20 March 2012

RESTORE PLC
Full Year Unaudited Results 2011

Restore plc ("Restore" or "the Company"), the UK office services provider, announces its unaudited results for the twelve month period ended 31 December 2011.

Financial Highlights:

Adjusted Results

	FY 2011	FY 2010	% Change
Revenue (£m)	34.8	27.7	26%
Operating profit (£m)	5.2	3.3	58%
Profit before tax (£m) *	4.6	2.6	77%
Fully diluted EPS (p) *	6.9	4.4	57%
Dividend per share (p)	1.0	0.0	–
Net Debt (£m)	11.6	12.3	

** Before discontinued operations, amortisation and impairment of intangible assets and exceptional items*

Statutory Results

	FY 2011	FY 2010
Operating profit (£m)	3.1	1.7
Profit before tax (£m)	2.0	0.6
Earnings per share (p)	4.0	3.5

Summary:

- Revenue increased by 26% to £34.8 million
- Adjusted PBT up 77% to £4.6 million; adjusted EPS up 57% to 6.9p
- Records management business traded strongly; prior year acquisitions performed ahead of expectations
- Completion of four acquisitions in records management and office relocation, and joint venture investment in secure shredding and recycling
- Post-period end acquisition of Harrow Green, establishing Restore as UK market leader in office relocations
- Recommended maiden dividend of 1.0p

Commenting on the results Charles Skinner, Chief Executive, said:

"I am pleased to report a strong performance by Restore in a year in which it made significant progress in delivering on its ambitious plans for growth.

Our businesses continue to trade in line with expectations and our records management revenues remain robust. The markets we serve benefit from a steady demand irrespective of the general economy. We are confident that office services, particularly in South-East England, will remain buoyant.

The acquisitions made over the last 18 months continue to be strongly earnings enhancing and their performance has generally exceeded our expectations. We are confident that the acquisition of Harrow Green, completed subsequent to our year end, will make a substantial contribution to our current year performance. Harrow Green's management is starting to implement structural changes to the business which we believe will be highly effective in achieving the levels of profitability appropriate to a market leader.

We have excellent business visibility and are well positioned to continue to broaden the scale and scope of the Group's activities. The Board remains encouraged by the trajectory of the Group and looks forward to another year of strong progress in 2012."

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CHAIRMAN'S STATEMENT

Results

I am pleased to report a strong performance by Restore plc in a year in which it made significant progress in delivering on its ambitious plans for growth. During 2011, the Company benefited from the underlying resilience of its core records management business while making four acquisitions and a joint venture investment that increased the scale of our operations and developed Restore plc into a much broader-based provider of UK office services. For the year to 31 December 2011, adjusted profit before tax (before exceptional items, amortisation and share-based payment charges) was £4.6 million, a year-on-year increase of 77% (2010: £2.6 million). Adjusted operating profit increased to £5.2 million (2010: £3.3 million) on turnover which rose to £34.8 million (2010: £27.7 million). Earnings per share on an adjusted basis were up 57% at 6.9 pence (2010: 4.4 pence). I am also pleased to announce the Board's recommendation of a maiden dividend of 1p per share.

Trading

Restore, our records management business, continued to trade strongly, with recent acquisitions performing ahead of expectations. Turnover was £13.8 million (2010: £10.7 million) and operating profit was £5.4 million (2010: £3.9 million). Organic growth was steady, reflecting the stable demand for our services. The majority of the increase in profit derived from the six acquisitions we have made over the last eighteen months, including the integration of the records management business of Sargents. We have been very successful in integrating these acquisitions and sharply increasing their operating margins.

Sargents, the office relocation business acquired in April, recorded operating profit of £0.3 million on a turnover of £3.2 million. Sargents' core business will benefit significantly from working with Harrow Green, the UK leading office relocation business we acquired in February 2012.

DCS, our scanning business, operated at breakeven (2010: £0.1 million loss) on turnover which fell to £1.8 million (2010: £2.0 million). Costs continued to be cut to achieve this result.

Restore Shred, the start-up secure shredding and recycling business in which we took a 50% interest in October, recorded a small loss.

Peter Cox, the damp-proofing and timber treatment business, recorded an operating profit of £0.8 million (2010: £0.5 million) on turnover of £16.0 million (2010: £15.0 million). This continued an impressive turnaround, with changes implemented over the last two years dramatically improving performance with little help from external market conditions.

The Business Review which follows gives a fuller assessment of our businesses' performance and prospects.

Corporate transactions

Four acquisitions were made in the year, as well as the investment in a 50% share of Restore Shred.

- In April we acquired Sargents, a London-based office relocations and records management business, from the receiver for £0.5 million. This took the Group into the attractive office relocation market as well as adding additional records management activity to Restore.
- In June we acquired Management Archives, a Leeds-based records management business, for £0.7 million. This gave us a records management presence in Northern England.
- In August we acquired Paterson Data Management, a Glasgow-based records management business, for £0.6 million, giving us a records management presence in Scotland.
- In October we acquired a 50% stake in Thoroughshred, subsequently renamed Restore Shred, for £0.3 million. This London-based business took us into the secure shredding and recycling business, a logical addition to our other office services. We have an option to acquire the remaining 50% from the other shareholders in three years' time.
- In November we acquired Brunswick Document Management, a Middlesbrough-based records management business, for £1.2 million, extending our coverage to North East England.

These acquisitions provide comprehensive coverage of mainland Britain for our customers. With Sargents and Restore Shred, we entered the office relocation and shredding markets respectively, both of which fit into our strategy of expanding the office services we provide to customers. We have proven skills in integrating businesses and increasing profit margins through intelligent use of our existing infrastructure, such as maximising space utilisation across our storage sites.

Subsequent to the year-end, we acquired Harrow Green, a national office relocation business, for £6.3 million and assumed £5.6 million of its net debt. With the addition of Harrow Green, Restore plc became comfortably the market leader in office relocation with coverage of all of mainland Britain. Harrow Green also has a significant records management business, taking Restore to number three in the UK records management market and providing new locations in Birmingham and Manchester. As part of the transaction, we also acquired a 50% stake in Relocom, an IT relocation services business.

Funding

Net debt at the year-end was £11.6 million (2010: £12.3 million). In June, a new facility was arranged with Barclays providing total debt funding of up to £16.5 million.

In July, an equity placing of £4.5 million (after expenses) was completed at 65p per share to fund acquisitions and pay off outstanding loans from Geraldton, our largest shareholder.

The acquisition of Harrow Green subsequent to the year-end was funded by an increase in debt facilities and an equity placing of £8.5 million at 75p per share. Current debt facilities are c £21.5 million, enabling scope for further acquisitions without the need to raise additional equity.

Dividends

Your Board is recommending a dividend of 1.0p per share, payable on 31st July 2012. This is the first dividend the Group has paid and it is the Board's firm intention to follow a progressive dividend policy. In October, the Company obtained permission from the High Court to undergo a capital reduction to enable a dividend to be paid. Distributable reserves at the year end were £16.0 million (2010: deficit £38.3m).

Board

In May, Harvey Samson joined the Board as Group Finance Director, a position which had been vacant since 2009. Harvey had been working with the Group since April 2010, managing the turnaround at Peter Cox. His extensive experience as both a Chief Executive and Finance Director in both quoted and unquoted services businesses has been hugely valuable in delivering our growth.

People

Restore's management philosophy is centred on the decentralisation and empowerment of our operating companies. Our strong financial performance and ability to grow is dependent on the capability, attitude and enthusiasm of our people at every level of our operations. Our business has changed rapidly and I am delighted at the career opportunities this creates, including for those joining the Group through acquisitions. I thank all our people for their commitment over the last year and look forward to them sharing in the success of the Group.

Strategy

We have spent the last 18 months building our presence in the office services market. This has taken us from being a small Southern England-based business, centred around a profitable records management business, to a national records management company which we believe to be the third largest in the UK. We are also the UK market leader in office relocation with national coverage, and now offer closely-related services in shredding, scanning and IT relocation. All these businesses have a similar channel to market, enabling us to leverage individual business's customer relationships across the Group. While the businesses operate autonomously, our internal systems monitor customers across the Group to ensure this is more than an abstract idea.

We continue to look to increase our presence in this market, growing both organically and by acquisition. We focus on businesses whose main strength lies in long-term customer relationships where switching suppliers is neither desirable nor practical, and aim to provide exceptional levels of service based around the determination of our people to excel. Our performance over the last two years indicates that the services we supply are constantly required so that our earnings stream is highly visible and less exposed to demand cycles. We intend to grow our existing businesses and to look at related markets where these market characteristics exist.

Outlook

Our businesses continue to trade in line with expectations and our records management revenues remain robust. The markets we serve benefit from a steady demand irrespective of the general economy. We are confident that office services, particularly in South-East England, will remain buoyant.

The acquisitions made over the last 18 months continue to be strongly earnings enhancing and their performance has generally exceeded our expectations. We are confident that the acquisition of Harrow Green, completed subsequent to our year end, will make a substantial contribution to our current year performance. Harrow Green's management is starting to implement structural changes to the business which we believe will be highly effective in achieving the levels of profitability appropriate to a market leader.

We have excellent business visibility and are well positioned to continue to broaden the scale and scope of the Group's activities. The Board remains encouraged by the trajectory of the Group and looks forward to another year of strong progress in 2012.

Sir William Wells
Chairman

20 March 2012

BUSINESS REVIEW

The Directors believe that an adjusted measure of profit 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:

	2011 £'m	2010 £'m
Continuing operations		
Profit before tax	2.0	0.6
Share based payments charge	0.2	0.1
Impairment of intangible assets	–	0.4
Exceptional items	1.4	0.4
Increase in onerous lease provision	–	0.3
Amortisation of intangible assets	0.5	0.4
Other finance costs	0.5	0.4
Adjusted profit before tax – continuing operations	4.6	2.6

Key Performance Figures

	Revenue 2011 £'m	Revenue 2010 £'m	Adjusted Operating Profit/(loss) 2011* £'m	Adjusted Operating Profit/(loss) 2010* £'m
Records Management	13.8	10.7	5.4	3.9
Document Scanning	1.8	2.0	0.0	(0.1)
Relocations	3.2	–	0.3	–
Building Repair	16.0	15.0	0.8	0.5
Head Office Costs	–	–	(1.3)	(1.0)
Total	34.8	27.7	5.2	3.3

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

Operations

RECORDS MANAGEMENT

Our document storage businesses trade primarily under the Restore brand and as Datacare in our specialist medical and pharmaceutical activities. The majority of Restore's sales derive from 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 and offers retrieval of documents by scanning. It derives additional service income from the reorganisation of customer documents, document restoration, and the shredding of documents no longer required by customers. Additional products include file-tracking services that enable customers to locate documents within their own buildings. Restore Online, providing electronic data back-up, was launched successfully in 2011.

Restore services a broad range of customers across mainland Britain. Our largest customer segment is law firms, who are among the most demanding and sophisticated users of storage services. Our strong presence in this end-market ensures that Restore remains at the forefront of developments in physical document storage and closely monitors advances in electronic data management. We also have a presence in most other commercial, industrial and public sector activities, with particular strengths in financial services, larger corporates, local authorities and healthcare. These represent an excellent channel to market for other services.

Trading at Restore was robust in 2011 with adjusted operating profits increasing by £1.5 million to £5.4 million. Turnover increased from £10.7 million to £13.8 million. New box sales were broadly in line with expectations, with new contracts secured from customers that included Hampshire and Cornwall County Councils. Organic growth, defined as turnover growth with existing customers, continued its historic trend at around 5%. Tight cost control, including the effective management of property costs and successful integration of acquisitions, increased operating margins by 3 percentage points to 39%.

The annualised revenues of acquisitions made during the year were £3.0 million. These acquisitions have supplemented our existing storage facilities in Kent, Surrey, Oxfordshire, Wiltshire and Cornwall with additional facilities in Birmingham, Manchester, Leeds, Middlesbrough and Glasgow. All sites are leasehold apart from our underground facility in Wiltshire, our largest site, which is freehold. We are currently developing significant extra capacity there at an investment cost of £1.5 million. We have spare capacity at several other locations.

Our recent acquisitions have been successfully integrated. Most of our national sites now receive support services from Restore's head office in Surrey, which generates economies of scale. The relocation of boxes acquired through the acquisition of Formsafe in December 2010 was completed during the year, with annual rental savings of £0.3 million. The removal of the Sargents boxes from Belvedere in South-East London to our expanded Paddock Wood premises in Kent was completed in February 2012. The net rental saving on the property costs from this move exceeded £0.4 million per year.

The acquisition of Harrow Green in February 2012 brings additional turnover of around £4 million per annum to our records management turnover. We intend to achieve similar operating margins on these sales as we do across the rest of the records management division.

In line with our stated strategy, Restore is playing a key role in the consolidation of its sector and is now believed to be the third largest records management company in the UK by sales and the second by profitability. It now has national coverage, significantly increasing its scope to win new business and to provide better service to its customers. It has grown at a time when historically low property costs can be secured giving it a competitive advantage in pricing. With efficient operating systems and a range of highly suitable storage facilities, Restore continues to provide an excellent platform for growth as its market continues to consolidate.

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 another difficult trading year. Several of its core customers delayed major expenditure and demand from new customers was lower than expected, prompting us to implement further cost-saving measures. Following these actions, DCS broke even in 2011 on revenues of £1.8 million (2010: loss of £0.1 million on revenue of £2.0 million) on an adjusted operating profit basis.

SECURE SHREDDING AND RECYCLING

We entered the secure shredding and recycling market in October, through the acquisition of a 50% stake in Thoroughshred, now renamed Restore Shred. It has a state-of-the-art facility in South-East London, currently operating below capacity, where we intend to increase volumes there through leveraging our Group-wide customer base. Revenue in the two months under our ownership was £0.1 million and a small loss was recorded.

OFFICE RELOCATION

We entered the office relocation market in April 2011 through the acquisition of Sargents, based in South-East London, from the receiver. Sargents had struggled with high rents and the loss of two major contracts. Its main activities comprise office removal and move management in London and the South East. It also offers ancillary services, such as furniture and general storage, waste management and furniture recycling, as well as furniture and equipment hire. Turnover in the current year, which included a four months' contribution from its record management operations, now transferred to Restore Ltd, was £3.2 million, with adjusted operating profit of £0.3 million.

We have made significant changes at Sargents since its acquisition. The records management business has been transferred to Restore Ltd and all boxes previously stored at Sargents have been moved from Belvedere to newly-leased space at our Kent storage location, representing a significant saving on rent. Sargents has moved from its primary site to its smaller secondary site on the same industrial site. A new Managing Director has been appointed and its sales and marketing activities have been overhauled. The acquisition of Harrow Green following the year-end will further transform Sargents through its merger with EMS, Harrow Green's secondary relocation brand. This will enable both businesses to achieve lower overheads as a percentage of turnover.

We are confident that Harrow Green's strong market position will enable us to achieve market-leading margins in this steady market.

BUILDING REPAIR

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.

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. However, 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.

Peter Cox had an excellent trading year, building on last year's return to profitability. Sales increased to £16.0 million (2010: £15.0 million) and profit rose to £0.8 million (2010: £0.5 million). The restructured management team has driven efficiencies through the business and a more robust pricing model has improved gross margins. Peter Cox can be expected to continue to build on this strong performance in 2012.

<u>Interest</u>

Net finance costs amounted to £1.1 million (2010: £1.1 million). Included within finance cost is £0.3 million (2010: £0.4 million) representing interest on the loan from Geraldton Services Inc., and the revaluation of the interest rate collar.

<u>Taxation</u>

UK Corporation Tax is calculated at 26% (2010: 28%) of the estimated assessable profit/(loss) for the year. The UK Corporation Tax rate will reduce on 1 April 2012; 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 2011 for continuing operations was £2.0 million (2010: £0.6 million).

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

	2011 £'m	2010 £'m
Operating profit	3.1	1.7
Share based payments charge	0.2	0.1
Impairment of intangible assets	–	0.4
Exceptional items	1.4	0.7
Amortisation of intangible assets	0.5	0.4
Adjusted operating profit	5.2	3.3
Depreciation	0.7	0.6
Adjusted EBITDA	5.9	3.9

Earnings Per Share (Eps)

	2011	2010
Basic adjusted earnings per share from continuing operations (pence)	6.9p	4.4p
Basic earnings per share from continuing operations (pence)	4.0p	3.5p

Basic adjusted earnings per share are calculated as adjusted profit for the year less standard tax charge divided by the weighted average number of shares in issue in the year.

Statement of Financial Position

Net assets increased to £23.3 million (2010: £16.7 million) mainly as a result of the conversion of the subordinated debt. Goodwill and intangibles at 31 December 2011 were £22.1 million (2010: £19.8 million).

Property, plant and equipment totalled £13.6 million (2010: £12.3 million) principally comprising the freehold underground storage facilities at Restore SW, but also computer systems, storage racking and vehicles.

Cash Flow

The net cash generated from continuing operations was £1.9 million (2010: £1.6 million). Capital expenditure on the continuing business totalled £1.5 million (2010: £1.3 million) compared to depreciation of £0.7 million (2010: £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.

Customer relationships

The Group has commercial relationships with over 3,000 business customers. Attrition rates are low and relationships are strong. The largest of these accounts for less than 5% of Group revenue.

Charles Skinner
Chief Executive 20 March 2012

UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2011

	Year ended 31 December 2011			Year ended 31 December 2010		
	Before exceptional items £'m	Exceptional items £'m	After exceptional items £'m	Before exceptional items £'m	Exceptional items £'m	After exceptional items £'m
REVENUE	34.8	–	34.8	27.7	–	27.7
Cost of sales	(17.4)	–	(17.4)	(14.1)	–	(14.1)
Gross profit	17.4	–	17.4	13.6	–	13.6
Administrative expenses	(12.4)	(1.4)	(13.8)	(10.4)	(0.7)	(11.1)
Amortisation of intangible assets	(0.5)	–	(0.5)	(0.4)	–	(0.4)
Impairment of intangible assets	–	–	–	–	(0.4)	(0.4)
OPERATING PROFIT/(LOSS)	4.5	(1.4)	3.1	2.8	(1.1)	1.7
Finance costs	(0.9)	(0.2)	(1.1)	(1.1)	–	(1.1)
PROFIT/(LOSS) BEFORE TAX	3.6	(1.6)	2.0	1.7	(1.1)	0.6
Income tax (charge)/credit	(1.1)	1.1	–	–	0.3	0.3
PROFIT/(LOSS) FOR THE YEAR FROM CONTINUING OPERATIONS	2.5	(0.5)	2.0	1.7	(0.8)	0.9
Loss from discontinued operations	–	–	–	(0.1)	–	(0.1)
Profit/(loss) for the year attributable to owners of the parent	2.5	(0.5)	2.0	1.6	(0.8)	0.8
Other comprehensive income for the year net of tax	–	–	–	–	–	–
Total comprehensive income for the year attributable to owners of the parent	2.5	(0.5)	2.0	1.6	(0.8)	0.8
Earnings /(loss) per share (pence)						
- Basic	5.0p	(1.0)p	4.0p	6.2p	(3.1)p	3.1p
- Diluted	4.8p	(1.0)p	3.8p	6.2p	(3.1)p	3.1p
Earnings/(loss) per share from continuing operations (pence)						
- Basic	5.0p	(1.0)p	4.0p	6.6p	(3.1)p	3.5p
- Diluted	4.8p	(1.0)p	3.8p	6.6p	(3.1)p	3.5p
Loss per share from discontinued operations						
- Basic	–	–	–	(0.4)p	–	(0.4)p
- Diluted	–	–	–	(0.4)p	–	(0.4)p

UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2011

	Attributable to owners of the parent				
	Share capital £'m	Share premium £'m	Share based payments reserve £'m	Retained earnings/ (deficit) £'m	Total equity £'m
Balance at 1 January 2010	0.5	42.4	0.2	(39.1)	4.0
Profit for the year	–	–	–	0.8	0.8
Total comprehensive income for the year	–	–	–	0.8	0.8
Transactions with owners					
Issues of shares during the year	1.8	10.2	–	–	12.0
Issue costs	–	(0.2)	–	–	(0.2)
	1.8	10.0	–	–	11.8
Share based payments charge	–	–	0.1	–	0.1
Balance at 31 December 2010	2.3	52.4	0.3	(38.3)	16.7
Balance at 1 January 2011	2.3	52.4	0.3	(38.3)	16.7
Profit for the year	–	–	–	2.0	2.0
Total comprehensive income for the year	–	–	–	2.0	2.0
Transactions with owners					
Issues of shares during the year	0.4	4.2	–	–	4.6
Issue costs	–	(0.2)	–	–	(0.2)
Capital Reduction	–	(52.3)	–	52.3	–
	0.4	(48.3)	–	52.3	4.4
Share based payments charge	–	–	0.2	–	0.2
Balance at 31 December 2011	2.7	4.1	0.5	16.0	23.3

UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2011

	31 December 2011 £'m	31 December 2010 £'m
ASSETS		
NON–CURRENT ASSETS		
Intangible assets	22.1	19.8
Property, plant and equipment	13.6	12.3
Investment in joint venture	0.3	–
Deferred tax asset	1.0	0.5
	37.0	32.6
CURRENT ASSETS		
Inventories	0.2	0.1
Trade and other receivables	10.9	7.6
Cash and cash equivalents	3.5	2.6
	14.6	10.3
TOTAL ASSETS	51.6	42.9
LIABILITIES		
CURRENT LIABILITIES		
Trade and other payables	(8.3)	(6.0)
Financial liabilities - borrowings	(4.4)	(10.6)
Other financial liabilities	(0.1)	–
Current tax liabilities	(0.5)	(0.2)
Provisions	(0.2)	(0.3)
	(13.5)	(17.1)
NON–CURRENT LIABILITIES		
Financial liabilities – borrowings	(10.1)	(4.3)
Deferred tax liability	(3.6)	(3.5)
Provisions	(1.1)	(1.3)
	(14.8)	(9.1)
TOTAL LIABILITIES	(28.3)	(26.2)
NET ASSETS	23.3	16.7
EQUITY		
Share capital	2.7	2.3
Share premium account	4.1	52.4
Share based payments reserve	0.5	0.3
Retained earnings/(deficit)	16.0	(38.3)
EQUITY ATTRIBUTABLE TO THE OWNERS OF THE PARENT	23.3	16.7

UNAUDITED CONSOLIDATED STATEMENT OF CASHFLOW

For the year ended 31 December 2011

	Year ended 31 December 2011 £'m	Year ended 31 December 2010 £'m
NET CASH GENERATED FROM OPERATIONS	1.9	1.6
Net finance costs	(0.7)	(0.7)
Income taxes paid	(0.5)	–
NET CASH GENERATED FROM OPERATING ACTIVITIES	0.7	0.9
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property, plant and equipment	(1.4)	(1.0)
Purchases of applications software	(0.1)	(0.3)
Purchase of subsidiary undertakings including acquisition costs, net of cash acquired	(2.7)	(1.8)
Investment in Joint Venture	(0.3)	–
CASH FLOWS USED IN INVESTING ACTIVITIES	(4.5)	(3.1)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from share issues	4.5	3.8
Repayment of bank borrowings	(12.0)	(4.0)
Drawdown of indebtedness	1.6	–
New bank loans raised	11.0	–
Increase in bank overdrafts	1.3	0.4
Repayment of other loans	(2.3)	–
NET CASH GENERATED FROM FINANCING ACTIVITIES	4.1	0.2
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	0.3	(2.0)
CASH AND CASH EQUIVALENTS AT START OF YEAR	2.6	4.6
CASH AND CASH EQUIVALENTS AT END OF YEAR	2.9	2.6
CASH AND CASH EQUIVALENTS COMPRISE		
Cash at bank	3.5	2.6
Invoice discounting facility	(0.6)	–
	2.9	2.6

Notes to the preliminary financial information for the year ended 31 December 2011

1 BASIS OF PREPARATION AND ACCOUNTING POLICIES

The figures for the year ended 31 December 2011 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 accounting policies applied in the year ended 31 December 2011 are consistent with those applied in the financial statements for the year ended 31 December 2010.

The financial information for the years ended 31 December 2011 and 31 December 2010 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 20 March 2012. The auditor's report on the financial statements for 31 December 2010 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 2010 have been delivered to the Registrar.

The Group is reliant on financing and meets its day to day working capital requirements through its bank facilities which are due for renewal between 30 June 2014 and 30 June 2016. The Group's budgets for 2012 and forecasts for 2013, taking account of reasonably possible changes in trading performance, show that the Group should be able to operate within the level of its current facility.

The directors have a reasonable expectation that the Group has 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 statement.

2 SEGMENTAL ANALYSIS

The Group is organised into four main operating segments, Records Management, Document Scanning, Relocations and Building Repair, and operates one service per segment as described in the business review. 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.

REVENUE

The revenue from external customers was derived from the Group's principal activities in the UK (the Company is domiciled in England) as follows:

	2011 £'m					
	Records Management	Document Scanning	Building Repair	Relocations	Head Office	Total
Sales of services	13.8	1.8	16.0	3.2	–	34.8
Segment Operating Profit	5.4	–	0.8	0.3	(1.3)	5.2
Exceptional Items						(1.4)
Share based payments charge						(0.2)
Amortisation of Intangible Assets						(0.5)
Operating Profit						3.1
Finance Costs						(1.1)
Profit before tax						2.0
Tax credit						–
Profit after tax						2.0
Segment assets	37.1	4.1	6.9	2.3	0.6	51.0
Segment liabilities	5.4	1.0	3.8	2.4	15.1	27.7
Capital expenditure	1.4	–	0.1	–	–	1.5
Depreciation and amortisation	0.9	0.1	0.2	–	–	1.2

	2010 £'m					
	Records Management	Document Scanning	Building Repair	Relocations	Head Office	Total
Sales of services	10.7	2.0	15.0	–	–	27.7
Segment Operating Profit	3.9	(0.1)	0.5	–	(1.1)	3.2
Impairment of Intangible Fixed Assets						(0.4)
Exceptional Items						(0.7)
Amortisation of Intangible Assets						(0.4)
Operating Profit						1.7
Net Finance Costs						(1.1)
Profit before tax						0.6
Tax credit						0.3
Profit after tax						0.9
Segment assets	31.7	4.8	6.2	–	0.2	42.9
Segment liabilities	5.2	1.3	3.4	–	16.3	26.2
Capital expenditure	1.2	–	0.1	–	–	1.3
Depreciation and amortisation	0.6	0.2	0.2	–	–	1.0

Major Customers

For the years ended 31 December 2011 and 2010, no customers accounted for more than 10% of the Group's total revenue.

Exceptional items – continuing operations	Year ended 31 December 2011 £'m	Year ended 31 December 2010 £'m
Relocation costs of integration	0.5	0.2
Incremental costs of integration	0.3	–
Redundancy costs	0.3	0.2
Acquisition costs	0.3	–
Provision for onerous leases	–	0.3
Total exceptional items	1.4	0.7

The costs associated with integrating the Records Management business of the newly acquired entities with the existing business include costs of uplifting boxes to the existing facilities and comprise site, transport and labour costs.

The incremental costs include duplicated costs of our existing Records Management cost base as a result of the integration described above, and have also been shown as exceptional costs as they are not expected to recur.

Redundancy costs incurred in reducing the cost base in the scanning business are shown as exceptional (2010: redundancy costs in Records management following the acquisition of Datacare and Formsafe).

Acquisition costs of £0.2m relate to the acquisitions made in the year and £0.1m in respect of Harrow Green.

Discontinued operations

	Year ended 31 December 2011 £'m	Year ended 31 December 2010 £'m
RESULTS		
Operating loss	–	(0.1)
Net finance expense	–	(0.1)
Loss before tax	–	(0.2)
Income tax credit	–	0.1
Loss for the year from discontinued operations	–	(0.1)

The insurance-related operations of Ansa Building Services Limited (ABS) were terminated on 31 December 2009. The loss before tax in 2010 related to the run off costs of the ABS operations. Cash flows arising from discontinued operations are given in the reconciliation of cash inflow from operations.

3 TAX

UK Corporation Tax is calculated at 26% (2010: 28%) of the estimated assessable profit/(loss) for the year. The UK Corporation Tax rate will reduce to 25% on 1 April 2012, accordingly this rate reduction has been reflected in the deferred tax balance which forms part of the statement of financial position.

A deferred tax asset of £0.8m has been recognised on a proportion of brought forward tax losses due to greater certainty over recoverability of the asset. No deferred tax asset has been recognised as at 31 December 2011 in relation to the balance of these losses due to continued uncertainty over when they will be relieved. The unrecognised deferred tax asset amounts to £0.5m (2010: £1.4m).

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 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 2011	Year ended 31 December 2010
Weighted average number of shares in issue	48,977,496	26,989,490
Profit for the year	£2.0m	£0.8m
Total basic earnings per ordinary share (pence)	4.0p	3.1p
Profit for the year – continuing operations	£2.0m	£0.9m
Basic earnings per ordinary share – continuing operations (pence)	4.0p	3.5p
Loss after taxation on ordinary activities – discontinued operations (£'m)	–	£(0.1)m
Basic loss per ordinary share – discontinued operations (pence)	–	(0.4)p
Weighted average number of shares in issue	48,977,496	26,989,490
Share options	1,596,923	–
Weighted average fully diluted number of shares in issue	50,574,419	26,989,490
Total fully diluted earnings per share (pence)	3.8p	3.1p
Fully diluted earnings per share – continuing operations (pence)	3.8p	3.1p

	£'m	£'m
Profit before tax – continuing operations	2.0	0.6
Adjustments:		
Amortisation of intangible assets	0.5	0.4
Impairment of intangible assets	–	0.4
Exceptional items	1.4	0.7
Share based payments charge	0.2	0.1
Other finance costs	0.5	0.4
Adjusted profit for the year– continuing operations	4.6	2.6

The Directors believe that the adjusted basic earnings per share provide a more appropriate representation of the underlying earnings derived from the Restore Group's business. The adjusting items are shown in the table above.

Adjusted Earnings Per Share

The additional adjusted earnings per share, based on the weighted average number of shares in issue during the year, 49.0m (2010: 42.4m adjusted for Geraldton placing in 2010) is calculated below.

	2011	2010
Adjusted profit before taxation (£'m)	4.6	2.6
Tax at 26%/28% (£'m)	(1.2)	(0.7)
Adjusted profit after taxation (£'m)	3.4	1.9
Adjusted basic earnings per share (pence)	6.9p	4.4p

5 ACQUISITIONS

On 8 April 2011, the business and assets of Sargents Logistics Limited and Sargents Archive Limited (together 'Sargents), a records management and office relocation business, was acquired for cash of £0.5m.

	Book value at acquisition £'m	Fair value adjustment £'m	Fair value at acquisition £'m
Intangible assets	–	0.3	0.3
Property, plant and equipment	0.1	–	0.1
Trade and other payables	(0.1)	–	(0.1)
Tax liabilities	–	(0.1)	(0.1)
Net assets acquired	–	0.2	0.2
Goodwill			0.3
Consideration			0.5
Satisfied by:			
Cash to vendors			0.5

The goodwill represents the value attributable to new business and the assembled and trained workforce.

The intangibles capitalised represent £130,000 in respect of customer relationships and £130,000 in respect of the trade name. Deferred tax at 25% has been provided on the value of intangible assets. Acquisition costs of £87,000 were incurred and have been charged to profit or loss.

On 30 June 2011, the business and assets of Management Archives, a records management business, was acquired for cash of £0.7m.

	Book value at acquisition £'m	Fair value adjustment £'m	Fair value at acquisition £'m
Intangible assets	–	0.2	0.2
Property, plant and equipment	0.1	–	0.1
Trade and other payables	(0.1)	–	(0.1)
Tax liabilities	–	(0.1)	(0.1)
Net assets acquired	–	0.1	0.1
Goodwill			0.6
Consideration			0.7
Satisfied by:			
Cash to vendors			0.7

The goodwill represents the value attributable to new business and the assembled and trained workforce.

The intangibles capitalised represent £215,000 in respect of customer relationships and £24,000 in respect of the trade name. Deferred tax at 25% has been provided on the value of intangible assets. Acquisition costs of £47,000 were incurred and have been charged to profit or loss.

On 31 August 2011, the business and assets of Paterson Data Management Limited, a Records Management business, was acquired for cash of £0.6m and shares of £30,000.

	Book value at acquisition £'m	Fair value adjustment £'m	Fair value at acquisition £'m
Intangible assets	–	0.3	0.3
Property, plant and equipment	0.1	–	0.1
Trade receivables	0.1	–	0.1
Cash	0.2	–	0.2
Trade and other payables	(0.1)	–	(0.2)
Tax liabilities	–	(0.1)	(0.1)
Net assets acquired	0.3	0.2	0.4
Goodwill			0.2
Consideration			0.6
Satisfied by:			
Cash to vendors			0.6

The goodwill represents the value attributable to new business and the assembled and trained workforce.

The intangibles capitalised represent £262,000 in respect of customer relationships and £19,000 in respect of the trade name. Deferred tax at 25% has been provided on the value of intangible assets. Acquisition costs of £75,000 were incurred and have been charged to profit or loss.

On 14 November 2011, the business and assets of Brunswick Document Management Limited, a Records Management business, was acquired for cash of £1.2m.

	Book value at acquisition £'m	Fair value adjustment £'m	Fair value at acquisition £'m
Intangible assets	–	0.3	0.3
Property, plant and equipment	0.3	–	0.3
Trade receivables	0.2	–	0.2
Cash	0.1	–	0.1
Trade and other payables	(0.1)	–	(0.1)
Tax liabilities	–	(0.1)	(0.1)
Net assets acquired	0.5	0.2	0.7
Goodwill			0.5
Consideration			1.2
Satisfied by:			
Cash to vendors			1.2

The goodwill represents the value attributable to new business and the assembled and trained workforce.

The intangibles capitalised represent £238,000 in respect of customer relationships and £27,000. Deferred tax at 25% has been provided on the value of intangible assets. Acquisition costs of £38,000 were incurred and have been charged to profit or loss.

Post acquisition results

	Sargents £'m	Management Archive £'m	Restore Scotland (Paterson) £'m	Brunswick £'m
Revenue	3.2	0.4	0.1	0.2
Profit before tax since acquisition included in the Consolidated Statement of Comprehensive Income	0.3	0.1	–	0.1

If the acquisitions had been completed on the first day of the financial year, Group revenues would have been £38.3m and Group profit before tax would have been £2.5m.

6 CASH INFLOW FROM OPERATIONS

	Year ended 31 December 2011 £'m	Year ended 31 December 2010 £'m
Continuing operations		
Profit before tax	2.0	0.6
Depreciation of property, plant and equipment	0.7	0.6
Amortisation of intangible assets	0.5	0.4
Impairment of intangible assets	–	0.4
Net finance costs	1.1	1.1
Share based payments charge	0.2	0.1
Movements in working capital		
Increase in inventories	(0.1)	–
(Increase)/decrease in trade and other receivables	(3.0)	0.2
Increase/(decrease) in trade and other payables	0.5	(1.6)
CASH GENERATED FROM CONTINUING OPERATIONS	1.9	1.8
Discontinued operations		
Loss for the year	–	(0.1)
Finance costs	–	0.1
Income tax credit	–	(0.1)
Movement in working capital		
Decrease in trade and other receivables	–	0.4
Decrease in trade and other payables	–	(0.5)
CASH USED IN DISCONTINUED OPERATIONS	–	(0.2)
NET CASH GENERATED FROM OPERATIONS	1.9	1.6

7 POST BALANCE SHEET EVENTS

On 29 February 2012, the Company acquired 100% of Harrow Green Group Limited ("Harrow Green") for an initial consideration of £6.25m. The Group will assume Harrow Green's net debt of £5.6m and pay an additional amount of up to £1.0m in 2015 depending on Harrow Green's performance in 2014.

The Company also announced on 29 February 2012, its intention to place 11,333,334 new ordinary shares at 75p each, raising £8.5m before expenses. These shares were admitted to AIM on 1 March 2012. The placing proceeds were primarily used to fund the cash consideration.

As part of funding the Harrow Green debt that will be assumed on completion, the Company has put in place a new £4.5m invoice discounting facility with Barclays Bank plc and increased its existing five year term loan with Barclays by £1.5m.

The acquisition of Harrow Green will give the Company an unrivalled position in the UK commercial relocations market and added scale and footprint within records management, with nationwide coverage across both business lines. Commercial relocation has the same channel to market as records management, and both businesses benefit from high levels of customer retention and repeat monthly activity.

These characteristics will provide Restore with an expanded base of recurring revenues that it can leverage to deliver further growth, in addition to accelerating the development of other business units such as shredding and digital scanning.

Due to the limited time available between the acquisition and the approval of these financial statements, the Group is still in the process of establishing the fair value of the assets and liabilities acquired. As of 31 March 2011, Harrow Green had net assets of £2.3m. For the 12 months to 31 March 2012, Harrow Green is expected to record EBITDA from continuing operations of £1.4m on a turnover of £29.1m.

ENDS