20 March 2013

RESTORE PLC
Full Year Unaudited Results 2012

Restore plc ("Restore" or "the Company"), the UK office services provider, announces its unaudited results for the year ended 31 December 2012.

Financial Highlights:

ADJUSTED RESULTS	2012	2011	% Change
Revenue	£43.3m	£18.8m	130%
EBITDA*	£7.9m	£5.1m	55%
Operating profit*	£7.1m	£4.4m	61%
Profit before tax*	£6.2m	£3.7m	68%
Earnings per share from continuing operations**	7.4p	4.3p	72%
Dividend per share	1.5p	1.0p	50%
Net debt	£17.8m	£11.6m	

*before discontinued operations, exceptional items (including exceptional finance costs), amortisation and impairment of intangible assets, share based payments charge and other finance costs. The reconciliation of adjusted figures are shown in the finance director's review.
** calculated based on the weighted average shares in issue during 2012 and a standard tax charge

STATUTORY RESULTS	2012	2011
Revenue	£43.3m	£18.8m
Operating profit	£2.4m	£2.3m
Profit before tax	£1.5m	£1.2m
Earnings per share from continuing operations	2.5p	2.6p
Dividend per share	1.5p	1.0p
Net debt	£17.8m	£11.6m

Summary:

- Adjusted PBT up 68% to £6.2 million; adjusted EPS up 72% to 7.4p
- Document Management division traded well; operating margins benefited from increased scale
- Office Relocation division secured market leadership; operational structure now rationalised
- Completion of four acquisitions; increase in Restore Shred shareholding to 100%
- Recommended full year dividend of 1.5p (2012: 1.0p)

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

"Our financial results reflect the strong progress we made both operationally and strategically in 2012.

We delivered further profitable growth, secured market leadership in office relocation, and exited non-core activities, leaving Restore focused on office services in line with our long-term plan.

2013 has started in line with our expectations. Our Document Management division continues to perform strongly and we expect an improvement in operating margins in our Office Relocation division on the back of a lower cost base.

We will continue to pursue our strategy of organic and acquisitive growth and we look forward to making further strong progress this year."

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CHAIRMAN'S STATEMENT 2012

Results

I am pleased to report another strong performance by your Company and significant progress in the execution of our strategy. Our markets, particularly records management, remained robust during the year, and we continued to grow profits at the same time as securing market leadership in UK office relocations and rationalising our operational structure.

For the year to 31 December 2012, profit before tax, exceptional items, amortisation, discontinued activities and share-based payment charges was £6.2 million, a year-on-year increase of 68% (2011: £3.7 million). Adjusted operating profit increased to £7.1 million (2011: £4.4 million). Turnover from continuing activities was £43.3 million (2011: £18.8 million), with the substantial year-on-year increase primarily reflecting the acquisition of Harrow Green. Peter Cox, which we sold in August, has been treated as a discontinued activity. Earnings per share on an adjusted basis were up 72% at 7.4 pence (2011: 4.3 pence). With a recommended final dividend of 1.1 pence, the total dividend is up 50% at 1.5 pence.

The Company now has two operating divisions, Document Management and Office Relocation, both of which are focused on office services.

Trading

The Document Management division performed well, with our core records management business continuing to demonstrate the attractive financial traits of its operating model. The division's turnover was £21.0 million (2011: £15.6 million) and adjusted operating profit was £7.5 million (2011: £5.4 million). Restore Records Management delivered a further increase in revenue on an organic basis, reflecting the underlying growth in the market for our services. However, the majority of the increase in turnover and profit derived from acquisitions made over the last eighteen months, including the integration of the records management business of Harrow Green. The increase in operating margin reflected the benefits of our increased scale. Restore Shred, of which we now own 100%, made a small loss but is expected to grow and operate profitably henceforth. Restore Scan, formerly known as DCS, made a small profit. It has now been fully integrated into the Document Management division and will benefit from lower overheads as a result.

The Office Relocation division now primarily comprises the Harrow Green business, acquired in March 2012. The division's turnover was £22.3 million (2011: £3.2 million) and adjusted operating profit was £1.2 million (2010: £0.3 million). This was an acceptable performance in a period when the business was undergoing considerable post-acquisition rationalisation. The low operating margin also reflected, as expected, a weak third quarter (traditionally the strongest trading period) resulting from low levels of activity in the key London market around the Olympics and Paralympics. Following the year-end, Sargents, our original office relocation business, has been integrated into Harrow Green.

The Chief Executive's Review gives a fuller assessment of our businesses' performance and prospects.

Corporate transactions

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

- In March, we acquired Harrow Green, the UK market leader in office relocation, which also had a sizeable records management business. The initial consideration was £6.1 million with up to a further £1 million payable in 2015. As part of the transaction, we assumed £5.6 million of debt.
- In May, we acquired ROC Relocations, a London-based relocation business, from the receiver for £0.2 million.
- In August, we acquired M&L Document Destruction, a secure shredding and recycling business based in Middlesbrough, for £0.3 million. This increased the geographic coverage of Restore Shred and strengthened our operational management in this niche.
- In October, we acquired Archive Solutions, a Manchester-based records management business, for an initial consideration of £2.6 million, greatly strengthening our presence in North-West England.

We have today announced the acquisition of File & Data Storage Limited, a national records management business. This was acquired from OfficeTeam, the stationery supply company for £6.1 million, with a potential additional payment of £0.15 million. This further increases our coverage and market share in our leading activity.

Discontinued Activities

Peter Cox, the damp treatment and timber proofing business, was sold in August for a total consideration of £3.6 million. It had been a non-core business which we had successfully restored to profitability over the previous two years. Its turnover in the period of ownership during the year was £8.7 million (full year 2011: £16.0 million) and operating profit was £0.2 million (full year 2011: £0.8 million). The year-on-year figures reflect the seasonal nature of the business, whereby profits are weighted towards the second half of the year.

Following the disposal, the Company is now focused on office services.

Funding

Net debt at the year-end was £17.8 million (2010: £11.6 million), including £4.0 million of credit invoice discounting. Current debt facilities are £21.4 million.

In February, we raised £8.5 million through an equity placing at 75p per share to fund the acquisition of Harrow Green. In October, we raised £3.0 million through an equity placing at 93p per share to fund the acquisition of Archive Solutions.

We have today announced a placing of £7.0 million after expenses to fund the acquisition of File & Data. Combined with an increased borrowing facility of £3.5 million, this provides us with additional funding for other acquisitions.

Dividends

Your Board is recommending a final dividend of 1.1 pence, payable on 9 July 2013 to shareholders on the register on 14 June 2013. The total dividend for the year is 1.5 pence, a 50% year-on-year increase. It is the Board's firm intention to follow a progressive dividend policy.

Board

In June, Adam Councell joined the Board as Group Finance Director. He was previously Finance Director of Rentokil Initial's UK business services division. He replaced Harvey Samson, who subsequently acquired Peter Cox. Sir Paul Stephenson, the former Commissioner of the Metropolitan Police Service, also joined the Board as a non-executive Director during the year.

I welcome Adam and Sir Paul to the Board. I also thank Harvey for his significant contribution to the Company and wish him and the team at Peter Cox well for the future.

People

In the business services sector, strong relationships between customers and suppliers sit at the heart of most successful enterprises. These relationships are between people, rather than organisations, and exist at all levels. The other key element is consistent and effective delivery of services; while this is partly about having the right systems in place, it is also about the willingness and enthusiasm to help the customer, which derives from the people delivering the service. For these reasons, our Group's success is tied inextricably to the capability, attitude and enthusiasm of our people. Our strong financial performance and ability to grow reflects these qualities, and in turn it creates exciting and rewarding career opportunities. I thank all our people for their commitment over the last year and look forward to them sharing in the success of the Group. I also welcome those who have joined us through acquisitions during the year.

Strategy

The Company is now wholly focused on UK office services. The areas in which we operate and seek to operate have certain characteristics:

- A strong element of recurring revenues
- A degree of operational complexity which enables good margins to be achieved
- A similar channel to market: typically through our customers' facilities managers
- Switching suppliers is neither desirable nor practical for customers
- Scope for cross-selling the other services we offer

Our growth strategy is based on "deepening and broadening". "Deepening" means increasing our UK market share in the areas in which we operate. This is shown by our significant growth in the records management sector, achieved primarily through acquisitions, where we have moved from being eighth in the market to, on our estimates, second in less than three years. In Office Relocation, our acquisition of Harrow Green has taken us to a position of market leadership. "Broadening" means adding additional services which complement our existing activities. Over the last eighteen months, we have started Restore On-line, an online data back-up business, which complements our physical data tape storage activities. Through two small acquisitions, we have also entered the secure shredding and recycling market, which is a logical extension of our records management activities.

As a Group, our strategy is to draw on the strength and breadth of our existing customer relationships to provide existing customers with additional Group services. All of our operating companies now share the same Customer Relationship Management system and all customer-facing staff are required to use this as their primary customer database. We are now generating a significant volume of leads and new business from this source, and we expect it to contribute materially to our organic sales growth going forward.

A key to our strategy is also to ensure that all our customers do not move their business elsewhere. This is achieved by providing a service delivery that is highly valued by our customers. This is our top operational priority in all of our businesses including those we have acquired. Our customer retention record is testament to our success in achieving this.

Outlook

2013 has started in line with our expectations. Our Document Management division continues to perform strongly and we expect an improvement in operating margins in our Office Relocation division on the back of a lower cost base.

We will continue to pursue our strategy of organic and acquisitive growth and we look forward to making further strong progress this year.

Sir William Wells
Chairman 20 March 2013

CHIEF EXECUTIVE'S REVIEW

Key Performance Figures

	Revenue 2012 £'m	Revenue 2011 £'m	Adjusted Operating Profit/(loss) 2012* £'m	Adjusted Operating Profit/(loss) 2011* £'m
Document Management	21.0	15.6	7.5	5.4
Office Relocation	22.3	3.2	1.2	0.3
Head Office Costs	-	-	(1.6)	(1.3)
Total	43.3	18.8	7.1	4.4

*before discontinued exceptional items, amortisation and impairment of intangible assets, share based payments charge and other finance costs

DOCUMENT MANAGEMENT

Business Description

Our Document Management division currently comprises three primary activities: records management, document scanning, and secure shredding and recycling. The division has its own infrastructure, including financial functions, reporting to the divisional Managing Director. The divisional Sales Director has responsibility for all the division's sales activities with sales teams operating within the individual business streams.

Records Management is the largest and most profitable of the activities within the division and, with the exception of Datacare, our specialist medical and pharmaceutical operations, it operates solely under the Restore brand. The majority of Restore's sales are 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. It also offers retrieval of documents by scanning and derives additional service income from the reorganisation of customer documents and document restoration. Additional products include file-tracking services, which enable customers to locate documents within their own buildings, and Restore Online, through which we have recently begun to provide electronic data back-up.

During the year, the £4 million of records management revenue of Harrow Green was successfully transferred to Restore Records Management. This increased our geographic coverage. The acquisition of Archive Solutions has also increased our market share in North West England, an important market where we were previously under-represented.

Restore services a broad range of customers from 13 sites across mainland Britain. Our largest facility is our freehold underground site in Monkton Farleigh, near Bath, which covers 60 acres. 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.

Document Scanning now trades as Restore Scan and is based in Peterborough. 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 of hard-copy documents, enabling our customers to identify and locate their data more efficiently.

Secure Shredding and Recycling trades as Restore Shred and is based in Charlton, South-East London and Middlesbrough. We entered this market through two small acquisitions over the last eighteen months. It is a very logical fit with our other operations, particularly records management and office relocation. We intend to increase volumes through leveraging our Group-wide customer base. We are already seeing existing customers of our other businesses switching their secure shredding and recycling to Restore Shred.

Trading and Operations

Trading in our Document Management division was strong in 2012 with adjusted operating profits increasing by £2.1 million to £7.5 million. Turnover increased from £15.6 million to £21.0 million, partly as a result of the Harrow Green records management integration.

Records Management provides the majority of the contribution to the division's results and in 2012 its performance was again strong, despite the complexities of integrating acquisitions. We saw organic box growth, defined as the increase in box numbers from existing customers, steadily increase during the year, which was particularly encouraging. New box growth, defined as box intake from new customers, was less strong, which we believe reflects the reluctance of private customers to switch suppliers. We expect our new capability as a national supplier and the strengthening of our sales team to lead to an improvement in our new box growth in 2013. We also now have in place a dedicated sales team for the public sector. This is an underdeveloped market for records management and we expect more public sector entities to recognise the financial benefits of outsourcing their records management activities.

We have continued to increase our storage capacity, particularly at our underground facility in Monkton Farleigh, where we are on schedule to provide additional capacity for over 350,000 boxes by the end of 2013. We have also taken on more capacity at hardened aircraft shelters at Upper Heyford. Balancing capacity against demand is a core skill in records management, particularly for a business making acquisitions where boxes frequently need relocation to the most cost-effective locations. The excellent operating margins we achieve partly reflect the flexibility which our mix of storage facilities provides.

Document Scanning operated profitably, despite the slower-than-expected start-up of a major new contract. By integrating its activities into the Document Management division, we expect better sales generation on a lower cost base for the current year.

Secure Shredding and Recycling has grown more slowly than we had initially expected. We have addressed this by acquiring the outstanding 50% shareholding that we did not previously own and through the acquisition of M&L, which has strengthened our management team. We expect that the significant number of sales leads being generated by the rest of the Group will be converted more rapidly in the current year.

OFFICE RELOCATION

Business Description

Office relocation is broadly, as its name suggests, the physical movement of office furniture when a customer moves staff, either within a building or to a new site. We originally entered the UK office relocation market two years ago with the acquisition of Sargents and our acquisition of Harrow Green in 2012 gave us market leadership. We now operate from eight locations across the UK. Both Sargents and Harrow Green had records management businesses – subsequently integrated into Restore's record management operations – which illustrates that both office relocation and records management share a common customer base. However, the financial dynamics of the two businesses are different, with office relocation having a far higher direct cost base.

The bulk of our office relocation market is in London where we service many of the largest offices, particularly in the financial services sector. A high proportion of the business is described as "churn" where we supply office-moving services on a daily basis to large organisations which have a continual need for our services, frequently involving our staff being permanently on our customers' sites. We also have a large number of regular customers who have a frequent demand for our services. We also service several large one-off jobs, such as the relocation of the BBC to Manchester and the newspaper collection moves project for the British Library. There are high barriers to entry in what is for our customers a mission-critical service. Customer relationships tend to be long-term as reliability and knowledge of customers' sites is key.

During the year, we ran Harrow Green as a separate brand from Sargents while we implemented a number of operational changes, such as the transfer of Harrow Green's records management business and a cost reduction programme. Since the year-end, Sargents has been integrated into Harrow Green to reduce infrastructure costs.

In addition to the core Harrow Green business, the division also comprises Global Moving Solutions (GMS), providing international moving services typically for senior managers of global companies, and a 50% shareholding in Relocom, an IT relocation business.

Trading and Operations

The Office Relocation division recorded adjusted operating profits for the year of £1.2 million on revenue of £22.3 million. This primarily comprised 10 months trading of Harrow Green. This was an acceptable performance in a year of considerable change and where, as expected, the Olympics and Paralympics sharply reduced revenues in London during the key trading month of August and part of September.

Revenues in the core office relocation business were broadly flat year-on-year. Apart from the impact of the Olympics, our larger customers were less active than is customary, which we attribute to a lower number of major strategic decisions. We undertook several major projects during the year, such as the relocation of Nestle in the UK, but again this type of activity was slower than usual.

GMS and Relocom delivered a solid trading performance for the year, with both businesses benefiting from a major project for Amazon.

Charles Skinner, Chief Executive

Finance Director's Report

Profit Before Tax

Profit before tax for the year ended 31 December 2012 for continuing operations was £1.5 million (2011: £1.2 million). This is a strong performance given the exceptional costs of £3.0 million (2011: £1.4 million) which largely relate to the Harrow Green acquisition and subsequent integration. The charge for impairment and amortisation of intangible assets increased to £1.3 million (2011: £0.5 million) due to a £0.4 million impairment resulting from the harmonising of trade names across the Group. This leaves the Group in a strong position to maximise our aim to provide existing customers with additional Group services.

Due to the factors noted above 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 Group's business. The items adjusted for in arriving at that underlying adjusted profit before tax are as follows:

	2012 £'m	2011 £'m
Continuing operations		
Profit before tax	1.5	1.2
Share based payments charge	0.4	0.2
Impairment of intangible assets	0.4	–
Exceptional items	3.0	1.4
Amortisation of intangible assets	0.9	0.5
Other finance costs	-	0.4
Adjusted profit before tax – continuing operations	6.2	3.7

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

	2012 £'m	2011 £'m
Operating profit	2.4	2.3
Share based payments charge	0.4	0.2
Impairment of intangible assets	0.4	–
Exceptional items	3.0	1.4
Amortisation of intangible assets	0.9	0.5
Adjusted operating profit	7.1	4.4
Depreciation	0.8	0.7
Adjusted EBITDA	7.9	5.1

Earnings Per Share (EPS)

	2012	2011
Basic adjusted earnings per share from continuing operations (pence)	7.4p	4.3p
Basic earnings per share from continuing operations (pence)	2.5p	2.6p

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 during 2012 (see note 6).

Exceptional Costs

	2012 £'m
Staff/redundancy costs	0.8
Relocation costs of integration	0.5
Incremental costs of relocation	0.5
Restructuring	0.6
Acquisition related	0.6
Total	3.0

The main driver of exceptional costs during the year was the acquisition and subsequent integration of Harrow Green.

Staff/redundancy costs of 0.8m include the cost of restructuring the Office Relocation division and the integration of Harrow Green's records management business into the Document Management division.

The costs associated with integrating the records management business of 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.

Restructuring costs largely reflect the cost of the hive up of companies into Restore plc.

Acquisition costs relate mainly to fees incurred during the acquisition of Harrow Green.

Total exceptional costs associated with Harrow Green were £2.0m.

Interest

Net finance costs amounted to £0.9 million (2011: £1.1 million). Included within finance costs is £nil (2011: £0.3 million) representing the revaluation of the interest rate collar.

Taxation

UK Corporation Tax is calculated at 24.5% (2011: 26.5%) of the estimated assessable profit for the year. The UK Corporation Tax rate will reduce on 1 April 2013; 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 £0.5m has been recognised on brought forward tax losses due to greater certainty over the recoverability of the asset

Statement of Financial Position

Net assets increased to £36.3 million (2011: 23.3 million) mainly as a result of the equity issued to fund acquisitions. Goodwill and intangibles at 31 December 2012 were £32.7 million (2011: £22.1 million).

Property, plant and equipment totalled £17.6 million (2011: £13.6 million) principally comprising the freehold underground storage facilities at Restore SW, but also computer systems, storage racking and vehicles.

Cash Flow

The net cash outflow from operations was £0.1 million (2011: £2.0 million inflow). The Company produced a cash inflow from operations of £1.2m in the second half of 2012. This reflects increased profitability and reducing levels of exceptional costs. As expected, Harrow Green had a significant working capital requirement following acquisition. This included a reduction in trade and other payables of £1.7m to return the business to a normalised position with its creditors. There was also an increase in trade debtors of £1.9 million due to the quieter trading experienced across the industry in the period immediately following acquisition. Trade debtors subsequently recovered in the second half of 2012. The remaining working capital requirements were in in line with expectations due to the growth of the Company.

Capital expenditure on the continuing business totalled £1.9 million (2011: £1.4 million) compared to depreciation of £0.8 million (2011: £0.7 million). This reflects the continued investment in increasing capacity in the underground storage facility.

Net Debt

Net debt at the end of the year was £17.8 million (2011 £11.6 million) reflecting the additional debt taken on to acquire Harrow Green. This is largely made up of a £3.4 million increase in the CID facility, and an additional £1.5 million increase in the term loan with Barclays and a £1.4 million drawdown of the RCF. Repayments of £0.9 million were made against the term loan with Barclays. Payments of £0.6 million were also made to settle finance leases during the year.

Customer relationships

The Group has commercial relationships with over 3,500 business customers. Attrition rates are low and relationships are strong. Our largest customer accounts for less than 3% of Group revenue.

Adam Councell
Group Finance Director

Unaudited Consolidated statement of comprehensive income

For the year ended 31 December 2012

		Year Ended 31 December 2012			Year Ended 31 December 2011		
		Before exceptional items £'m	Exceptional items (note 3) £'m	After exceptional items £'m	Before exceptional items £'m	Exceptional items (note 3) £'m	After exceptional items £'m
REVENUE		43.3	-	43.3	18.8	-	18.8
Cost of sales		(22.3)	-	(22.3)	(9.5)	-	(9.5)
Gross Profit		21.0	-	21.0	9.3	-	9.3
Administrative expenses		(14.3)	(3.0)	(17.3)	(5.1)	(1.4)	(6.5)
Amortisation of intangible assets		(0.9)	-	(0.9)	(0.5)	-	(0.5)
Impairment of intangible assets		-	(0.4)	(0.4)	-	-	-
OPERATING PROFIT		5.8	(3.4)	2.4	3.7	(1.4)	2.3
Finance costs		(0.9)	-	(0.9)	(0.9)	(0.2)	(1.1)
PROFIT BEFORE TAX		4.9	(3.4)	1.5	2.8	(1.6)	1.2
Income tax (charge)/credit		(0.5)	0.6	0.1	(1.0)	1.1	0.1
PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS		4.4	(2.8)	1.6	1.8	(0.5)	1.3
Profit from discontinued operations	Note 4	0.1	-	0.1	0.7	-	0.7
Profit for the year attributable to owners of the parent		4.5	(2.8)	1.7	2.5	(0.5)	2.0
Other comprehensive income for the year net of tax		-	-	-	-	-	-
Total comprehensive income for the year attributable to owners of the parent		4.5	(2.8)	1.7	2.5	(0.5)	2.0
Earnings per share (pence)	Note 6						
- Basic		7.1p		2.7p	4.1p		3.1p
- Diluted		7.0p		2.6p	4.8p		3.8p
Earnings per share from continuing operations	Note 6						
- Basic		6.9p		2.5p	3.6p		2.6p
- Diluted		6.8p		2.4p	3.6p		2.6p
Earnings per share from discontinued operations	Note 6						
- Basic		0.2p		0.2p	0.5p		0.5p
- Diluted		0.2p		0.2p	0.5p		0.5p

Unaudited Consolidated statement of changes in equity
For the year ended 31 December 2012

	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 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	-
Share based payments charge	-	-	0.2	-	0.2
	0.4	(48.3)	0.2	52.3	4.6
Balance at 31 December 2011	2.7	4.1	0.5	16.0	23.3
Balance at 1 January 2012	2.7	4.1	0.5	16.0	23.3
Profit for the year	-	-	-	1.7	1.7
Total comprehensive income for the year	2.7	4.1	0.5	17.7	25.0
Transactions with owners					
Issues of shares during the year	0.7	11.0	-	-	11.7
Issue costs	-	(0.5)	-	-	(0.5)
Dividends	-	-	-	(0.9)	(0.9)
Deferred tax on share based payments	-	-	-	0.6	0.6
Share based payments charge	-	-	0.4	-	0.4
	0.7	10.5	0.4	(0.3)	11.3
Balance at 31 December 2012	3.4	14.6	0.9	17.4	36.3

Unaudited Consolidated statement of financial position
As at 31 December 2012

	31 December 2012 £'m	31 December 2011 £'m
ASSETS		
NON-CURRENT ASSETS		
Intangible assets	32.7	22.1
Property, plant and equipment	17.6	13.6
Investment in joint venture	-	0.3
Investments	0.5	-
Deferred tax asset	2.0	1.0
	52.8	37.0
CURRENT ASSETS		
Inventories	0.2	0.2
Trade and other receivables	17.4	10.9
Cash and cash equivalents	2.7	3.5
	20.3	14.6
TOTAL ASSETS	73.1	51.6
LIABILITIES		
CURRENT LIABILITIES		
Trade and other payables	(12.1)	(8.3)
Financial liabilities – borrowings	(6.4)	(4.4)
Other financial liabilities	(0.3)	(0.1)
Current tax liabilities	(0.1)	(0.5)
Provisions	(0.5)	(0.2)
	(19.4)	(13.5)
NON CURRENT LIABILITIES		
Financial liabilities - borrowings	(10.1)	(10.1)
Other long term liabilities	(0.8)	-
Deferred tax liability	(3.9)	(3.6)
Provisions	(2.6)	(1.1)
	(17.4)	(14.8)
TOTAL LIABILITIES	(36.8)	(28.3)
NET ASSETS	36.3	23.3
EQUITY		
Share capital	3.4	2.7
Share premium account	14.6	4.1
Share based payments reserve	0.9	0.5
Retained earnings	17.4	16.0
EQUITY ATTRIBUTABLE TO THE OWNERS OF THE PARENT	36.3	23.3

Unaudited Consolidated statement of cashflows

For the year ended 31 December 2012

		Year ended 31 December 2012 £'m	Year ended 31 December 2011 £'m
NET CASH (USED IN)/GENERATED FROM OPERATIONS	Note 8	(0.1)	2.0
Net finance costs		(0.8)	(0.7)
Income taxes paid		(0.5)	(0.5)
NET CASH (USED IN)/GENERATED FROM OPERATING ACTIVITIES		(1.4)	0.8
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of property, plant and equipment		(1.9)	(1.4)
Purchases of applications software		-	(0.1)
Purchase of subsidiary undertakings including acquisition costs, net of cash acquired		(12.0)	(2.7)
Sale of subsidiary net of cash disposed		0.6	-
Investment in joint venture		-	(0.3)
CASH FLOWS USED IN INVESTING ACTIVITIES		(13.3)	(4.5)
CASH FLOWS FROM FINANCING ACTIVITIES			
Net proceeds from share issues		11.2	4.4
Dividends paid		(0.9)	-
Repayment of bank borrowings		(0.9)	(12.0)
Drawdown of indebtedness		1.4	1.6
New bank loans raised		1.5	11.0
Increase in bank overdrafts		(1.2)	1.3
Finance lease repayments		(0.6)	-
Repayment of other loans		-	(2.3)
NET CASH GENERATED FROM FINANCING ACTIVITIES		10.5	4.0
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(4.2)	0.3
CASH AND CASH EQUIVALENTS AT START OF YEAR		2.9	2.6
CASH AND CASH EQUIVALENTS AT END OF YEAR		(1.3)	2.9
CASH AND CASH EQUIVALENTS SHOWN ABOVE COMPRISE:			
Cash at bank		2.7	3.5
Balance on invoice discounting facility		(4.0)	(0.6)
		(1.3)	2.9

Notes to the preliminary financial information for the year ended 31 December 2012

1. Basis of preparation

The figures for the year ended 31 December 2012 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 2012 are consistent with those applied in the financial statements for the year ended 31 December 2011.

The financial information for the years ended 31 December 2012 and 31 December 2011 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 2013. The auditor's report on the financial statements for 31 December 2011 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 2011 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 2013 and forecasts for 2014, 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 two main operating segments, Document Management and Office Relocation 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:

Continuing Operations

	2012 £'m			
	Document Management	Office Relocation	Head Office	Total
Sales of services	21.0	22.3	-	43.3
Segment adjusted operating profit	7.5	1.2	(1.6)	7.1
Exceptional items				(3.0)
Share based payments charge				(0.4)
Amortisation and impairment of intangible assets				(1.3)
Operating profit				2.4
Finance costs				(0.9)
Profit before tax				1.5
Tax credit				0.1
Profit after tax				1.6
Segment assets	50.1	17.8	5.2	73.1
Segment liabilities	9.4	12.2	15.2	36.8
Capital expenditure	1.7	0.2	-	1.9
Depreciation and amortisation	1.2	0.5	-	1.7

Continuing Operations

	2011 £'m				
	Document Management	Building Repair	Office Relocation	Head Office	Total
Sales of services	15.6	-	3.2	-	18.8
Segment adjusted operating profit	5.4	-	0.3	(1.3)	4.4
Exceptional items					(1.4)
Share based payments charge					(0.2)
Amortisation of intangible assets					(0.5)
Operating profit					2.3
Net Finance costs					(1.1)
Profit before tax					1.2
Tax credit					0.1
Profit after tax					1.3
Segment assets	41.8	6.9	2.3	0.6	51.6
Segment liabilities	7.0	3.8	2.4	15.1	28.3
Capital expenditure	1.4	0.1	-	-	1.5
Depreciation and amortisation	1.0	0.2	-	-	1.2

Major customers

For the years ended 31 December 2012 and 2011 no customers accounted for more than 3% of the Group's total revenue.

3. Exceptional items – continuing operations

	Year ended 31 December 2012 £'m	Year ended 31 December 2011 £'m
Relocation costs of integration	0.5	0.5
Incremental costs of integration	0.5	0.3
Redundancy costs	0.8	0.3
Acquisition costs	0.6	0.3
Restructuring	0.6	-
Total exceptional items	3.0	1.4

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 and Office Relocation 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 Office Relocation business are shown as exceptional (2011: redundancy costs in the Records Management scanning business).

Acquisition costs of £0.6m relate to the acquisitions made in the year (note 7).

Restructuring costs largely reflect the cost of the hive up of companies into the Group.

4. Discontinued Operations

	Year ended 31 December 2012 £'m	Year ended 31 December 2011 £'m
RESULTS		
Revenue	8.7	16.0
Operating profit	0.2	0.8
Profit before tax	0.2	0.8
Income tax expense	(0.1)	(0.1)
Profit for the year from discontinued operations	0.1	0.7

On 3 August 2012 the Group sold Peter Cox Limited ("Peter Cox"), its building repair business, to Castlefield House Limited for a total consideration of £3.6m. Castlefield House Limited is a company controlled by Harvey Samson, previously Finance Director of Restore, who on 18 June 2012 reverted to his previous role as a consultant to the Company. Under the terms of the disposal the Group received £2.2m on 3 August 2012 and a further £0.5m on 24 December 2012. Further payments of £0.3m each will be made in September 2013, 2014 and 2015.

5. Tax

UK corporation tax is calculated at 24.5% (2011:26.5%) of the estimated assessable profit/(loss) for the year. The UK corporation tax rate will reduce to 23% on 1 April 2013, 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 £0.5m has been recognised on brought forward tax losses due to greater certainty over the recoverability of the asset.

6. Earnings per ordinary share

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

	Year ended 31 December 2012	Year ended 31 December 2011
Weighted average number of shares in issue	63,554,430	48,977,496
Profit for the year	£1.7m	£2.0m
Total basic earnings per ordinary share (pence)	2.7p	3.1p
Profit for the year – continuing operations	£1.6m	£1.2m
Basic earnings per ordinary share – continuing operations (pence)	2.5p	2.6p
Profit after taxation on ordinary activities – discontinued operations (£'m)	0.1	0.7
Basic earnings per ordinary share – discontinued operations (pence)	0.2p	0.5p
Weighted average number of shares in issue	63,554,430	48,977,496
Share options	2,180,504	1,596,923
Weighted average fully diluted number of shares in issue	65,734,934	50,574,419
Total fully diluted earnings per share (pence)	2.6p	3.8p
Fully diluted earnings per share – continuing operations (pence)	2.4p	2.6p
	£'m	£'m
Profit before tax – continuing operations	1.5	1.2
Adjustments:		
Amortisation of intangible assets	0.9	0.5
Impairment of intangible assets	0.4	-
Exceptional items	3.0	1.4
Share based payments charge	0.4	0.2
Other finance costs	-	0.4
Adjusted profit for the year – continuing operations	6.2	3.7

The Directors believe that the adjusted basic earnings per share provide a more appropriate representation of the underlying earnings derived from 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, 63.6m (2011: 63.6m – the 2012 weighted average has been applied to give a comparative calculation) is calculated below.

	2012	2011
Adjusted profit before taxation (£'m)	6.2	3.7
Tax at 24.5%/26.5% (£'m)	(1.5)	(1.0)
Adjusted profit after taxation (£'m)	4.7	2.7
Adjusted basic earnings per share (pence)	7.4p	4.3p

7. Acquisitions

On 1 March 2012, the Group acquired Harrow Green Group Limited (Harrow Green), a records management and office relocation business, for cash of £6.1m, with up to a further £1.0m payable in 2015.

	Fair value at acquisition £'m
Intangible assets	3.2
Property, plant and equipment	2.7
Investments	0.5
Trade receivables	4.3
Other receivables	0.9
Cash	(0.4)
Trade and other payables	(5.4)
Invoice discounting facility	(2.2)
Current tax liabilities	0.2
Deferred tax liabilities	(0.2)
Finance leases	(0.6)
Provisions	(2.6)
Other loans	(0.6)
Net assets acquired	(0.2)
Goodwill	7.1
Consideration	6.9
Satisfied by:	
Cash to vendors	6.1
Contingent consideration	0.8

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

The intangibles capitalised represent £1.7m in respect of customer relationships and £1.5m in respect of the trade name. Deferred tax at 23% has been provided on the value of intangible assets. Acquisition costs of £561,000 were incurred and have been charged to profit or loss.

On 9 July 2012, the Group acquired Restore Shred Limited, a shredding services company (which it previously owned 50% of), for cash of £0.5m.

	Fair value at acquisition £'m
Intangible assets	
Property, plant and equipment	0.5
Investments	-
Inventories	-
Trade receivables	0.2
Other receivables	0.1
Cash	-
Trade and other payables	(0.3)
Current tax liabilities	-
Deferred tax liabilities	-
Finance leases	(0.2)
Provisions	-
Other loans	-
Net assets acquired	0.3
Goodwill	0.2
Consideration	0.5
Satisfied by:	
Cash to vendors	0.2
Investment in joint venture	0.3

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

On 10 August 2012, Restore Shred acquired the assets of M&L document destruction for £0.3m, which was book value.

On 1 October 2012, the Group acquired Drawlin Limited (trading as Archive Solutions), a Records Management business, for initial cash consideration of £2.6m.

	Fair value at acquisition £'m
Intangible assets	0.9
Property, plant and equipment	0.3
Trade receivables	0.3
Cash	0.2
Trade and other payables	(0.3)
Current tax liabilities	(0.1)
Deferred tax liabilities	(0.2)
Other loans	(0.1)
Net assets acquired	1.0
Goodwill	1.6
Consideration	2.6
Satisfied by: Cash to vendors	2.6

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

The intangibles capitalised represent £0.9m in respect of customer relationships. Deferred tax at 23% has been provided on the value of intangible assets. Acquisition costs of £37,000 were incurred and have been charged to profit or loss.

Post acquisition results

	Harrow Green £'m	Restore Shred £'m	Archive Solutions £'m
Revenue	18.6	0.4	0.4
Adjusted profit before tax since acquisition included in the Consolidated Statement of Comprehensive income	0.9	-	0.1

If the acquisitions had been completed on the first day of the financial year, Group revenues would have been £48.3m and Group loss before tax would have been £0.6m.

8. Cash inflow from operations

	Year ended 31 December 2012 £'m	Year ended 31 December 2011 £'m
Continuing operations		
Profit before tax	1.5	1.2
Depreciation of property, plant and equipment	0.8	0.7
Amortisation of intangible assets	0.9	0.5
Impairment of intangible assets	0.4	-
Net finance costs	0.9	1.1
Income tax credit	(0.1)	-
Share based payments charge	0.4	0.2
Increase in inventories	-	(0.1)
(Increase)/decrease in trade and other receivables	(3.9)	(2.5)
(Decrease)/increase in trade and other payables	(1.6)	0.2
CASH (USED IN)/GENERATED FROM CONTINUING OPERATIONS	(0.7)	1.3
Discontinued operations		
Profit for the year	0.2	0.7
Amortisation of intangible assets	-	0.1
Income tax expense	-	0.1
Decrease/(increase) in trade and other receivables	0.8	(0.5)
(Decrease)/increase in trade and other payables	(0.4)	0.3
CASH GENERATED FROM DISCONTINUED OPERATIONS	0.6	0.7
NET CASH (USED IN)/GENERATED FROM OPERATIONS	(0.1)	2.0

9. Post balance sheet events

On 20 March 2013 the Company announced that it has entered into a sale and purchase agreement to acquire File & Data, the records management division of OfficeTeam Group Limited. The Company also announced its intention raise up to £7.0m after expenses from institutional investors by way of a share placing.

Founded in 1996, File & Data provides records management services to a broad base of predominantly large organisations in both the private and public sector, and currently operates from sites in East London, Tewkesbury, Leeds, Newcastle-upon-Tyne and Manchester.

The acquisition will further strengthen Restore's position as one of the UK's leading providers of records management services and brings the benefit of some strong and long-standing customer relationships.

The initial consideration is £6.1m. The transaction also includes a cash earn-out capped at £150,000 and dependent on the performance of File & Data in the twelve months following completion. In addition to funds raised by the placing, an additional banking facility of £3.5m has been put in place.

For the twelve months ended 31 December 2012, the draft statutory accounts of File & Data recorded an EBIT before exceptionals of £0.8m on a turnover of £3.2m.