eligible to participate in this scheme.

The pay-out in respect of this scheme is dependent on the performance of the Software business, which is externally valued. As at 30 June 2015, no awards have been granted in respect of the Software LTIP

Performance Share Plan

The Company had historically operated a Performance Share Plan (“PSP”) in which members of senior management (excluding the Directors) were able to acquire shares at no cost, if certain performance criteria were achieved over a three year period.

On 1 July 2013, these performance criteria were achieved and awards were made to two employees. The awards were settled by: transferring 88,666 existing shares from the Employee Benefit Trust (EBT) and reserving 51,332 existing shares from the Employee Benefit Trust (EBT) for future transfer by 7 April 2016.

Of these shares, 38,499 were sold during the current year at an average price of 209 pence, resulting in cash payments to the employees totalling £80,335.

At 30 June 2015 the total dilution to existing shareholders, from the exercise of the awards during the financial year, was nil. This scheme is now closed and only the reserved shares noted above which total 12,833 remain unsettled.

The fair values for the above options were calculated using the inputs and pricing models outlined in the table below:

	Incentive Share Plan 2	Incentive Share Plan 2	Incentive Share Plan 2	Incentive Share Plan 2	Incentive Share Plan 2	Incentive Share Plan 2
Date of grant	1 November 2013	23 September 2013	14 June 2013	6 May 2013	25 April 2013	14 March 2013
Option pricing model used	Monte Carlo	Monte Carlo	Monte Carlo	Monte Carlo	Monte Carlo	Monte Carlo
Fair value of options granted (per share) at date of grant	23.0p	26.0p	30.5p	30.3p	30.7p	31.1p
Expected volatility	27%	27%	30%	30%	30%	30%
Risk free interest rate	0.3%—1.4%	0.3% — 1.7%	0.3% — 1.3%	0.2%—0.9%	0.2%—0.8%	0.1% — 1.0%
Exercise price (per share)	2.0p	2.0p	2.0p	2.0p	2.0p	2.0p
Expected dividends	—	—	—	—	—	—
Expected term (years)	2.4	2.5	2.8	2.9	2.9	3.0
Expected departures	—	—	—	—	—	—
Settlement	Equity	Equity	Equity	Equity	Equity	Equity

	Digital Care ISP	Digital Care ISP	Software ISP	Incentive Share Plan 3	Incentive Share Plan 3
Date of grant	30 June 2015	30 June 2015	30 June 2015	31 January 2014	14 January 2014
Option pricing model used	Black Scholes	Black Scholes	Black Scholes	Monte Carlo	Monte Carlo
Fair value of options granted (per share) at date of grant	20.0p	20.0p	20.0p	43.2p	44.1p
Expected volatility	27%	27%	27%	27%	27%
Risk free interest rate	2%	2%	2%	0.3% — 2.2%	0.3%—2.4%
Exercise price (per share)	2.0p	2.0p	2.0p	2.0p	2.0p
Expected dividends	—	—	—	—	—
Expected term (years)	3	3	3	2.8	3.0
Expected departures	—	—	—	—	—
Settlement	Equity	Equity	Equity	Equity	Equity

Total expense recognised in the income statement for each of the schemes and disclosed on the face on the income statement was as follows:

	2015 £'000	2014 £'000
Performance Share Plan	—	(71)
Incentive Share Plans	531	670
Phantom Share Scheme	—	59
	531	**658**

There is no charge in the year for the divisional schemes as they were introduced on 30 June 2015.

Notes to the Accounts continued

for the year ended 30 June 2015

34. Commitments

	2015 £'000	2014 £'000
Minimum lease payments under operating leases recognised as an expense in the year:	**3,967**	**4,090**

The Group has outstanding commitments for total future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2015 £'000	2014 £'000
Not less than one year	4,132	3,720
Later than one year and not later than five years	6,498	6,367
Later than five years	23	467
	10,653	**10,554**

The majority of the leases which the Group has entered into relate to land and buildings with terms ranging from three months to five years.

35. Subsequent Events

Banking facility

In September 2015, the Group extended the term of its banking facility with HSBC from October 2016 to October 2019, which gives Regenersis clear certainty of funding over the next four years. The costs of borrowing have fallen and the covenants remain unchanged.

All banking covenants have been passed and show significant headroom for the foreseeable future.

Acquisition of Tabernus

In September 2015, Regenersis acquired 100% of the share capital of Tabernus LLC and Tabernus Europe Limited, a privately owned provider of software erasure with the majority of its revenue in the USA. The consideration was $12 million (£7.6 million) comprising cash payment of $10 million (£6.3 million) funded through the Group revolver facility and a maximum of $2 million (£1.3 million) in deferred contingent consideration payable after two years.

Fair value calculations for this acquisition have not been completed due to the proximity of the acquisition to the published date of the accounts and as such has not been disclosed.

36. Related party transactions

Transactions between Regenersis plc and its 100% subsidiaries, which are related parties, have been eliminated on consolidation. No disclosure of these transactions is required under IAS 24.

Matthew Peacock, Executive Chairman, and Tom Russell, Non-executive Director, are associated with Hanover Investors Management LLP, and a fee is charged for their services as Executive Directors which is disclosed in the Directors' Remuneration Report.

They also have an indirect beneficial interest in the shares of the Group. At 30 June 2015, the combined holding of Hanover Investors Management LLP and its connected parties is 5,217,651 (2014: 5,043,651) ordinary shares equating to 6.60% (2014: 6.38%) of the issued share capital of the Company.

All transactions with Directors are included in the Directors' Remuneration Report on pages 61 to 64 and also in the key management personnel disclosures in note 9.

During the year fees amounting to £540,000 were paid for acquisition-related services provided by Hanover Investors Management LLP or its connected parties (2014: £790,000). At 30 June 2015, £290,000 was outstanding in relation to these services (2014: £574,000).

Property lease costs of £188,000 (2014: £nil) were recharged to Hanover Investors Management LLP in the year, of which £nil was outstanding at the year end (2014: £nil).

Management charges totalling £430,000 (2014: £300,000) were recharged to Xcaliber during the year, of which £430,000 (2014: £300,000) was still owed at the year end.

Regenersis

Company Balance Sheet

as at 30 June 2015

	Note	2015 £'000	2014 £'000
Assets			
Fixed assets			
Goodwill	4	4,389	5,232
Tangible assets	5	91	903
Investments in subsidiaries	6	25,248	42,292
		29,728	**48,427**
Current assets			
Debtors	7	110,692	78,453
Cash		—	11,089
		110,692	**89,542**
Creditors:			
Amounts falling due within one year	9	(12,024)	(5,195)
Provisions	12	(372)	(645)
Net current assets		**98,296**	**83,702**
Total assets less current liabilities		**128,024**	**132,129**
Creditors:			
Amounts falling due after more than one year	10	(4,335)	(19)
Provisions	12	(1,029)	(1,268)
Amounts falling due after more than one year		**(5,364)**	**(1,287)**
Net assets		**122,660**	**130,842**
Equity			
Ordinary share capital	15	1,581	1,581
Share premium	16	51,737	121,737
Merger reserve	16	4,034	4,034
Profit and loss account	16	65,308	3,490
Equity shareholders' funds		**122,660**	**130,842**

The financial statements were approved by the Board of Directors and authorised for issue on 21 September 2015.

They were signed on its behalf by:

Matthew Peacock
Executive Chairman

Jog Dhody
Chief Financial Officer

Company number: 05113820

Notes to the Company Accounts

for the year ended 30 June 2015

1. Basis of preparation

The Financial Statements have been prepared under the historical cost convention and in accordance with applicable accounting standards in the United Kingdom, which have been applied on a consistent basis, and on a going concern basis.

Under Section 408 of the Companies Act 2006, the Company is exempt from the requirement to present its own profit and loss account.

2. Accounting policies

The significant accounting policies applied in the preparation of the Company financial statements are as follows:

2.1 Going concern

As highlighted in note 26 to the Group's Financial Statements, the Group meets its day to day working capital requirements through its cash reserves and a Revolving Credit Facility which, in September 2015, was extended until October 2019.

Further information on the Group's business activities, together with the factors likely to affect its future development, performance and position is set out in the Business and Financial Review on pages 22 to 29. Further information on the financial position of the Group, its cash flow, liquidity position and borrowing facility is described in this review.

In addition, note 30 to the Group's financial statements includes the Group's objectives, policies and processes for managing its capital; and its exposures to credit risk and liquidity risk.

The Group's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the Group should be able to operate within the level of its cash reserves and credit facility.

After making enquiries, the Board have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the Annual Report and Accounts.

2.2 Intangible assets and goodwill

Goodwill is calculated as the excess of the fair value of the purchase consideration over the fair value attributable to the separately identifiable assets and liabilities of the acquired business. Goodwill is capitalised on acquisition and amortised on a straight line basis over its estimated useful economic life. The life is determined after taking account of the nature of the business acquired and the nature of the markets in which it operates, and is typically between five and 20 years.

2.3 Impairment

Goodwill and other intangible assets are reviewed for impairment at the end of the first full financial year following acquisition and, together with tangible fixed assets, in other periods if events or changes in circumstances indicate that the carrying value may not be recoverable.

The impairment review is performed by comparing the carrying value of the asset or group of assets, with the recoverable amount. The recoverable amount is the higher of net realisable value and the asset's value in use, which is estimated by calculating the present value of its future cash flow. Impairment charges are recognised in the profit and loss account to the extent that the carrying value exceeds the recoverable amount in the periods in which the impairment is identified.

2.4 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less accumulated depreciation. Depreciation is provided at rates calculated to write off the cost less residual value of each asset on a straight line basis over the asset's estimated useful life as follows:

Leasehold improvement	— over the period of the lease or life of the improvements if less
Computer equipment	— 33% per annum
Fixtures and fittings	— 16%–50% per annum

2.5 Investments

Investments are stated in the balance sheet of the Company at cost less amounts written off. Amounts denominated in foreign currency are translated into Sterling at historical exchange rates. Other investments are stated in the Company and Group balance sheets at cost less amounts written off.

2.6 Stock and work in progress

Stock and work in progress is stated at the lower of cost and net realisable value. Cost includes all direct expenditure and an appropriate proportion of attributable overheads that have been incurred in bringing the stock and work in progress to their present location and condition. Net realisable value represents the estimated selling price less all estimated costs to be incurred in marketing, selling and distribution. The amount of any write down of inventories to net realisable value is recognised as an expense in the year in which the write down occurs.

2.7 Deferred taxation

Deferred tax is recognised in respect of all timing differences which have originated but not reversed at the balance sheet date where transactions or events which result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Company's taxable profits and its results as stated in these financial statements.

Deferred tax is recognised in respect of the retained earnings of overseas subsidiaries only to the extent that, at the balance sheet date, dividends have been accrued as receivable or a binding agreement to distribute past earnings in the future has been entered into by the subsidiary.

Deferred tax is measured at the average tax rates which are expected to apply in the periods in which timing differences are expected to reverse, based on tax rates and laws which have been enacted or substantially enacted by the balance sheet date. Deferred tax is measured on an undiscounted basis.

Deferred tax assets are recognised only to the extent that it is considered more likely than not that there will be suitable taxable profits from which the underlying timing differences can be deducted or where there are deferred tax liabilities against which the assets can be recovered.

Notes to the Company Accounts continued

for the year ended 30 June 2015

2.8 Leases

Lease arrangements entered into by the Company are assessed at the inception of the lease and classified as either an operating or a finance lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards of incidental ownership to the lessee. All other lease arrangements are classified as operating leases.

Rentals payable under operating leases are recognised in the profit and loss account on a straight line basis over the periods of the leases. Assets acquired under finance leases are capitalised and the outstanding future lease obligations are shown under creditors.

2.9 Foreign currencies

Transactions denominated in foreign currencies are translated into Sterling at the exchange rate ruling at the date of the transaction. Foreign currency monetary assets and liabilities are translated into Sterling at rates of exchange ruling at the balance sheet date. All other exchange differences are dealt with in the profit and loss account.

2.10 Pensions

The Company offers defined contribution pension arrangements to certain employees. Payments to defined contribution pension schemes are expensed as incurred. The Company does not operate any defined benefit pension arrangements.

2.11 Provisions

A provision is recognised when there is a present obligation, whether legal or constructive, as a result of a past event for which it is probable that a transfer of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions in respect of deferred taxation are dealt with in the accounting policy above. Provisions in respect of deferred contingent consideration for acquisitions are made at the Directors' best estimate of the likely consideration payable taking account of the performance criteria which affect the level of contingent consideration.

Provisions are determined by discounting the expected future cash flow at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount rate is recognised as finance cost.

A provision for onerous contracts is recognised when the expected benefits to be derived by the Group from a contract are lower than the unavoidable costs of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Group recognises any impairment loss on the assets associated with the contract.

2.12 Bank borrowings and financing costs

Interest-bearing bank loans and overdrafts are stated at the amount of the proceeds received, net of financing costs (including Revolving Credit Facility fees and redemption premia) where the intention is to hold the debt instrument to maturity. Financing costs are amortised over the expected term of the loan so as to produce a constant rate of return over the period to the date of expected redemption.

In instances where the Company has an early redemption option, the term over which financing costs are amortised is the period to the earliest date the option can be exercised, unless there is no genuine commercial possibility that the option will be exercised.

2.13 Share-based payments

Some Directors and employees are granted share options which may, if certain performance criteria are met, allow these employees to acquire shares in the Company. The specific schemes are detailed in note 33 to the Group's financial statements and include both market and non-market based schemes.

The fair value of options granted after 7 November 2002 are 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 an option pricing model, 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 awards that vest except where variations are due only to share prices not achieving the threshold for vesting.

The fair value of options granted under non-market based schemes are recorded in the same way, however the fair value is reassessed at each reporting date, with the corresponding change in fair value recorded as an expense with a corresponding credit being recognised directly in equity.

Where the Company grants options over its own shares to the employees of its subsidiaries it recognises, in its individual financial statements, an increase in the cost of investment in its subsidiaries equivalent to the equity-settled share-based payment charge recognised in its consolidated financial statements with the corresponding credit being recognised directly in equity.

2.14 Own shares held by the Regenersis Employee Benefits Trust

Transactions of the Company-sponsored EBT are treated as being those of the Company and are therefore reflected in the Parent Company and Group Financial Statements. In particular, the trust's purchases of shares in the Company are debited directly to equity.

3.Staff costs

Please see disclosure note 9 to the Group's financial statements.

Disclosure of individual Directors' remuneration is included in the Remuneration Report on pages 61 to 64.

4. Goodwill

	£'000
Cost	
1 July 2012, 30 June 2013 and 30 June 2014	16,854
Amortisation	
1 July 2014	11,622
Amortisation charge for the year	843
30 June 2015	**12,465**
Net book value	
30 June 2015	**4,389**
30 June 2014	5,232

Regenersis

Notes to the Company Accounts continued

for the year ended 30 June 2015

5. Tangible assets

	Leasehold improvements £'000	Computer Equipment £'000	Fixtures and Fittings £'000	Total £'000
Cost				
At 1 July 2014	260	1,005	69	1,334
Additions	—	262	—	262
Disposals	(23)	(1,267)	(69)	(1,359)
At 30 June 2015	**237**	**—**	**—**	**237**
Depreciation				
1 July 2014	102	305	24	431
Charge for the year	51	325	10	386
On disposals	(7)	(630)	(34)	(671)
At 30 June 2015	**146**	**—**	**—**	**146**
Net book value				
30 June 2015	**91**	**—**	**—**	**91**
30 June 2014	158	700	45	903

During the year a number of the assets were transferred to a subsidiary company. These assets were transferred at net book value and no profit on disposal was recorded.

6. Fixed asset investments

	Shares in subsidiary undertakings £'000
Cost	
At 1 July 2014	52,662
Additions	3,465
Disposals	(19,987)
At 30 June 2015	**36,140**
Impairment	
1 July 2014	10,370
Charge for the year	522
At 30 June 2015	**10,892**
Net book value	
30 June 2015	**25,248**
30 June 2014	42,292

The additions within the year relate to additional investments in Regenersis Finance Limited and Regenersis Mobile Diagnostics Inc.

The disposal in the year relates to Regenersis Recommerce Limited. In addition there were transfers to other companies within the Group of Regenersis Finance Limited and Regenersis Mobile Diagnostics Inc.

7. Debtors

Amounts falling due within one year

	2015 £'000	2014 £'000
Trade receivables	87	332
Amounts due from subsidiaries	108,017	75,640
Deferred tax asset (note 8)	950	430
Prepayments, other debtors and accrued income	1,638	2,051
	110,692	**78,453**

8. Deferred tax assets

	Depreciation in excess of capital allowances £'000	Other timing differences £'000	Total £'000
At 1 July 2014	57	373	430
Credit/(charge) for the year	96	424	520
At 30 June 2015	**153**	**797**	**950**

Deferred tax assets are recognised to the extent that they are considered recoverable against future profits of the Company. No deferred tax asset has been recognised in relation to tax losses amounting to £0.7 million (2014: £1.0 million).

9. Creditors - amounts falling due within one year

	2015 £'000	2014 £'000
Trade creditors	632	462
Bank overdraft	10,302	—
Amounts due to subsidiaries	—	614
Accruals and deferred income	1,090	4,119
	12,024	**5,195**

10. Creditors - amounts falling due after more than one year

	2015 £'000	2014 £'000
Bank loans and other borrowings	**4,335**	19

Notes to the Company Accounts continued

for the year ended 30 June 2015

11. Bank and other borrowings

	2015 £'000	2014 £'000
Due after more than one year:		
Secured bank loan	4,335	19
Repayable:		
In the first to second years inclusive	4,335	—
In the third to fifth years inclusive	—	19

The bank borrowing is secured on the majority of the Group's assets for the duration of the Revolving Credit Facility. The total facility available to the Group as at 30 June 2015 totalled £39.0 million (2014: £39.0 million), of which £4.6 million (2014: £0.5 million) had been drawn down in cash, resulting in an unutilised facility of £34.4 million (2014: £38.5 million). Borrowing costs of £0.3 million (2013: £0.5 million) are set-off against the amount owing at year end.

12. Provisions

	Onerous Leases £'000	Dilapidations £'000	Total £'000
At 1 July 2014	**2,958**	**493**	**3,451**
Unused amounts released	(226)	—	(226)
Paid in the period	(1,824)	—	(1,824)
At 30 June 2015	**908**	**493**	**1,401**

Provisions are analysed between current and non-current as follows:

	2015 £'000
Current	372
Non-current	1,029
	1,401

Provisions relate to onerous lease and dilapidation provisions relating to the restructuring in Glasgow, covering residual lease commitments which expire between 2017 and 2019.

13. Operating lease commitments

	2015 Land & buildings £'000	2014 Land & buildings £'000
Lease expiry:		
Within one year	115	115
Between one and five years	96	212
	211	327

The operating lease commitment relates to the rental of the London office which is due to expire in April 2017. During the year, the premises were sublet to Hanover Investor Management LLP until April 2017 for a fee of £188,000 per year.

14. Share-based payments

The share options outstanding for the Company are the same as for the Group and are disclosed in note 33 to the Group's Financial Statements.

15. Share capital

The movements on share capital are disclosed in note 32 to the Group's Financial Statements.

16. Reserves

	Share premium account £'000	Merger reserve £'000	Retained earnings £'000	Total £'000
At 1 July 2014	121,737	4,034	3,490	129,261
Share premium conversion	(70,000)	—	70,000	—
Share-based payments	—	—	914	914
Buy-back of treasury shares	—	—	(3,673)	(3,673)
Dividends issued	—	—	(3,381)	(3,381)
Retained loss for the year	—	—	(2,042)	(2,042)
At 30 June 2015	**51,737**	**4,034**	**65,308**	**121,079**

17. Subsequent Events

Regenersis Plc sold its holdings in the following companies to Regenersis (Depot) Services Limited for the considerations listed:

Company	Shareholding	Date of Transaction	Consideration
Regenersis (Glasgow) Limited	100%	18th August 2015	£1
Regenersis (SCS Partnership) Limited	100%	27th August 2015	£1
Regenersis (Spain) Limited	100%	27th August 2015	£1
Regenersis Digital Care Limited	100%	27th August 2015	£1
Regenersis (Glenrothes) Limited	100%	27th August 2015	£13,231,694
Regenersis Istanbul Teknoloji Danışmanlığı Limited Şirketi	99.5%	31st August 2015	£1
Regenersis (South Africa) Pty	100%	21st September 2015	£1,274,916

Notice of Annual General Meeting

Notice is given that the tenth Annual General Meeting of Regenersis Plc ("the Company") will be held at 12 noon on Wednesday 25 November 2015 at Peel Hunt LLP, Moor House, 120 London Wall, London EC2Y 5ET to consider the following resolutions of which numbers 1 to 11 will be proposed as ordinary resolutions and numbers 12 and 13 as special resolutions:

1) To receive the Annual Report and Accounts for the year ended 30 June 2015.

2) To approve the Directors' Remuneration Report for the year ended 30 June 2015.

3) To declare a final dividend of 3.35 pence per ordinary share.

4) To re-elect Jog Dhody as a Director of the Company.

5) To elect Frank Blin as a Director of the Company.

6) To elect Pat Clawson as a Director of the Company.

7) To elect Ian Powell as a Director of the Company.

8) To elect Tom Skelton as a Director of the Company.

9) To reappoint KPMG LLP as auditor of the Company to hold office until the conclusion of the next General Meeting at which accounts are laid before the members.

10) To authorise the Directors to determine the remuneration of the auditor.

11) That, the Directors be generally and unconditionally authorised in accordance with section 551 of the Companies Act 2006 ("the Act") and in substitution for all existing authorities under that section, to exercise all the powers of the Company to allot shares in the Company or to grant rights to subscribe for, or to convert any security into, shares in the Company ("Rights") up to an aggregate nominal amount of £526,817.33 during the period commencing on the date of the passing of this resolution and expiring at the conclusion of the next Annual General Meeting of the Company or on 25 February 2017, whichever is earlier, and provided further that the Company shall be entitled before such expiry to make an offer or agreement which would or might require shares to be allotted or Rights to be granted after such expiry and the Directors shall be entitled to allot shares and grant Rights under such offer or agreement as if this authority had not expired.

12) That, subject to the passing of resolution 11 above, the Directors be empowered under section 570 of the Act to allot equity securities as defined in section 560 of the Act, as if section 561(1) of the Act did not apply to any such allotment, provided that this power shall be limited to the allotment or allotments of equity securities up to a nominal amount or (in the case of any other equity securities) giving the right to subscribe for or convert into relevant shares having a nominal amount, not exceeding in aggregate £158,045.20 and this power shall expire, unless previously revoked, renewed or varied, at the conclusion of the next Annual General Meeting of the Company or on 25 February 2017, whichever is the earlier, except that the Company may before such expiry make offers or agreements which would or might require equity securities to be allotted after such expiry and the directors may allot securities under such offer or agreement as if this power had not expired.

13) That the Company be generally and unconditionally authorised for the purposes of section 701 of the Act to make market purchases (within the meaning of section 693(4) of the Act) of ordinary shares of 2 pence each in the capital of the Company ("Shares"), provided that:

   (a) the Company does not purchase under this authority more than 7,902,260 shares;

   (b) the Company does not pay less than 2 pence for each share

   (c) the Company does not pay more for each share than 5% over the average of the middle market price of the ordinary shares for the five business days immediately before the date on which the company agrees to buy the shares concerned, based on share prices published in the Daily Official List of the London Stock Exchange;

   such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company, or on 25 February 2017 whichever is the earlier, provided that, if the Company has agreed before this date to purchase ordinary shares where these purchases will or may be executed after the authority terminates (either wholly or in part), the Company may complete such processes.

By Order of the Board

Lorraine Young
For and on behalf of Lorraine Young Company Secretaries Limited
Company Secretary

23 October 2015

Registered Office
190 High Street
Tonbridge
Kent TN9 1BE

Notice of Annual General Meeting continued

Explanation of Business

Resolution 1: To receive the report and accounts

Company law requires the Directors to present the Annual Report and Accounts of the Company to shareholders in respect of each financial year.

Resolution 2: To approve the remuneration report

As the Company's shares are traded on AIM, it is not required to put the Remuneration Report to shareholders for approval. However, the Directors recognise the importance of adopting best practice corporate governance and are therefore putting the Remuneration Report to shareholders for approval voluntarily. The Remuneration Report is set out on pages 61 to 64 of the Annual Report. It describes the Group's policy on remuneration and gives details of Directors' remuneration for the year ended 30 June 2015. The vote is advisory and does not affect the actual remuneration paid to any individual Director.

Resolution 3: To declare a final dividend

A final dividend on 3.35 pence per ordinary share is proposed. An interim dividend of 1.65 pence per ordinary share was paid during the year. If approved, the final dividend will be paid on 3 December 2015 to shareholders on the register at the close of business on 6 November 2015.

Resolutions 4 to 8: To re-elect Directors

Jog Dhody is retiring by rotation under the articles of association and offers himself for re-election. Frank Blin was appointed on 1 December 2014 and Patrick Clawson, Ian Powell and Tom Skelton, were appointed on 1 October 2015. In accordance with the articles of association, any directors appointed by the Board during the year are to offer themselves for election at the first annual general meeting following their appointment. Directors' biographical details are given on pages 44 to 46 of the Annual Report.

Resolutions 9 and 10: To reappoint the auditor and authorise the Board to determine their remuneration

The Company is required to reappoint the auditor at each General Meeting at which accounts are laid before the members. The Audit Committee has reviewed the effectiveness, independence and objectivity of the external auditor, KPMG LLP, on behalf of the Board and recommends their reappointment.

Resolution 10 authorises the Directors, in accordance with standard practice, to negotiate and determine the remuneration of the auditor. In practice, the Audit Committee will consider the audit fees for recommendation to the Board.

Resolution 11: Directors' authority to allot shares

At the 2014 Annual General Meeting, the Directors were given authority to allot shares in the Company and Resolution 11 seeks to renew that authority until the conclusion of the next Annual General Meeting or 25 February 2017, whichever is earlier. The resolution would give the Directors authority to allot ordinary shares, and grant rights to subscribe for or convert any security into shares in the Company, up to an aggregate nominal value of £526,817.33. This amount represents one-third of the issued ordinary share capital of the Company as at 16 October 2015, the latest practicable date prior to the publication of this document. The Directors have no present intention to allot new shares other than in connection with employee share and incentive plans.

Resolution 12: Disapplication of pre-emption rights

If Directors of a Company wish to allot shares in the Company, or to sell treasury shares, for cash (other than in connection with an employee share scheme) company law requires that these shares are offered first to shareholders in proportion to their existing holdings.

The purpose of Resolution 12 is to authorise the Directors to allot ordinary shares in the Company, or sell treasury shares, for cash (i) in connection with a rights issue; and, otherwise, (ii) up to a nominal value of £158,045.20, equivalent to ten per cent of the total issued ordinary share capital of the Company as at 16 October 2015 without the shares first being offered to existing shareholders in proportion to their holdings. This level of authority is required in order to give the Company flexibility in the event of acquisition opportunities and major shareholders will be consulted in advance of the authority being exercised.

The Directors do not intend to issue more than 7.5% of the total issued ordinary share capital of the Company for cash on a non-pre-emptive basis within any rolling three-year period without prior consultation with shareholders.

Resolution 13: Authority to buy back shares

Under company law, the Company requires authorisation from shareholders if it wishes to purchase its own shares. Resolution 13 seeks to renew the authority given at the last Annual General Meeting. The resolution specifies the maximum number of shares that may be purchased (approximately 10% of the Company's issued share capital) and the highest and lowest prices at which they may be bought.

If the Company buys back its own shares it may cancel them immediately or hold them in treasury. Treasury shares may be sold for cash, cancelled or used to satisfy awards under employee share schemes. The Directors believe that it is desirable for the Company to have this choice as it will give flexibility in the management of its capital base. It is therefore likely that the Company would hold any shares purchased under this authority in treasury. However, in order to respond properly to the Company's capital requirements and prevailing market conditions, the Directors would need to assess the most appropriate course of action at the time of any actual purchase.

The Directors have no present intention of exercising this authority but will keep under review the Company's potential to buy back its shares, taking into account other investment and funding opportunities. The authority will only be used if in the opinion of the Directors this will result in an increase in earnings per share or would otherwise be in the best interests of shareholders generally.

No dividends will be paid on, and no voting rights will be exercised in respect of, treasury shares.

Notice of Annual General Meeting continued

Explanatory Notes to the Notice of Meeting

Entitlement to appoint proxies

1) Members are entitled to appoint a proxy to exercise all or any of their rights to attend, speak and vote on their behalf at the meeting. A shareholder may appoint more than one proxy in relation to the AGM provided that each proxy is appointed to exercise the rights attached to a different share or shares held by the shareholder. A proxy need not be a member of the Company. If shareholders return a form of proxy they will still be able to attend the AGM, speak and vote in person if they wish.

Appointing Proxies

2) A shareholder wishing to appoint one or more proxies can do so by:

   (a) Completing the accompanying form of proxy and returning it to Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6ZY (together with any power of attorney or other written authority under which it is signed); or

   (b) Submitting your proxy electronically by using the CREST proxy service. CREST members may appoint a proxy or proxies electronically via Computershare (ID number 3RA50) in accordance with note 4 below.

   To appoint more than one proxy, you may either photocopy the form of proxy accompanying this Notice or contact Computershare on 0390 889 4099 to request additional forms of proxy. If more than one proxy appointment is returned in respect of the same shareholding, the proxy last received by Computershare before the latest time for the receipt of proxies will take precedence. To be valid, any proxy form or other instrument appointing a proxy must be deposited with Computershare or lodged via the CREST proxy service (in each case) no later than 12 noon on Monday 23 November 2015.

Electronic proxy appointment through CREST

3) CREST members who wish to appoint a proxy or proxies using the CREST electronic proxy appointment service may do so by following the procedures described in the CREST Manual. CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

4) In order for a proxy appointment made by means of CREST to be valid, the appropriate CREST message (a 'CREST Proxy Instruction') must be properly authenticated in accordance with Euroclear UK & Ireland Limited ('EUI') specifications and must contain the information required for such instructions, as described in the CREST Manual. The message, regardless of whether it relates to the appointment of a proxy or to an amendment to the instructions given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the issuer's agent (ID 3RA50) by 12 noon on Monday 23 November 2015.

   For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time, any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

5) CREST members and, where applicable, their CREST sponsors or voting service provider(s) should note that EUI does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service provider(s) are referred, in particular, to those sections of the CREST Manual

concerning practical limitations of the CREST system and timings.

6) The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

Joint holders

7) In the case of joint holdings, only one holder needs to sign the form of proxy. The vote of the senior holder who tenders a vote shall be accepted to the exclusion of the votes of the other joint holders, seniority for this purpose being determined by the order in which the names stand in the register of members.

Entitlement to attend and vote

8) In accordance with Regulation 41 of the Uncertificated Securities Regulations 2001, only those whose names are on the register of members of the Company at the close of business two days (excluding non-working days) before the meeting or any adjourned meeting, shall be entitled to attend or vote at the meeting in respect of the number of shares registered in their name at that time. Changes to entries in the register of members after that time shall be disregarded in determining the rights of any person to attend or vote at the meeting.

Corporate Representatives

9) Any corporation which is a member can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a member provided that they do not do so in relation to the same shares.

Voting Rights

10) As at 22 October 2015 (being the last business day prior to the publication of this Notice), the Company's issued share capital consisted of 79,022,599 ordinary shares, carrying one vote each. There were no shares held in treasury, therefore the total voting rights in the Company as at that date were 79,022,599.

Communicating with the Company in relation to the AGM

11) Except as provided above, shareholders wishing to communicate with the Company in relation to the AGM should write to the Company Secretary, Regenersis Plc, 190 High Street, Tonbridge, Kent, TN9 1BE.

12) You may not use any electronic address provided either in this Notice or any related documents (including the proxy form), to communicate with the Company for any purposes other than those expressly stated.

Inspection of documents

13) Copies of the Executive Directors' service contracts and Non-executive Directors' letters of appointment will be available for inspection during normal business hours at the registered office of Regenersis Plc, 190 High Street, Tonbridge, Kent, TN9 1BE. They will also be available for inspection at the AGM venue for at least 15 minutes before the meeting until its conclusion.

Voting Results

14) The Company will publish the results of the AGM via a regulatory announcement and on its website www.regenersis.com.

Glossary

Adjusted Earnings Per Share: Basic earnings per share excluding amortisation or impairment of acquired intangible assets and development costs capitalised, amortisation of bank fees, exceptional restructuring costs, acquisition costs, share-based payments, losses on disposal of investments and jointly controlled entities, unwinding of the discounted contingent consideration, adjustments to estimates of contingent consideration and tax impacts of the above 'Adjusted earnings per share' is the key earnings per share measure used by the Board.

Advanced Solutions (segment): This Advanced Solutions segment includes:

— The Set Top Box activities in Glenrothes;

— The Set Top Box Diagnostics business which started in 2011 - including the In-Field Tester business and other remote diagnostics capabilities covering countries including the USA, South Africa and Belgium;

— The Digital Care Insurance business which started in 2013, with activities principally in Poland.

APAC: the Asia Pacific region.

B2B: Business to business transactions.

Basic Earnings Per Share: Profit after tax attributable to the equity holders of the Company, stated per share.

Capital Expenditure: Expenditure on property, plant and equipment, intangible assets, and capitalised R&D.

Contingent Consideration: A future cash payment for vendors of acquired companies, contingent on that company's performance in a pre-determined period after acquisition. This is reported within the balance sheet and reassessed at each reporting period.

Corporate Costs: Costs incurred by central departments for the benefit of the Group as a whole and which cannot be allocated to specific business Divisions or subsidiaries.

Depot Solutions (division): The Depot Solutions Division provides the Group's geographic infrastructure and core repair service, focusing on continuous improvement, common operating practices, IT platforms and efficiency. It includes the operations in the UK (excluding Glenrothes), Germany, Poland, Romania, Turkey, South Africa, Spain, Argentina, Mexico, India, Portugal, Russia, the USA and the Czech Republic

Digital Care: Part of the Software and Advanced Solutions division which operates in insurance activities.

Diluted Adjusted Earnings Per Share: Adjusted earnings per share stated after adjustments to the number of shares for convertible share options.

Diluted Earnings Per Share: Basic earnings per share stated after adjustments to the number of shares for convertible share options.

Earn-out: See 'Contingent Consideration'

Forward Contracts (currency hedging): A banking mechanism for fixing the future exchange rates for known and committed cash flows in order to mitigate the exposure of the Group to movements on exchange rates for these cash flows.

Gross Debt: The total external borrowings of the Group, net of capitalised bank fees.

Headline Cash Conversion: Headline Operating Cash Flow stated as a percentage of Headline Operating Profit.

Headline Operating Cash Flow: Operating cash flow excluding taxation, interest payments and receipts, acquisition costs, and exceptional restructuring costs. This is the key operating cash flow measure used by the Board to assess the underlying cash flow of the Group.

Headline Operating Margin: Headline Operating Profit stated as a percentage of revenue.

Headline Operating Profit: Operating profit stated before amortisation or impairment of acquired intangible assets and development expenditure capitalised, acquisition costs, exceptional restructuring costs, share-based payments and disposal of subsidiaries. This is the key profit measure used by the Board to assess the underlying financial performance of the operating divisions and the Group as a whole.

IFT: 'In-Field Tester' business which offers a diagnostic hardware which is used by field engineers to test Set Top Box devices in the end customer's home

Live Environment (data erasure): Data erasure within active computer applications, including servers and networks of computers. The main application is for data that has expired on systems or where unnecessary duplication of data exists, and to provide selective erasure of that data.

M&A: Mergers and acquisitions. This is the Group's activity in acquisitions of other companies, both to full and part ownership.

Net Cash: Cash stated after offsetting gross debt against cash reserves.

Non-controlling interest: Regenersis does not fully own some of its subsidiaries, and for those in which the ownership is shared, the other party is the 'non-controlling interest'. This is relevant for all subsidiaries in which Regenersis owns (directly or indirectly) between 50% and 99% of the share capital; in the current and prior period these are only some Blancco sales offices. At the end of each reporting period, the Group must allocate the non-controlling interest, its share of profits and net assets in the subsidiary in which the ownership is shared, which are recorded through the Consolidated Income Statement and Consolidated Balance Sheet respectively.

OEM: An "Original Equipment Manufacturer".

Oktra: A Depot Set Top Box diagnostic tool, developed in-house, which allows for simultaneous testing of up to eight devices prior to entry to the repair line.

Operating Cash Flow: Cash flows originating from transactions in the core operational activities of the Group, e.g. cash flows resulting from revenues earned and expenditure paid. This excludes cash flows relating to investing or financing activities.

Operating Margin: Operating profit stated as a percentage of revenue.

Operating Matrix: The combination of territories and service lines in which the Group operates.

Patent Box: A tax scheme whereby profits earned from patented technology are taxed at a lower rate than normal corporation tax. **Pure-play:** A company which invests its resources in a single line of business.

R&D: Research and development into new technologies to improve client service, reduce costs or enhance revenue.

Remote Diagnostics Business: Included within the Software and Advanced Solutions division, this consists of the In Field Tester ("IFT") business for Set Top Box diagnostics in the customer home and the Mobile diagnostics business, provided through the Xcaliber investment and its SmartChk solution.

Software and Advanced Solutions (division): This division comprises of two segments - Advanced Solutions and Software.

Software (segment): The Software segment includes:

— The Blancco business which was acquired in the previous financial year. The business specialises in the provision of data erasure software and is the leading global provider in this field.

— The Xcaliber smartphone diagnostic business which has moved from a start-up, focusseed on product development, in the prior year to a busines with a product ready to market and with a promising sales pipeline. The Group has increased its investment in this business during the year from 15% to 49% ownership in July 2014.

Subscription (revenue stream - Blancco): Contracts with customers which are for a fixed term, typically one to three years.

Working Capital: A measure of the Group's current liquidity by showing how much cash has been invested in day to day trading. Working capital is the sum of stock, current debtors, accrued income, current creditors and accrued payments.

Shareholder Notes

Locations

Registered Office

Regenersis Plc
19 High Street
Tanbridge
Kent
TN9 1BE

UK

James Watt Avenue
Westwood Park
Glenrothes, Fife
KY7 4UA

Kingfisher Way
Hinchingbrooke Business Park
Huntingdon
Cambridgeshire
PE29 6FN

Unit 5 The Arc
25 Colquhoun Avenue
Hillington Park
Glasgow
G52 4BN

Argentina

California 2082
Central Park, C1289AAN
Capital Federal
Buenos Aires

Belgium

Rue de Liège 70
Courzelles 6180

Czech Republic

CTPark Teplice
Kateřinská 96
Krupka
41742 Nové Modlany

Finland

Länsikatu 15
FIN-80110 Joensuu

Germany

An der Gehespitz 90
D-63263 Neu-Isenburg

Bahndamm 39
D-33758 Schloß
Holte-Stukenbrock

Erfurter Höhe 10a
99610 Sömmerda

India

80/1, 1st Floor, 1st Main Road, 3rd Cross
New Timber Yard Layout
Mysore Road
Bangalore
560 026

Mexico

Tres Anegas 425
Bodega 7 Col. Nueva Industrial Vallejo
CP 07700 Delegación Gustavo A Madero
Mexico City, Mexico DF

Netherlands

WTC Schiphol
Schiphol Boulevard 127
1118 BG Schiphol

Poland

Janki
Ul. Falencka 1B
05-090 Raszyn

Ul. 19 Kwietnia 31
05-090 Raszyn

Portugal

Av. Severiano Falcao
Nº 6, 6ª, 2685 -378 - Prior – Velho
Lisboa

Romania

92F Timisoara Bd
C2/C23
Sector 6 Bucharest
061334, Romania

Russia

Elektrolitniy proezd 3
buil 81
Moscow
115230

South Africa

Unit C, Alphen Square West
338 George Street
Ranjespark
Midrand
Gauteng
1682

Marpless Business Park
65 Landmarks Ave
Unit 4
Kosmosdal
Pretoria

Spain

Av. Leonardo Da Vinci, 13
Parque Empresarial "La Carpetania"
28906

Sweden

Smedjegatan 6 3tr
13154 Nacka

Vevgatan 18
SE-504 64 Borås

Turkey

Tatlısu Mahallesi Şenol Güneş Bulvarı
Mira Tower Sitesi No:2 Zemin Kat D:2
34775 Ümraniye, Istanbul

United States

1228 East 7th Avenue
Tampa
Florida
33605

3919 Hickory Hill Rd
Memphis
Tennessee
38115

11675 Rainwater Drive
Suite 100
Alpharetta
Georgia
30009

Jonesandpalmer
we think. we design. we publish.
www.jonesandpalmer.co.uk

Regenersis Plc
19 High Street
Tanbridge
Kent
TN9 1BE

T: +44 (0)1480 482 866
Company Number
05113820