Restore plc

("Restore" or "The Company")

Unaudited Preliminary Results for the year ended 31 December 2010

Restore, the UK services Group, today announced its preliminary results for the year ended 31st December 2010. Boosted by a strong performance from its core document storage business, adjusted operating profit before exceptional items more than doubled as the Group returned to overall profitability.

OPERATIONAL HIGHLIGHTS

- **Adjusted* operating profit more than doubled to £3.4m (2009: £1.5m)**
- **Adjusted* profit before tax of £2.7m (2009: £0.1m loss)**
- **Adjusted* eps of 4.3p (2009: 1.2p loss)****
- **Balance sheet transformed through conversion of subordinated debt to equity and subsequent equity placing**
- **Name changed from Mavinwood plc to Restore plc**
- **Datacare acquired in September 2010**
- **Formsafe acquired in December 2010**

*before discontinued operations, exceptional items (including exceptional finance costs), amortisation and impairment of intangible assets and share based payments (charge)/credit
**calculated based on the shares in issue at the year end and a normalised tax charge

FINANCIAL HIGHLIGHTS

	2010	2009
Continuing operations		
Revenue	**£27.7m**	**£27.0m**
Adjusted* EBITDA	**£4.0m**	**£2.1m**
Adjusted* Operating Profit	**£3.4m**	**£1.5m**
Adjusted* Profit/(loss) before tax	**£2.7m**	**£(0.1)m**
Adjusted* earnings/(loss) per share**	**4.3p**	**(1.2p)**
Net bank debt***	**£10.0m**	**£11.6m**

***before subordinated loans of £2.3m (2009: £10m)

UNADJUSTED FINANCIAL HIGHLIGHTS

Continuing operations		
Operating profit/(loss)	£1.8m	(£3.8m)
Profit/(loss) before tax	£0.7m	(£7.8m)
Earnings/(loss) per share from continuing operations	3.5p	(81.8p)

Commenting on the results Charles Skinner, Chief Executive of Restore plc, said:

"I am pleased to say that these highly satisfactory results reflect the objectives set out by the new board of Restore to stabilise the Group and improve the performance of the operating companies. We are now looking to achieve our third goal of growing the Group from its current robust base. The two acquisitions made in 2010 should make a strong contribution to this.

We now have a profitable business with excellent growth prospects. I am confident that the current year will show continuing increase in turnover and profit."

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CHAIRMAN'S STATEMENT

Results

I am pleased to report a return to profitability by the Group. For the year to 31 December 2010 adjusted profit before tax was £2.7 million, compared to a loss of £0.1 million in 2009. Adjusted operating profit more than doubled to £3.4 million (2009: £1.5m) on revenue which rose slightly to £27.7 million (2009: £27.0 million). Adjusted fully diluted earnings per share calculated as adjusted profit for the year divided by the number of shares in issue at the year end of 46.0m (2009: 9.3m) was 4.3 pence (2009: loss 1.2 pence).

Adjusted results are defined as before discontinued operations, exceptional items (including exceptional finance costs), amortisation and impairment of intangible assets and share-based payments charge/ credit.

Trading

Restore, our document storage business, including Datacare and Formsafe following their acquisition, continued to perform robustly. Revenue, including revenue from acquisitions of £0.6m, was £10.7 million (2009: £9.9 million) and adjusted operating profit was £3.9 million (2009: £2.8 million) including £0.2m from acquisitions made in 2010. Organic growth was comparatively slow but operating margins increased reflecting, in part, the efficiencies generated from the operational integration of the Wansdyke business into Restore.

Document Control Services ("DCS"), our scanning business, recorded an adjusted operating loss of £0.1 million (2009: £0.3 million profit) on revenue which fell over 30% to £2.0 million (2009: £2.9 million). Market conditions during the year were very tough with a slump in demand for its specialist services.

Peter Cox, the damp-proofing and timber treatment business, recorded an adjusted operating profit of £0.5 million (2009: £0.3 million loss) on revenue of £15.0 million (2009: £14.2 million). This was an impressive turnaround, with a new management structure proving effective.

Head office costs were £0.9 million (2009: £1.3 million). The Business Review that follows gives a fuller assessment of our businesses' performance and prospects.

Corporate Transactions

Datacare Limited was acquired in September 2010 from Mears plc for a consideration of £1.1 million. Formsafe Limited was acquired in December 2010 for a consideration net of cash acquired of £0.7 million. These two acquisitions of document storage businesses form part of our strategy of growing our core business through acquisition in a consolidating market.

In April 2010, Geraldton converted £8 million of its subordinated debt into equity by means of a placing at the equivalent of 37.5 pence per share. In November 2010 a further £4 million of equity was raised from institutional and other shareholders by means of a placing at 26 pence per share. These equity raisings greatly strengthened the Group's net asset position facilitating the acquisitions made during the year and establishing the Group as a well-resourced business capable of rapid development.

Statement of Financial Position

Net debt at the year-end was £12.3 million (2009: £21.6 million), including £2.3 million (2009: £10 million) of subordinated loans from Geraldton Services, our majority shareholder. Net bank debt at 31st December 2010 was £10.0 million (2009: £11.6 million).

Board

We were pleased to welcome Dr John Forrest, CBE onto the board in November. He brings a wealth of experience of the IT and data world. He is a much valued addition to the Board.

People

We are moving forward with a strong team of experienced and dedicated staff. The senior management in our three business units all have extensive experience in their respective fields and they are well supported by knowledgeable, enthusiastic colleagues. I thank them for their commitment over the last year and look forward to them sharing in the success of the Group. We have also been fortunate to have gained excellent people in the two acquisitions we made in 2010 and I welcome them to the Group.

Strategy

The bulk of our activities are in business-to-business support services, with a particular current focus on document handling. The document storage market is, at present, our core business. This market continues to grow steadily, with good earnings visibility and strong cash generation. We expect the market to consolidate into fewer suppliers over the coming years, with larger customers expected to reduce the number of their suppliers. As customers require more information about their stored documents and seek to increase their efficiency in this area, they will be increasingly attracted to larger suppliers with a range of storage options. It is our intention to play a role in the consolidation of this market, in large part through the sort of acquisitions which we have made during 2010.

There are other related services which have a similar channel to market as those we currently offer, in the main through logistics managers in larger organisations. As a consequence we continue to look at opportunities in these fields and believe that we have the skillset to develop our activities in these areas.

Outlook

We have started the year encouragingly with performances in line with a challenging budget. In our storage business, we have seen some notable new business wins and we are confident that organic growth will be stronger than in the last two years. The integration of Datacare and Formsafe is continuing with cost savings in line with our expectations at the time of acquisition. We have developed additional storage space at Datacare’s site in Oxfordshire and are also continuing to develop more space at our underground site in Wiltshire. These developments will give us adequate additional space for projected new business for the next year and for the relocation of Formsafe’s storage.

The outlook at DCS is encouraging. Weekly revenue in the opening weeks of 2011 is at its highest point at any time in the last eighteen months, with a healthy order book. However, the full-year outturn will depend on volumes from certain key framework agreements which have been set up in recent months.

Peter Cox is continuing to show year-on-year revenue growth and will benefit from changes made to the cost base in 2010 feeding through for a full year.

I am confident that the current year will show significant increases in revenue and profit, partly as a result of the two acquisitions made last year. I expect that the Group will continue to develop its activities, through further acquisitions as well as organically. As a result I look forward to an exciting and profitable development of your company.

Sir William Wells
Chairman 22 March 2011

BUSINESS REVIEW

The Directors believe that an adjusted measure of profit/(loss) before tax and earnings per share provides shareholders with a more appropriate representation of the underlying earnings derived from the Restore Group's business. The items adjusted for in arriving at that underlying adjusted profit before tax are as follows:

	2010 £'000	2009 £'000
Continuing operations		
Profit /(loss) before tax	699	(7,790)
Share based payments charge/(credit)	53	(1,147)
Impairment of intangible assets	382	5,000
Restructuring/redundancies	333	763
Increase in onerous lease provision	430	–
Amortisation of intangible assets	416	257
Other exceptional	–	420
Other finance costs	417	2,354
Adjusted profit/(loss) before tax – continuing operations	2,731	(143)

Key Performance Figures

	Revenue 2010	Revenue 2009	Adjusted* Operating Profit 2010	Adjusted* Operating Profit 2009
Restore	£10.7m	£9.9m	£3.9m	£2.8m
DCS	£2.0m	£2.9m	£(0.1)m	£0.3m
Peter Cox	£15.0m	£14.2m	£0.5m	(£0.3m)
Head Office Costs	–	–	£(0.9)m	(£1.3m)
Total	£27.7m	£27.0m	£3.4m	£1.5m

*before exceptional items, amortisation and impairment of intangible assets and share based payments charge/credit.

Document Storage

Our document storage activities trade under the Restore brand. The recent acquisitions of Datacare and Formsafe are currently being integrated into Restore.

The majority of Restore's sales relate to the storage and retrieval of hard copy documents, typically stored in cardboard boxes. Restore also stores and retrieves individual files, magnetic data (typically for emergency back-up), film and other materials. It also offers retrieval of documents by scanning. It derives additional service income from reorganisation of customer documents, document restoration, and the shredding of documents no longer required by customers. Additional products include file-tracking services enabling customers to locate documents within their own buildings. In December 2010 we launched Restore Online providing an online data backup service.

We have storage facilities in Kent, Surrey, Wiltshire, Oxfordshire and Cornwall. We are also continuing to operate Formsafe's business in Sussex and Glamorgan, but materials stored at these sites are expected to be transferred to other existing sites during the course of the current year. Restore operates from both freehold and leasehold sites.

Our main freehold property is our high-security underground facility near Bath, where we have significant spare space available for development.

Restore services a broad range of customers, predominantly across southern England and South Wales reflecting the geographical location of its storage sites. Our largest customer sector is law firms who are probably the most demanding and sophisticated users of storage services; this ensures Restore is at the cutting edge of developments in physical document storage and monitors closely the developments in electronic data management. Most other commercial, industrial and public sectors are represented amongst Restore's customer base, with particular strengths in financial services, larger corporates, councils and health trusts. These represent an excellent channel to market for other services.

Trading at Restore was robust in 2010 with adjusted operating profits increasing by £1.1 million to £3.9 million, of which £0.2 million was attributable to acquisitions. Revenue increased from £9.9 million to £10.7 million, of which £0.6 million was attributable to acquisitions. New box intake was less than had been forecast but tight cost control and the completion of the integration of the Wansdyke business with Restore resulted in an improvement in operating margins. The installation of one operating system across all of Restore was successfully completed during the year. As part of this, all the administrative functions in Wiltshire were transferred to Restore's head office in Surrey.

The acquisition of Datacare in Upper Heyford, Oxfordshire increased our geographic reach and provided us with additional high-security storage, with considerable scope to develop further storage space on the same site. It also increased our presence in the pharmaceutical sector. Administrative and logistics cost savings have been made which have enabled operating margins to be increased subsequent to the acquisition.

The acquisition of Formsafe with facilities based in Sussex and Wales follows a different model. During the course of this year we will move the documents stored with Formsafe to our existing facilities where we have spare capacity. The additional storage and service costs will be limited, sharply increasing the ongoing margins. There are very limited costs associated with leaving Formsafe's premises. We believe we can improve the service levels for Formsafe's customers and provide them with certain additional services.

Restore is a strong business, achieving industry-leading margins on the back of excellent customer service, efficient operating systems and a range of highly suitable storage facilities. It represents an excellent platform for growth as the document storage market undergoes some consolidation.

Document Scanning

DCS is our Peterborough-based scanning business. Its main function is the conversion of hard-copy documents into electronic data. As part of this service, it organises and indexes the electronic versions, enabling its customers to identify and locate their data more efficiently. DCS's origins lie in the engineering sector where it has many specialist products such as Pipetracker, its own technology for tracking materials used in the construction of oil pipelines. A large percentage of its customers are in the infrastructure sector, including Network Rail and the Highways Agency.

DCS had a very difficult trading year. A large part of its business is for large, technically complex back-scanning projects. Several of its core customers continued to delay major expenditure in this area. The scanning industry in general experienced a turndown in activity which led to industry overcapacity and a significant softening in rates. As a result of these two factors, revenue at DCS fell from £2.9 million to £2.0 million. We continued to cut costs in the business, but were reluctant to cut so deeply that core skills would be lost, and thus the business would be poorly placed to benefit from any improvement in market conditions. The effect was that DCS recorded an adjusted loss for the year of £0.1 million, compared to an adjusted profit of £0.3 million in 2009. In the light of this, we have reviewed the carrying value of intangible assets attaching to DCS and have taken the decision to impair the customer relationships by £0.4 million to reflect the decline in sales to key customers over what has been a very difficult period. I am pleased to report that over the last two months we have started to see signs of DCS's business picking up.

Peter Cox

Peter Cox is the UK's leading provider of damp control, timber preservation and masonry services to private, public sector and commercial property, principally housing. It operates from 12 branches across the UK. Peter Cox has recently launched Peter Cox Solar, specialising in solar panel installation.

Unlike our document management activities, over a third of Peter Cox's business is outside the business-to-business service sector. Indeed, it is probably best-known for its services to home-owners for the last 50 years as the leading supplier of damp-proofing and timber preservation services, often used at the time of purchasing a new home. Nevertheless, the bulk of its work is providing services to local authorities (often as a subcontractor to facilities managers who rely on Peter Cox for its specialist skills) and commercial developers.

Management changes were made during the year at Peter Cox, with the appointment of a new Executive Chairman early in the year and a subsequent management restructuring. Despite the continuing weakness in the housing market, revenue increased from £14.2 million to £15.0 million. Continued focus on direct costs, together with some price rises, led to a healthy increase in gross margins. This brought Peter Cox back to profitability, with adjusted operating profit of £0.5 million, compared to an adjusted loss in the previous year of £0.3 million.

Interest

Net finance costs amounted to £1.1 million (2009: £2.0 million). Included within finance cost is £0.4 million (2009: £0.4 million) representing interest on the loan from Geraldton Services Inc, deferred financing costs and unwinding of the discount on the property provision.

Taxation

UK Corporation Tax is calculated at 28% (2009: 28%) of the estimated assessable profit/(loss) for the year. The UK Corporation Tax rate will reduce to 27% on 1 April 2011, accordingly this rate reduction has been reflected in the deferred tax balance which forms part of the statement of financial position.

Profit Before Tax

Profit before tax for the year ended 31 December 2010 for continuing operations was £0.7 million (2009: loss £7.8 million).

Reconciliation of Reported Operating Profit to Adjusted Operating Profit and Adjusted EBITDA

	2010 £'000	2009 £'000
Operating profit /(loss)	1,757	(3,831)
Share based payments charge/(credit)	53	(1,147)
Impairment of intangible assets	382	5,000
Exceptional items	763	1,183
Amortisation of intangible assets	416	257
Adjusted operating profit	3,371	1,462
Depreciation	619	590
Adjusted EBITDA	3,990	2,052

Key Performance Indicators

The key performance indicators of the business which the board regularly reviews are:

	2010 £'000	2009 £'000
Adjusted profit /(loss) before tax – continuing operations	2,731	(143)
Operating cash flow generated before financing costs and tax	1,592	5,155

The non financial indicators that are monitored are customer satisfaction and retention and staff turnover ratios.

Earnings/(Loss) Per Share (Eps)

	2010	2009
Basic adjusted earnings/(loss) per share from continuing operations (pence)	4.3p	(1.2)p
Basic earnings/(loss) per share from continuing operations (pence)	3.5p	(81.8)p

Basic adjusted earnings per share are calculated as adjusted profit for the year less standard tax charge divided by the number of shares in issue at the year-end. Based on a weighted average number of shares in issue in 2010, adjusted earnings per share were 9.9p (2009: 0.2p).

Statement of Financial Position

Net assets increased to £16.7 million (2009: £15.2 million) mainly as a result of the conversion of the subordinated debt. Goodwill and intangibles at 31 December 2010 was £19.8 million (2009: £18.6 million).

Property, plant and equipment totalled £12.3 million (2009: £11.5 million) principally comprising the freehold underground storage facilities at Restore SW, but also computer systems, storage racking and vehicles.

Cash Flow

The net cash inflow from continuing operations before capital expenditure was £1.6 million (2009: £5.2 million). Capital expenditure on the continuing business totalled £1.1 million (2009: £2.0 million) compared to depreciation of £0.6 million (2009: £0.6 million). Significant expenditure comprised the fitting out of empty space in the underground storage areas at Restore SW and installing new racking at Restore SE and SW.

Risk Management

The significant financial risks the Group faces have been considered and policies have been implemented to best deal with each risk. The three most significant risks are considered to be liquidity risk, finance cost risk and customer relationship risk. The Group is wholly based in the United Kingdom so the direct exposure to exchange risk is considered to be small.

Liquidity risk

The year end net bank debt was £10.0 million (2009: £11.6m), which consisted of £12.6 million of interest bearing loans and borrowings less £2.6 million of cash and short term deposits (2009: £26.2 million of interest-bearing loans and borrowings less £4.6 million of cash and short term deposits).

Finance cost risk

The Group pays finance costs on its bank facilities. The bank facilities finance cost is a variable cost linked to LIBOR plus a margin. The average finance cost on bank facilities for the Group in 2010 was 4.5% (2009: 4.5%).

Customer relationships

The Group has commercial relationships with over 1,000 business customers. The largest of these accounts for less than 5% of Group revenue.

Charles Skinner
Chief Executive

22 March 2011

UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2010

	Year ended 31 December 2010			Year ended 31 December 2009		
	Before exceptional items £'000	Exceptional items £'000	After exceptional items £'000	Before exceptional items £'000	Exceptional items £'000	After exceptional items £'000
REVENUE	27,699	–	27,699	26,977	–	26,977
Cost of sales	(14,065)	–	(14,065)	(14,523)	–	(14,523)
Gross profit	13,634	–	13,634	12,454	–	12,454
Administrative expenses	(10,732)	(763)	(11,495)	(11,249)	(1,183)	(12,432)
Share based payments credit	–	–	–	–	1,147	1,147
Impairment of intangible assets	–	(382)	(382)	–	(5,000)	(5,000)
OPERATING PROFIT/(LOSS)	2,902	(1,145)	1,757	1,205	(5,036)	(3,831)
Finance income	5	–	5	6	–	6
Finance costs	(1,063)	–	(1,063)	(1,990)	(1,975)	(3,965)
PROFIT/(LOSS) BEFORE TAX	1,844	(1,145)	699	(779)	(7,011)	(7,790)
Income tax credit	43	214	257	49	115	164
PROFIT/(LOSS) FOR THE YEAR	1,887	(931)	956	(730)	(6,896)	(7,626)
Loss from discontinued operations	(112)	–	(112)	(2,405)	–	(2,405)
Profit/(loss) for the year attributable to owners of the parent	1,775	(931)	844	(3,135)	(6,896)	(10,031)
Total comprehensive income for the year attributable to owners of the parent	1,775	(931)	844	(3,135)	(6,896)	(10,031)
Basic earnings /(loss) per share (pence)	6.6p	(3.5)p	3.1p	(33.6)p	(74.0)p	(107.6)p
Basic earnings/(loss) per share from continuing operations (pence)	7.0p	(3.5)p	3.5p	(7.8)p	(74.0)p	(81.8)p

UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2010

	Attributable to owners of the parent				
	Share capital £'000	Share premium £'000	Share based payments reserve £'000	Retained deficit £'000	Total equity £'000
Balance at 1 January 2009	516	42,396	2,069	(29,780)	15,201
Loss for the year	–	–	–	(10,031)	(10,031)
Total comprehensive income for the year	–	–	–	(10,031)	(10,031)
Transactions with owners					
Share based payments credit	–	–	(1,166)	–	(1,166)
Transfer in respect of lapsed options	–	–	(693)	693	–
Balance at 31 December 2009	516	42,396	210	(39,118)	4,004
Balance at 1 January 2010	516	42,396	210	(39,118)	4,004
Profit for the year	–	–	–	844	844
Total comprehensive income for the year	–	–	–	844	844
Transactions with owners					
Issues of shares during the year	1,836	10,164	–	–	12,000
Issue costs	–	(226)	–	–	(226)
	1,836	9,938	–	–	11,774
Share based payments charge	–	–	53	–	53
Balance at 31 December 2010	2,352	52,334	263	(38,274)	16,675

UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
At 31 December 2010

	31 December 2010 £'000	Restated 31 December 2009 £'000
ASSETS		
NON-CURRENT ASSETS		
Intangible assets	19,776	18,637
Property, plant and equipment	12,305	11,508
Deferred tax asset	528	343
	32,609	30,488
CURRENT ASSETS		
Inventories	120	117
Trade and other receivables	7,601	7,105
Cash and cash equivalents	2,568	4,599
	10,289	11,821
TOTAL ASSETS	42,898	42,309
LIABILITIES		
CURRENT LIABILITIES		
Trade and other payables	(5,897)	(6,517)
Bank loans and overdrafts	(10,628)	(10,191)
Current tax liabilities	(232)	–
Provisions	(314)	(313)
	(17,071)	(17,021)
NON-CURRENT LIABILITIES		
Financial liabilities – borrowings	(4,313)	(15,980)
Deferred tax liability	(3,544)	(3,750)
Provisions	(1,295)	(1,554)
	(9,152)	(21,284)
TOTAL LIABILITIES	(26,223)	(38,305)
NET ASSETS	16,675	4,004
EQUITY		
Share capital	2,352	516
Share premium account	52,334	42,396
Share based payments reserve	263	210
Retained deficit	(38,274)	(39,118)
CAPITAL AND RESERVES ATTRIBUTABLE TO OWNERS OF THE PARENT	16,675	4,004

UNAUDITED CONSOLIDATED STATEMENT OF CASHFLOWS
For the year ended 31 December 2010

	Note	Year ended 31 December 2010 £'000	Year ended 31 December 2009 £'000
NET CASH GENERATED FROM OPERATIONS	6	1,592	5,155
Net finance costs		(748)	(2,538)
Income taxes (paid)/refunded		(50)	268
NET CASH GENERATED FROM OPERATING ACTIVITIES		794	2,885
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of property, plant and equipment and applications software		(1,149)	(1,977)
Contingent consideration		–	(61)
Purchase of subsidiary including acquisition costs, net of cash acquired		(1,880)	–
Disposal of subsidiary, net of cash disposed and costs		–	12,474
CASH FLOWS (USED)/GENERATED IN INVESTING ACTIVITIES		(3,029)	10,436
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from share issues		3,774	–
Repayment of borrowings		(4,000)	(19,456)
Repayment of indebtedness		–	10,000
Deferred financing costs		–	(23)
Increase in bank overdrafts		430	185
Finance lease principal repayments		–	(3)
NET CASH GENERATED/(USED) IN FINANCING ACTIVITIES		204	(9,297)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(2,031)	4,024
CASH AND CASH EQUIVALENTS AT START OF YEAR		4,599	575
CASH AND CASH EQUIVALENTS AT THE END OF YEAR		2,568	4,599

Notes to the preliminary financial information for the year ended 31 December 2010

1 BASIS OF PREPARATION AND ACCOUNTING POLICIES

The figures for the year ended 31 December 2010 have been extracted from the unaudited statutory financial statements for the year that have yet to be delivered to the Registrar of Companies and on which the auditor has yet to issue an opinion. The financial information attached has been prepared in accordance with the recognition and measurement requirements of international financial reporting standards (IFRS) as adopted by the EU and international financial reporting interpretations committee (IFRIC) interpretations issued and effective at the time of preparing those financial statements.

The financial information for the years ended 31 December 2010 and 31 December 2009 does not constitute statutory financial information as defined in Section 434 of the Companies Act 2006 and does not contain all of the information required to be disclosed in a full set of IFRS financial statements. This announcement was approved by the Board of Directors on 22 March 2011. The auditor's report on the financial statements for 31 December 2009 was unqualified, and did not include reference to any matters to which the auditors drew attention by way of emphasis without qualifying their reports and did not contain a statement under either Section 498 (2) or 498 (3) of the Companies Act 2006. The financial statements for the year ended 31 December 2009 have been delivered to the Registrar.

Comparatives have been restated for a tax balance of £651,000 which has been reclassified from other receivables to other payables as the directors believe this to be a more suitable presentation.

The Group is reliant on financing and meets its day to day working capital requirements through its bank facilities. The Group has prepared a budget for 2011 and forecast for 2012. These projections demonstrate the Group has sufficient funds available to operate within its finance facilities for a period of at least the next 12 months and the Directors have therefore adopted the going concern basis in preparing these financial statements.

2 SEGMENTAL ANALYSIS

All trading of the Group is undertaken within the United Kingdom and the Company has no foreign operations. Segment assets include intangibles, property, plant and equipment, inventories, receivables and operating cash. Central assets include deferred tax and head office assets. Segment liabilities comprise operating liabilities. Central liabilities include income tax and deferred tax, corporate borrowings and head office liabilities. Capital expenditure comprises additions to computer software, property, plant and equipment and includes additions resulting from acquisitions through business combinations. Segment assets and liabilities are allocated between segments on an actual basis.

	Year ended 31 December 2010 £'000	Year ended 31 December 2009 £'000
REVENUE		
The revenue was derived from the Group's principal activities in England as follows:		
Peter Cox	14,984	14,217
Document Handling	12,715	12,760
	27,699	26,977
RESULTS		
Continuing operations		
The profit/(loss) after tax was derived from the Group's principal activities in England as follows:		
Peter Cox	446	(345)
Document Handling	3,832	3,146
Segment operating profit	4,278	2,801
Central costs	(907)	(1,339)
Share based payments (charge)/credit	(53)	1,147
Impairment of intangible fixed assets	(382)	(5,000)
Exceptional items	(763)	(1,183)
Amortisation of intangible assets	(416)	(257)
Operating profit/(loss)	1,757	(3,831)
Net finance cost	(1,058)	(1,984)
Exceptional financing costs	–	(1,975)
Profit/(loss) before tax	699	(7,790)
Income tax credit	257	164
Profit/(loss) after tax	956	(7,626)

The exceptional items of £333,000 (2009:£1,183,000) relate to restructuring and redundancy costs and £430,000 (2009:£nil) increase in provision for onerous lease costs. The exceptional finance costs in 2009 primarily relate to the write-off of deferred financing costs, of £477,000, costs associated with the Lloyds TSB Bank facility of £510,000, underwriting fees of £900,000 paid to Geraldton and £88,000 of associated costs.

Major Customers

For the years ended 31 December 2010 and 2009 no customers accounted for more than 10% of the Group's total revenue.

	Year ended 31 December 2010 £'000	Year ended 31 December 2009 £'000
Discontinued operations		
RESULTS		
Emergency Repair	(91)	(1,706)
Share based payments credit	–	19
Amortisation of intangible assets	–	(63)
Loss on disposal of operations	–	(463)
Operating loss	(91)	(2,213)
Net finance expense	(96)	(192)
Loss before tax	(187)	(2,405)
Income tax credit	75	–
Loss for the year from discontinued operations	(112)	(2,405)

	2010	2009 Restated
	£'000	£'000
Segmental assets:		
Peter Cox	6,190	5,737
Document Handling	36,473	33,906
Central	181	2223
Discontinued operations	54	443
Total	42,898	42,309
Segmental liabilities:		
Peter Cox	(3,394)	(2,215)
Document Handling	(6,432)	(6,692)
Central	(16,247)	(29,204)
Discontinued operations	(150)	(194)
Total	(26,223)	(38,305)
Property, plant and equipment and software additions		
Peter Cox	85	614
Document Handling	1,064	1,363
Depreciation of property, plant and equipment		
Peter Cox	125	134
Document Handling	494	456
Amortisation of intangible assets		
Peter Cox	58	30
Document Handling	358	227

All assets are located in the United Kingdom

3 TAX

UK Corporation Tax is calculated at 28% (2009: 28%) of the estimated assessable profit/(loss) for the year. The UK Corporation Tax rate will reduce to 27% on 1 April 2011, accordingly this rate reduction has been reflected in the deferred tax balance which forms part of the statement of financial position.

4 EARNINGS PER ORDINARY SHARE

Basic earnings per share have been calculated on the profit/(loss) for the year after taxation and the weighted average number of ordinary shares in issue during the year.

Adjusted earnings per share which are before amortisation and impairment of intangible assets, exceptional items, share based payments (charge)/credit and other finance costs have been presented in addition to the basic earnings per share since, in the opinion of the directors, this provides shareholders with a more appropriate representation of the underlying earnings derived from the Group's businesses.

	Year ended 31 December 2010	Year ended 31 December 2009
Weighted average number of shares in issue	26,989,490	9,325,423
Profit/(loss) for the year (£'000)	844	(10,031)
Total basic earnings/(loss) per ordinary share (p)	3.1	(107.6)
Profit/(loss) for the year – continuing operations (£'000)	956	(7,626)
Basic earnings/(loss) per ordinary share – continuing operations (p)	3.5	(81.8)
	£'000	£'000
Adjustments		
Amortisation of intangible assets	416	257
Impairment of intangible assets	382	5,000
Exceptional items	763	1,183
Share based payments charge/(credit)	53	(1,147)
Other finance costs	417	2,354
Current tax effect	(315)	–
Adjusted profit – continuing operations	2,672	21
Adjusted basic earnings per ordinary share (p)	9.9	0.2
Loss after taxation on ordinary activities – discontinuing operations (£'000)	(112)	(2,405)
Basic loss per ordinary share – discontinuing operations (p)	(0.4)	(25.8)

There were no dilutive potential ordinary shares as all options were underwater therefore non dilutive.

Additional Adjusted Earnings/(Loss) Per Share

	2010	2009
Adjusted profit/(loss) before taxation (£'000)	2,731	(143)
Tax at 28% (£'000)	(765)	(40)
Adjusted profit/(loss) after taxation (£'000)	1,966	(103)
Adjusted earnings/(loss) per share (p)	4.3	(1.2)

On 19 July 2010, the Company undertook a share consolidation where 50 existing ordinary shares of 0.1 pence each were exchanged for 1 new ordinary share of 5 pence each.

The additional adjusted earnings/(loss) per share, based on the 46.0m (2009: 9.3m) shares in issue at 31 December 2010, is calculated above.

5 ACQUISITIONS

On 6 September 2010, 100% of the share capital of Datacare Business Systems Limited, a document storage business, was acquired for cash of £1,107,000.

	Book value at acquisition £'000	Fair value adjustment £'000	Fair value at acquisition £'000
Intangible assets	–	583	583
Property, plant and equipment	453	–	453
Trade receivables	241	–	241
Other receivables	78	–	78
Cash	22	–	22
Trade and other payables	(237)	–	(237)
Tax liabilities	(59)	(157)	(216)
Net assets acquired	498	426	924
Goodwill			183
Consideration			1,107
Satisfied by:			
Cash to vendors			1,107

The intangibles capitalised represent £518,000 in respect of customer relationships and £65,000 in respect of the trade name.

On 9 December 2010, 100% of the share capital of Formsafe Limited, a document storage business, was acquired for cash of £1,000,000.

	Book value at acquisition £'000	Fair value adjustment £'000	Fair value at acquisition £'000
Intangible assets	–	540	540
Property, plant and equipment	69	–	69
Trade receivables	107	–	107
Other receivables	43	–	43
Cash	284	–	284
Trade and other payables	(250)	–	(250)
Tax liabilities	(15)	(146)	(161)
Net assets acquired	238	394	632
Goodwill			368
Consideration			1,000
Satisfied by:			
Cash to vendors			1,000

The intangibles capitalised represent £540,000 in respect of customer relationships.

6 CASH INFLOW FROM OPERATIONS

	Year ended 31 December 2010 £'000	Year ended 31 December 2009 £'000
Continuing operations		
Profit/(loss) for the year	956	(7,626)
Depreciation of property, plant and equipment	619	590
Amortisation of intangible assets	416	257
Impairment of intangible assets	382	5,000
Net finance costs	1,058	3,959
Income tax credit	(257)	(164)
Share based payments charge/(credit)	53	(1,147)
Exceptional items	333	1,084
Profit on disposal of property, plant and equipment	–	1
Movements in working capital		
(Increase)/decrease in inventories	(3)	83
Decrease in trade and other receivables	221	3,909
(Decrease)/increase in trade and other payables	(1,946)	1,149
CASH GENERATED FROM CONTINUING OPERATIONS	1,832	7,095
Discontinued operations		
Loss for the year	(112)	(2,405)
Depreciation of property, plant and equipment	–	34
Amortisation of intangible assets	–	63
Finance costs	96	192
Income tax credit	(76)	–
Share based payments credit	–	(19)
Exceptional items	–	463
Movement in working capital		
Decrease in inventories	–	12
Decrease/(increase) in trade and other receivables	404	(1,771)
(Decrease)/increase in trade and other payables	(552)	1,491
CASH USED IN DISCONTINUED OPERATIONS	(240)	(1,940)
NET CASH GENERATED FROM OPERATIONS	1,592	5,155

7 DISCONTINUED OPERATIONS

The insurance related operations of Ansa Building Services Limited were terminated on 31 December 2009 and have been shown as discontinued operations. In 2009, Ansa Building Services Limited and the disposed Emergency Repair division were shown as discontinued operations.

ENDS