11 March 2015

RESTORE PLC
Full Year Unaudited Results 2014

Restore plc (“Restore” or “the Company”), the UK office services provider, announces its unaudited results for the year ended 31 December 2014.

Financial Highlights:

ADJUSTED RESULTS	2014	2013	Change
Revenue	£67.5m	£53.6m	26%
EBITDA*	£14.8m	£12.1m	22%
Operating profit*	£12.9m	£10.9m	18%
Profit before tax*	£12.0m	£10.0m	20%
Earnings per share **	12.3p	10.5p	17%
Dividend per share	2.4p	1.9p	26%
Net debt	£30.9m	£16.0m	

* before exceptional items, amortisation of intangible assets, share based payments charge and other finance costs. The reconciliation of adjusted figures is shown in the Finance Director’s report.

** calculated based on the weighted average shares in issue and a standard tax charge.

STATUTORY RESULTS		
Revenue	£67.5 m	£53.6m
Operating profit	£6.9m	£5.7m
Profit before tax	£6.1m	£5.0m
Earnings per share	6.4p	5.9p

Summary:

- Group revenue up 26% to £67.5m
- Document Management revenue up 35%; operating profit up 12%
- Relocations revenue up 16%; operating profit up 50%
- Group adjusted profit before tax up 20% to £12.0m

- Adjusted earnings per share up 17% to 12.3p
- Dividend per share up 26% to 2.4p
- New five-year banking facility agreed
- Six acquisitions completed in the year, including the UK records management and scanning division of Cintas; all integration programmes on track

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

"We are pleased to report another strong performance in 2014 and further significant progress in expanding the scale and scope of the Group's activities.

Our Document Management division is benefiting from improved rates of net box growth. We remain focused on integrating last year's acquisitions and increasing their operating margins towards those of our existing businesses. Our Relocations division continues to benefit from improved market conditions and operational efficiencies, and we are encouraged by its increasing base of recurring revenues.

We will continue to pursue our strategy of organic and acquisitive growth. The current year has started satisfactorily and we look forward to delivering another year of strong progress in 2015."

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CHAIRMAN'S STATEMENT 2014

Results

I am pleased to report another strong performance by your Company. For the year to 31 December 2014, profit before tax, exceptional items, amortisation and share-based payment charges was £12.0 million, a year-on-year increase of 20% (2013: £10.0 million). Turnover was £67.5 million (2013: £53.6 million), with a large part of the year-on-year increase reflecting the effect of acquisitions made in both 2013 and 2014. Earnings per share on an adjusted basis were up 17% at 12.3 pence (2013: 10.5 pence). A final dividend of 1.6p is recommended, giving a total dividend for 2014 of 2.4p, up 26% (2013: 1.9p).

Strategy

We aim to be a market leader in the segments in which we operate, and to offer truly national coverage across mainland Britain. Document storage provides a strong source of predictable, recurring revenues, as the volume of documents requiring storage tends not to vary with the economic climate, nor with advances in technology. In all our business streams, particularly records management, customers tend to retain their existing suppliers, and only infrequently change suppliers due to the complexity and disruption of switching. This means market share and revenue growth above the long-term organic growth rate is often best achieved through acquisition. This way, we can also offer customers with national presence the opportunity to consolidate their supplier base. We have a proven record of acquiring and integrating businesses, and creating efficiencies of scale with a commensurate increase in profitability.

We have also been successful in increasing the range of services we supply to our customer base, which was earlier limited to records management and scanning. We understand what it takes for UK offices to work well, and we understand the requirements of our customers, who in the main are the IT and facilities managers responsible for keeping their offices running smoothly. As all our activities have this similar channel to market, once we gain a customer we focus on retaining them through exceptional customer service and cross-selling the services we offer, thereby helping them achieve their objectives. Over the last three years we have invested substantial management time in establishing a Group-wide customer relationship management system in support of this.

As a result of building on our records management activities, we have steadily diversified into related markets and increased our market share through a combination of acquisition and investment in sales, locations and technology. Overall we aim to consolidate those UK office services where there are benefits of scale and consistency of demand.

In summary, and as I noted last year, we have clearly identified the characteristics of the areas in which we operate and seek to operate:

- 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 or IT managers

- Services where customers appreciate that it is neither desirable nor practical to switch away from a well-performing supplier
- A channel to market where we can maximise our cross-selling opportunities through our Group-wide customer relationship management system.

Trading

The Document Management division performed well with the core records management activity continuing to demonstrate the strength of its robust operational and financial model. The division's turnover was £37.4 million (2013: £27.7 million) and operating profit was £11.5 million (2013: £10.3 million). The decline in operating margin is largely attributable to the acquisition of businesses, particularly Cintas and Cannon Confidential, whose operating margins were much lower than those achieved in our existing operations – as their integration continues their operating margins are being significantly improved. In Records Management overall box growth, excluding acquisitions, totalled just over 6% (2013: 5%) The effect of strong new box growth, especially towards the end of the year, and good organic growth was partially offset by higher than anticipated destruction rates. Restore Shred continued to show strong organic growth, with its overall revenue growth significantly enhanced following the acquisition of Cannon Confidential. Restore Scan operated satisfactorily; this business stream now largely comprises Cintas's scanning business.

The Relocations division benefited from an upturn in market conditions as well as further operational improvements. The division's turnover was £30.1 million (2013: £25.9 million) and operating profit was £3.3 million (2013: £2.2 million). These figures include Relocom, whose results are now consolidated into the Group's results following the acquisition by the Group of a majority stake in Relocom during the year. The major constituent of the division is Harrow Green, the UK's leading office relocation business, where revenues were ahead by 7% year-on-year and operating margins increased sharply because of tighter controls. Relocom, which during the year worked more closely with Harrow Green, performed well, while Restore IT Efficient continued to perform satisfactorily.

Head Office costs increased to £1.9 million (2013: £1.6 million) reflecting the increased size of the Group and a higher level of corporate activity than the prior year.

Corporate transactions

2014 was another key year in the strategic development of the Group. The Cintas acquisition significantly increased our share of the UK's records management market and gave us a substantial presence in the UK scanning market. The Cannon Confidential acquisition greatly enhanced our capability and coverage within the UK shredding market. These businesses are becoming strongly profitable as a result of their integration into the Group as a whole.

In total, six acquisitions were made in the year:

- In April, we acquired Magnum Secure, a records management business operating from 2 locations in North East England, for £3.2 million. The post-acquisition management involved a significant cost-saving exercise.

- In April, we acquired a majority stake in Relocom, the IT relocation business in which we were previously a 50 per cent shareholder. This has enabled us to integrate Relocom's activities more closely with Harrow Green to improve profitability.

- In May, we acquired Filebase, a records management business also in North East England, for a consideration of £0.4 million. Operational changes have been made to increase the profitability of the business.

- In June, we acquired the trade and assets of Cannon Confidential, a loss-making shredding business operating from 4 sites in mainland Britain, for £0.9 million. The integration has been completed and the outcome has been transformational in providing Restore Shred with critical mass, additional locations and increased profit.

- In June, we acquired Papersafe, a small records management business, and subsequently transferred its boxes in store to our sites.

- In October, we acquired Cintas UK, one of the larger records management and scanning businesses in the UK, for £26.6 million, partly funded by a share placing. The business was operating at low profitability but there are significant synergies which we are realising to bring operating margins towards those achieved by Restore.

In addition, on 1 January 2015, we acquired Ancora, a records management business in East Anglia, for £0.5 million, giving us coverage in an area in which we were under-represented.

Funding

Net debt at the year-end was £30.9 million (2013: £16.0 million). The increase in debt reflects the cost of acquisitions made during the year. In March we announced a refinancing of our bank debt with Barclays, comprising a 5-year revolving credit facility of £30 million, with an additional £7.5 million accordion facility available. Following the acquisition of Cintas, this facility was increased by a further £15 million. The Cintas acquisition was partly funded by the placing of 7.1 million shares at 210p.

The current bank facility, coupled with internal cash generation, gives us considerable scope to continue to develop the Company through acquisitions.

Dividends

Your Board is recommending a final dividend of 1.6p, payable on 9 July 2015 to shareholders on the register on 12 June 2015. This gives a total dividend for the year of 2.4p, a 26% year-on-year increase. It remains the Board's firm intention to follow a progressive dividend policy.

Board

During 2014, we appointed three new non-executive directors. In January, Stephen Davidson joined the Board, bringing his investment banking and public company experience. In June, James Wilde joined the Board, bringing his extensive experience of the business-to-business service sector. In September, Sharon Baylay joined the Board, bringing her experience of business services, media and technology.

Sir Paul Stephenson and John Forrest stepped down from the Board during the year. I thank them for their support and commitment which played an important role in the development of the Group.

We have a very strong and capable Board, particularly for an AIM-listed company. For many reasons, not least the quality of our customer base and the breadth of our shareholder base, we regard good corporate governance as key to the ongoing success of the Company. The quality of our Board reflects this.

People

As I have previously noted, the success of a provider of business services depends first and foremost upon the people who work in the organisation. Our key principle is that power and responsibility go hand in hand. Our people know what is expected of them and we give them the power to make their own decisions. Accordingly, they accept responsibility for their actions. This is crucial in a business where exceptional customer service is the only way to satisfy and retain customers.

We achieve this success through well-motivated, capable people doing their jobs to the best of their ability. I thank all our people for their commitment over the last year and look forward to them continuing to share in the success of the Group. In addition, I am delighted to welcome the people who have joined us through acquisitions made over the year.

Outlook

The current year has started satisfactorily.

Our principal near-term focus in 2015 is to integrate into the Group the acquisitions made in 2014 and to drive operating margins in the integrated businesses towards those we have historically achieved. We are making good progress in this and we are realising the efficiencies anticipated at the time of acquisition. At the same time, our established businesses continue to trade strongly.

Our Document Management division has started the year well. In our Records Management business, the improving trend in new box intake seen towards the end of last year has continued. We believe this reflects our significant investment in our sales operations over the last two years. The integration of the Cintas business is proceeding to plan, with significant cost reductions being achieved. We are also steadily rationalising our property portfolio to increase capacity usage towards our target of at least 90 per cent such that we are able to achieve the appropriate operating margins. Restore Scan, which primarily comprises the Cintas scanning business, has had an excellent start to the year, having secured several large contract wins and increased its base of recurring revenues. Restore Shred has successfully integrated Cannon Confidential, where we are achieving improved operating margins on increasing revenues.

Our Relocations division has started the year well. The core Harrow Green business has seen strong year-on-year growth in revenues, particularly in London, and we expect good opportunities to become available later in the year. The mobilisation of our recently-awarded contract with Carillion Amey for furniture moving and storage services to the Ministry of Defence is progressing smoothly and to plan. Relocom and Restore IT Efficient are operating much more closely within the division and this is generating both new business and improved efficiencies.

The Group remains focused on the UK office services market. This is an attractive sector in which we hold an increasingly important position as a key supplier. We have a well-balanced business which continues to have considerable scope to grow, both organically and through acquisition. We have a strong record of creating shareholder value which we intend to continue. I look forward to another exciting year in the development and performance of your company.

Sir William Wells

Chairman **11 March 2015**

CHIEF EXECUTIVE'S REVIEW

Key Performance Figures

	Revenue 2014 £m	Revenue 2013 £m	Adjusted* Operating Profit 2014 £m	Adjusted* Operating Profit 2013 £m
Document Management	37.4	27.7	11.5	10.3
Relocations	30.1	25.9	3.3	2.2
Head Office costs	-	-	(1.9)	(1.6)
Total	67.5	53.6	12.9	10.9

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

These are the key results from the ongoing businesses which are included in the fuller statement set out under 'Profit Before Tax' below.

DOCUMENT MANAGEMENT DIVISION

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 is responsible for all the division's sales activities, with sales teams operating within the individual business streams.

Records Management

The majority of Records Management's sales are from the storage and retrieval of hard copy documents, typically stored in cardboard boxes. It manages millions of archive boxes of document files, magnetic data, film and other materials for blue-chip organisations, from 29 sites across mainland Britain, including a 70-acre freehold underground site near Bath. The business generates additional service income from the reorganisation of customer documents, document restoration, file-tracking services within customers' own buildings, and electronic data back-up. Restore services a broad range of customers throughout the UK, with the largest single sector being law firms who, as meticulous and sophisticated users of storage services, ensure the business remains at the cutting edge of developments in document storage. Other important sectors include accountancy, corporate, financial, insurance and media firms. In addition, we have made significant strides in providing our range of services to local authorities, hospital trusts and other government bodies.

Restore Shred

Restore Shred offers secure shredding and recycling for customers across the UK and operates from 6 sites, as well as 6 off-site mobile shredding units. Restore entered this market in October 2011 and has grown its reach through selective acquisition. The business has also sharply increased volumes through cross-selling, with customers of other Group businesses switching to Restore Shred for their secure shredding and recycling needs.

Restore Scan

Restore Scan is one of the UK's leading document conversion and data management specialists. Its main function is the conversion of hard-copy documents into electronic data. As part of its service, it organises and indexes the electronic versions of documents, enabling customers to identify and locate their data more efficiently. A significant part of its revenue derives from contracts involving repeat business, notably for scanning exam papers.

Trading and Operations

Trading in Document Management was steady in 2014 with adjusted operating profits increasing by £1.2 million to £11.5 million. Turnover increased from £27.7 million to £37.4 million. The majority of the increase in revenue derived from acquisitions made during the year, although these had a limited effect on profitability.

Records management comprises the bulk of these results and its performance remained robust. Organic box growth, defined as increase in box numbers from existing customers, continued to run at 7 per cent. New box growth, at 7 per cent, was encouragingly higher than in previous years and we believe this reflects the benefits of restructuring and the investment we have made in our sales operations. Box destructions and permanent retrievals were higher than expected so that overall net box growth (before acquisitions) was 6%. Average rates per box remained stable over the year.

Much of our operational focus was on integrating new acquisitions which had been operating at negligible profitability at the point of acquisition. We have a clear business model and we have been effective in making changes which bring the margins of acquired businesses up to our customary operating margins. This is achievable and underway in the records management businesses acquired in the year. Cintas UK was the largest of these and a primary reason behind its low profitability was the comparatively low level of boxes stored as a percentage of storage capacity. By moving out of inappropriate sites and filling underutilised sites with new boxes, we are sharply increasing capacity utilisation and profitability. Profitability is further enhanced by material cost synergies.

Alongside additional capacity from acquired businesses, we continue to develop our existing facilities. The newly-developed district in our freehold underground site in Wiltshire is on its way to full capacity and we have taken on 3 further hardened aircraft shelters at Upper Heyford. We have also continued to invest in our IT infrastructure, mostly to ensure that our systems can absorb further acquisitions and that the customer-facing aspects of acquired businesses remain consistent.

Restore Scan had a stable and marginally profitable year but for much of the year was over-dependent on large one-off projects. The acquisition of Cintas UK's scanning operations in October transformed our activities in this space. It is a strong business on a far larger scale than our pre-existing scanning business, which has now been integrated into the Cintas business. The combined business now trades as Restore Scan.

Restore Shred, our secure shredding and recycling business, continued to trade strongly with an encouraging level of new business wins. The acquisition of Cannon Confidential in June sharply increased the scale of the business and provided it with more operating sites and increased its on-site shredding capability. This has reduced the percentage of revenue spent on transport costs and will benefit margins in 2015 and beyond.

RELOCATIONS

Business description

Harrow Green

Harrow Green is the market leader in UK commercial relocations – the physical movement of office furniture and equipment when an organisation moves staff, either within a building or to a new site. From eight sites across mainland Britain, it serves a diverse range of customers, including large corporates, local businesses and a wide range of public sector bodies, such as libraries, universities and health trusts. The bulk of its business is in London, servicing many of the largest offices, particularly in the financial services sector, with regular customers who have a frequent demand, often involving staff working permanently on customer sites. Harrow Green also operates Global Moving Solutions, providing international moving services, typically for senior managers of global companies.

Relocom

Relocom is one of the UK's leading IT relocations service providers, helping leading blue-chip organisations during a relocation, reorganisation or period of change. It specialises in server and data centre relocation, desktop IT and trading desk relocation, furniture and IT asset audit and management.

Restore IT Efficient

Restore IT Efficient is one of the UK's leading providers of secure data destruction and hardware disposal services for computer equipment. It predominantly serves large blue-chip customers nationwide, processing in excess of 120,000 items of IT equipment a year. It provides on- and off-site destruction services alongside recycling and refurbishment of electronic items.

Trading and Operations

The Relocations division recorded adjusted operating profits for the year of £3.3 million (2013: £2.2 million) on revenue of £30.1 million (2013: £25.9 million). The uplift in revenues reflected increased turnover at Harrow Green and the consolidation of £1.6 million of revenues at Relocom.

The core **Harrow Green** business showed another strong year-on-year improvement in revenues, as well as an increase in operating margins. Market conditions steadily improved in the London market where the office relocation market was increasingly active. The regional branches also performed strongly with several major projects taking place such as North Bristol NHS Trust and The University of Manchester Library. The recently awarded contract, estimated to have a contract value of £2.5m per annum, for work with the Ministry of Defence made a contribution in December, its first month of operation. **Global Moving Solutions** traded satisfactorily during the year.

Relocom increased both its revenues and operating margins. It is working more closely with Harrow Green and Restore IT Efficient which should enhance revenues in future.

Restore IT Efficient processed more equipment than in the prior year but a fall in the price of recycled equipment meant that revenues and profits were broadly flat year-on-year. As with Relocom, we expect the business to benefit from working more closely with other parts of the division.

CUSTOMERS

We continued to develop our Group Customer Relationship management system during the year, with all sales people across the Group now using the same system. This greatly facilitates cross-selling as most of our customers have a demand for most of our services and the customer’s procurement manager or team is often common to all our activities. Much of our sales effort is focused on increasing our share of existing customers’ service requirements.

We recently conducted an exercise which showed that our penetration of customers in various groupings was:

- 43% of FTSE 100 companies
- 64% of top 50 UK legal firms
- 80% of top 25 UK accountancy firms

- 29% of local authorities in England, Scotland and Wales
- 27% of UK National Health Trusts.

I believe this represents an excellent indication of the strength of our business and of the Group's opportunity for future development.

Charles Skinner

Chief Executive

FINANCE DIRECTOR'S REPORT

Profit Before Tax

Statutory profit before tax for the year ended 31 December 2014 was £6.1 million (2013: £5.0 million). The key drivers of this increase are consistent with the prior year:

- Contribution resulting from the ongoing integration of acquired businesses.
- Continued organic profit growth from the existing Document Management division.
- Another encouraging step forward in the margin performance of the Relocations division.

Exceptional costs of £3.1 million (2013: £3.4 million) largely reflect the acquisitions completed during the year. The 2014 acquisitions have required significant levels of restructuring activity which is substantially complete with the exception of the Cintas acquisition which remains ongoing at the end of the year. Amortisation of intangible assets for the year was £1.9 million (2013: £1.3 million) with the increase attributable to the higher carrying value of intangible assets. The Group now has a strong track record of profitable growth on which it can continue to develop.

Due to the one-off nature of exceptional costs and the non-cash element of certain charges 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:

	2014 £'m	2013 £'m
Profit before tax	6.1	5.0
Share based payments charge	1.0	0.5
Exceptional items	3.1	3.4
Amortisation of intangible assets	1.9	1.3
Other finance costs	(0.1)	(0.2)
Adjusted profit before tax	12.0	10.0

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

	2014 £'m	2013 £'m
Operating profit	6.9	5.7
Share based payments charge	1.0	0.5
Exceptional items	3.1	3.4
Amortisation of intangible assets	1.9	1.3
Adjusted operating profit	12.9	10.9
Depreciation	1.9	1.2
Adjusted EBITDA	14.8	12.1

Earnings Per Share (Eps)

	2014	2013
Basic adjusted earnings per share (pence)	12.3p	10.5p
Basic earnings per share (pence)	6.4p	5.9p

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. Basic earnings per share reflect the actual tax charge which in 2013 included a benefit of £0.8 million resulting from recognition of tax losses and the impact of the reduction in future tax rates on deferred tax.

Exceptional Costs

	2014 £'m	2013 £'m
Acquisition – transaction costs	0.4	0.2
Acquisition – box relocation and transport costs	0.4	0.7
Restructuring and redundancy costs	2.5	1.4
Other exceptional	(0.2)	1.1
Total	3.1	3.4

The Group completed six acquisitions in the period and these are the key drivers of exceptional costs. This is a significant increase in both number and scale over 2013. Whilst overall exceptional costs have fallen, the acquisition-related exceptional costs have increased as a direct result of 2014 activity.

Transaction costs include the cost of legal and professional fees incurred as part of the acquisition.

Box relocation and transport costs include the cost of uplifting boxes to existing facilities and duplicated transport costs incurred during the integration of the Cannon Confidential acquisition.

This cost is significantly lower in 2014 due to the lower requirement to relocate boxes from the 2014 acquisitions compared to acquisitions undertaken in 2013.

Restructuring and redundancy costs have increased to £2.5 million in 2014. This is a result of acquiring four businesses whose profitability at acquisition was materially lower than our standard operating model. As a result, the Group has undertaken a period of restructuring in each of those businesses which was largely complete by the end of the period, with the exception of the Cintas acquisition which completed in October 2014 and was the largest Document Management division acquisition to date.

Interest

Net finance costs amounted to £0.8 million (2013: £0.7 million). Included within finance cost is a credit of £0.1 million (2013: £0.2 million) representing the revaluation of the interest rate collar.

Taxation

UK Corporation Tax is calculated at 21.5% (2013: 23.25%) of the estimated assessable profit/(loss) for the year. The UK Corporation Tax rate reduced on 1 April 2014 to 21%, with a further reduction to 20% on 1 April 2015; accordingly, this rate reduction has been reflected in the deferred tax balance which forms part of the statement of financial position.

Statement of Financial Position

Net assets increased to £67.0 million (2013: 47.1 million) following the six acquisitions and placing of shares. Goodwill and intangibles at 31 December 2014 were £68.9 million (2013: £41.9 million).

Property, plant and equipment totalled £30.2 million (2013: £20.1 million), comprising the freehold underground storage facilities in Wiltshire, storage racking, vehicles and computer systems. The development of additional storage space in the underground facility has continued in 2014, with revenue generation commencing during the year.

Cash Flow

The net cash inflow from operations was £5.6 million (2013: £10.2 million). During the year Group working capital increased by £6.1 million (2013: £1.5 million decrease) which has been primarily driven by:

- Acquisition related working capital resulting from the reduction in the headline consideration paid as a result of future working capital obligations post completion that were identified during the due diligence process. This accounts for approximately half of the working capital increase.
- Significant organic growth in the last two months in 2014 which has consequently increased the working capital requirement of the business by an estimated £1.9 million.
- Other short term timing differences in the working capital cycle of the business

Capital expenditure totalled £3.6 million (2013: £3.7 million) following the continued development of additional space in the underground storage facility, development of storage capacity in other sites and the continued investment in our shredding capability.

Net Debt

Net debt at the end of the year was £30.9 million (2013 £16.0 million) reflecting the additional debt taken on to fund the acquisition spend of £28.9 million and associated working capital requirements. Following the bank refinancing completed in March 2014, which was supplemented by additional facilities to part-fund the acquisition of Cintas UK in October 2014, bank facilities at the end of the period comprised a £30.0 million revolving credit facility, drawn to £22.0 million, a £15.0 million term loan and a potential further £7.5 million accordion facility. This structure has the appropriate flexibility to complement the Group's growth strategy.

Customer relationships

The Group has commercial relationships with over 9,000 business customers. Attrition rates are low and relationships are strong. The largest customer accounts for less than 4% of Group revenue.

Adam Councell

Group Finance Director

Unaudited Consolidated statement of comprehensive income
For the year ended 31 December 2014

		Year Ended 31 December 2014			Year Ended 31 December 2013	
	Before exceptional items	Exceptional items (note 3)	After exceptional items	Before exceptional items	Exceptional items (note 3)	After exceptional items
	£'m	£'m	£'m	£'m	£'m	£'m
REVENUE	67.5	-	67.5	53.6	-	53.6
Cost of sales	(43.8)	-	(43.8)	(34.9)	-	(34.9)
Gross Profit	23.7	-	23.7	18.7	-	18.7
Administrative expenses	(11.8)	(3.1)	(14.9)	(8.3)	(3.4)	(11.7)
Amortisation of intangible assets	(1.9)	-	(1.9)	(1.3)	-	(1.3)
OPERATING PROFIT	10.0	(3.1)	6.9	9.1	(3.4)	5.7
Finance costs	(0.8)	-	(0.8)	(0.7)	-	(0.7)
PROFIT BEFORE TAX	9.2	(3.1)	6.1	8.4	(3.4)	5.0
Income tax (charge)/credit	(1.8)	0.6	(1.2)	(1.4)	0.7	(0.7)
Profit and total comprehensive income for the year attributable to owners of the parent	7.4	(2.5)	4.9	7.0	(2.7)	4.3
Earnings per share attributable to owners of the parent (pence) Note 5						
Basic			6.4p			5.9p
Diluted			6.0p			5.6p

Unaudited Consolidated statement of changes in equity
For the year ended 31 December 2014

	Attributable to owners of the parent				
	Share capital £'m	Share premium £'m	Other reserves £'m	Retained earnings £'m	Total equity £'m
Balance at 1 January 2013	3.4	14.6	2.9	15.4	36.3
Profit for the year	-	-	-	4.3	4.3
Total comprehensive income for the year	-	-	-	4.3	4.3
Transactions with owners					
Issue of shares during the year	0.3	7.0	-	-	7.3
Issue costs	-	(0.3)	-	-	(0.3)
Dividends	-	-	-	(1.3)	(1.3)
Transfers	-	-	(1.8)	1.8	-
Deferred tax on share based payments	-	-	0.3	-	0.3
Share based payments charge	-	-	0.5	-	0.5
	0.3	6.7	(1.0)	0.5	6.5
Balance at 31 December 2013	3.7	21.3	1.9	20.2	47.1
Balance at 1 January 2014	3.7	21.3	1.9	20.2	47.1
Profit for the year	-	-	-	4.9	4.9
Total comprehensive income for the year	-	-	-	4.9	4.9
Transactions with owners					
Issue of shares during the year	0.4	14.6	-	-	15.0
Issue costs	-	(0.6)	-	-	(0.6)
Dividends	-	-	-	(1.6)	(1.6)
Deferred tax on share based payments	-	-	1.2	-	1.2
Transfers	-	-	(0.3)	0.3	-
Share based payments charge	-	-	1.0	-	1.0
	0.4	14.0	1.9	(1.3)	15.0
Balance at 31 December 2014	4.1	35.3	3.8	23.8	67.0

Unaudited Consolidated statement of financial position
For the year ended 31 December 2014

Company registered no. 05169780

	2014 £'m	2013 £'m
ASSETS		
NON-CURRENT ASSETS		
Intangible assets	68.9	41.9
Property, plant and equipment	30.2	20.1
Investments	-	0.5
Deferred tax asset	4.2	2.0
	103.3	64.5
CURRENT ASSETS		
Inventories	0.6	0.4
Trade and other receivables	24.7	17.5
Cash and cash equivalents	6.9	3.9
	32.2	21.8
TOTAL ASSETS	135.5	86.3
LIABILITIES		
CURRENT LIABILITIES		
Trade and other payables	(15.2)	(14.8)
Financial liabilities – borrowings	(3.7)	(6.0)
Other financial liabilities	-	(0.1)
Current tax liabilities	(0.6)	(0.3)
Provisions	(1.0)	(0.4)
	(20.5)	(21.6)
NON CURRENT LIABILITIES		
Financial liabilities - borrowings	(34.1)	(10.0)
Other long term liabilities	(1.2)	(1.0)
Other financial liabilities	(0.3)	(0.1)
Deferred tax liability	(6.2)	(4.5)
Provisions	(6.2)	(2.0)
	(48.0)	(17.6)
TOTAL LIABILITIES	(68.5)	(39.2)
NET ASSETS	67.0	47.1
EQUITY		
Share capital	4.1	3.7
Share premium account	35.3	21.3
Other reserves	3.8	1.9
Retained earnings	23.8	20.2
EQUITY ATTRIBUTABLE TO THE OWNERS OF THE PARENT	67.0	47.1

Unaudited Consolidated statement of cash flows
For the year ended 31 December 2014

		Year ended 31 December 2014 £'m	Year ended 31 December 2013 £'m
NET CASH GENERATED FROM OPERATIONS	Note 7	5.6	10.2
Net finance costs		(0.9)	(0.9)
Income taxes paid		(1.0)	(0.6)
NET CASH GENERATED FROM OPERATING ACTIVITIES		3.7	8.7
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment and applications software		(3.6)	(3.7)
Purchase of subsidiary undertakings including acquisition costs, net of cash acquired		(28.9)	(9.0)
Sale of subsidiary		1.2	0.3
CASH FLOWS USED IN INVESTING ACTIVITIES		(31.3)	(12.4)
CASH FLOWS FROM FINANCING ACTIVITIES			
Net proceeds from share issues		14.4	7.0
Dividends paid		(1.6)	(1.3)
Repayment of bank borrowings		(16.0)	(2.6)
Drawdown of revolving credit facility		21.9	-
New bank loans raised		15.0	3.5
Increase/(decrease) in bank overdrafts		0.9	(1.5)
Finance lease repayments		(0.1)	(0.1)
NET CASH GENERATED FROM FINANCING ACTIVITIES		34.5	5.0
NET INCREASE IN CASH AND CASH EQUIVALENTS		6.9	1.3
CASH AND CASH EQUIVALENTS AT START OF YEAR		-	(1.3)
CASH AND CASH EQUIVALENTS AT END OF YEAR		6.9	-
CASH AND CASH EQUIVALENTS SHOWN ABOVE COMPRISE:			
Cash at bank		6.9	3.9
Balance on invoice discounting facility		-	(3.9)
		6.9	-

Notes to the preliminary financial information for the year ended 31 December 2014

1 Basis of preparation

The figures for the year ended 31 December 2014 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 2014 are consistent with those applied in the financial statements for the year ended 31 December 2013.

The financial information for the years ended 31 December 2014 and 31 December 2013 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 11 March 2015. The auditor's report on the financial statements for 31 December 2013 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 2013 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. The Group's budgets for 2015 and forecasts for 2016, 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 statements.

2 Segmental analysis

The Group is organised into two main operating segments, Document Management and Relocations, and incurs head office costs. Services per segment operate as described in the Chief Executive's 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:

	Document Management £'m	Relocations £'m	Head Office £'m	2014 Total £'m
Revenue	37.4	30.1	-	67.5
Segment adjusted operating profit/(loss)	11.5	3.3	(1.9)	12.9
Exceptional items				(3.1)
Share based payments charge				(1.0)
Amortisation of intangible assets				(1.9)
Operating profit				6.9
Finance costs				(0.8)
Profit before tax				6.1
Tax charge				(1.2)
Profit after tax				4.9
Segment assets	101.1	27.4	7.0	135.5
Segment liabilities	23.3	7.0	38.2	68.5
Capital expenditure	3.5	0.1	-	3.6
Depreciation and amortisation	3.2	0.6	-	3.8

	Document Management £'m	Relocations £'m	Head Office £'m	2013 Total £'m
Revenue	27.7	25.9	-	53.6
Segment adjusted operating profit/(loss)	10.3	2.2	(1.6)	10.9
Exceptional items				(3.4)
Share based payments charge				(0.5)
Amortisation of intangible assets				(1.3)
Operating profit				5.7
Finance costs				(0.7)
Profit before tax				5.0
Tax charge				(0.7)
Profit after tax				4.3
Segment assets	55.1	25.3	5.9	86.3
Segment liabilities	13.3	10.7	15.2	39.2
Capital expenditure	3.6	0.1	-	3.7
Depreciation and amortisation	2.0	0.5	-	2.5

MAJOR CUSTOMERS

For the years ended 31 December 2014 and 2013 no customers individually accounted for more than 4% of the Group's total revenue.

3 Exceptional Items

	2014 £'m	2013 £'m
Acquisition – transaction costs	0.4	0.2
Acquisition – box relocation and transport costs	0.4	0.7
Restructuring and redundancy costs	2.5	1.4
Release of deferred consideration provisions	(1.0)	-
Additional consideration on sale of Peter Cox	(0.6)	-
Other exceptional items	1.4	1.1
Total	3.1	3.4

The Group completed six acquisitions in the year and these are the key driver of exceptional costs. This is a significant increase in both number and scale over 2013. Whilst overall exceptional costs have fallen the acquisition related exceptional costs have increased as a direct result of 2014 activity.

Transaction costs include the cost of and legal and professional fees incurred as part of the acquisition.

Box relocation and transport costs include the cost of uplifting boxes to the existing facilities and duplicated transport costs incurred during the integration of the Cannon Confidential acquisition. This cost is significantly lower in 2014 due to the lower requirement to relocate boxes from the 2014 acquisitions compared to 2013.

Restructuring and redundancy costs have increased to £2.5m in 2014. This is a result of acquiring four businesses whose profitability at acquisition has been materially lower than our expectations once fully integrated. As a result the Group has undertaken a period of restructuring in each of those businesses which was largely complete by the end of the period with the exception of the Cintas acquisition which completed in October 2014 and was our largest acquisition to date.

Deferred consideration provisions of £1.0m have been released in the year due to acquisitions not meeting performance targets set to trigger such payments (note 6).

Other exceptional costs include the write down of certain balances brought forward from prior periods. During the year the Group has undertaken a thorough review of the accounting treatment of certain accounting estimates made in prior periods, which were largely related to historic acquisitions, and has made adjustments to ensure these are reflected at recoverable amounts in the closing statement of financial position.

4 Taxation

UK Corporate Tax is calculated at 21.5% (2013: 23.25%) of the estimated assessable profit/(loss) for the year. A deferred tax asset of £0.2m has been recognised on brought forward tax losses due to greater certainty over recoverability of the asset, this has been offset by expenses not deductible for tax, resulting in an effective tax rate of 19.7%.

The UK Corporate Tax rate will reduce to 20% on 1 April 2014; accordingly this rate reduction has been reflected in the deferred tax balance which forms part of the statement of financial position.

5 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.

	2014	2013
Weighted average number of shares in issue	76,624,278	73,222,082
Profit for the year	£4.9m	£4.3m
Total basic earnings per ordinary share (pence)	6.4p	5.9p
Weighted average number of shares in issue	76,624,278	73,222,082
Share options	4,490,487	3,454,303
Executive incentive plan	616,035	-
Weighted average fully diluted number of shares in issue	81,730,800	76,676,385
Total fully diluted earnings per share (pence)	6.0p	5.6p

ADJUSTED EARNINGS PER SHARE

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 below.

	£'m	£'m
Profit before tax – continuing operations	6.1	5.0
Adjustments:		
Amortisation of intangible assets	1.9	1.3
Exceptional items	3.1	3.4
Share based payments charge	1.0	0.5
Other finance costs	(0.1)	(0.2)
Adjusted profit for the year	12.0	10.0

The additional adjusted earnings per share, based on the weighted average number of shares in issue during the year, 76.6m (2013: 73.2m) is calculated below.

	2014	2013
Adjusted profit before taxation (£'m)	12.0	10.0
Tax at 21.5%/23.25% (£'m)	(2.6)	(2.3)
Adjusted profit after taxation (£'m)	9.4	7.7
Adjusted basic earnings per share (pence)	12.3p	10.5p
Adjusted fully diluted earnings per share (pence)	11.5p	10.0p

6 Business Combinations

On 17 April 2014, the Group acquired 100% of the share capital of Magnum Secure Limited, a records management business for cash of £3.2m.

	Fair value at acquisition £'m
Intangible assets – customer relationships	1.2
Property, plant and equipment	0.9
Trade receivables	0.5
Other receivables	0.1
Cash	0.7
Trade and other payables	(2.8)
Deferred tax liabilities	(0.3)
Other financial liabilities	(0.1)
Net assets acquired	0.2
Goodwill	3.0
Consideration	3.2
Satisfied by:	
Cash to vendors	3.2

The goodwill represents the value attributable to new business and the assembled and trained workforce. Deferred tax at 20% has been provided on the value of intangible assets. Acquisition costs of £87,000 were incurred and have been charged to exceptional items in the income statement.

On 17 April 2014, the Group acquired a further 33% of Relocom Limited, an IT relocation business. The additional shares were purchased for a cash consideration of £0.35m. Prior to this date the Group owned a 50% investment in Relocom at historical cost of £0.5m, as the shareholder structure at that time did not allow the directors to have significant influence over the operations of the business.

	Fair value at acquisition £'m
Intangible assets – customer relationships	0.2
Trade receivables	0.6
Other receivables	0.1
Overdraft	(0.1)
Trade and other payables	(0.4)
Current tax liabilities	(0.1)
Net assets acquired	0.3
Goodwill	0.6
Consideration	
Fair value of consideration transferred	0.4
Fair value of previously held equity interest	0.5
Satisfied by:	
Cash to vendors	0.4

The goodwill represents the value attributable to new business and the assembled and trained workforce. Deferred tax at 20% has been provided on the value of intangible assets. Acquisition costs of £3,000 were incurred and have been charged to exceptional items in the income statement.

The non controlling interest in Relocom has not been disclosed separately as it is not considered to be material.

On 12 May 2014, the Group acquired 100% of the share capital of Filebase Limited, a records management business for cash of £0.4m.

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

The goodwill represents the value attributable to new business and the assembled and trained workforce. Deferred tax at 20% has been provided on the value of intangible assets. Acquisition costs of £19,000 were incurred and have been charged to exceptional items in the income statement.

On 16 June 2014, the Group acquired the business and assets of Cannon Confidential, a recycling and shredding business for cash of £0.9m.

	Fair value at acquisition £'m
Intangible assets – customer relationships	0.3
Deferred tax liabilities	(0.1)
Net assets acquired	0.2
Goodwill	0.7
Consideration	0.9
Satisfied by:	
Cash to vendors	0.9

The goodwill represents the value attributable to new business and the assembled and trained workforce. Deferred tax at 20% has been provided on the value of intangible assets. Acquisition costs of £31,000 were incurred and have been charged to exceptional items in the income statement.

On 23 June 2014, the Group acquired 100% of the share capital of Papersafe UK Limited, a records management business. The initial cash consideration was £0.15m, a further £0.05m contingent consideration is payable in 2015, depending on contract renewals.

	Fair value at acquisition £'m
Intangible assets – customer relationships	0.2
Deferred tax liabilities	(0.1)
Net assets acquired	0.1
Goodwill	0.1
Consideration	0.2
Satisfied by:	
Cash to vendors	0.1
Contingent consideration	0.1

The goodwill represents the value attributable to new business and the assembled and trained workforce. Deferred tax at 20% has been provided on the value of intangible assets. Acquisition costs of £5,000 were incurred and have been charged to exceptional items in the income statement.

On 7 October 2014, the Company acquired 100% of the share capital of Cintas UK Document Management Limited, a records management business for cash consideration of £26.0m. On 22 January 2015, a purchase price adjustment of £0.6m in relation to working capital, was settled in cash. Due to the limited time available between acquisition and the approval of this financial information, the Group is still in the process of establishing the fair value of the assets and liabilities acquired and the amounts shown in the table below are provisional.

	Provisional fair value at acquisition £'m
Intangible assets – customer relationships	6.7
Property, plant and equipment	8.2
Deferred tax asset	1.1
Inventories	0.1
Trade receivables	2.0
Other receivables	2.0
Cash	2.5
Trade and other payables	(3.6)
Deferred tax liabilities	(1.3)
Provisions	(5.4)
Net assets acquired	12.3
Goodwill	14.3
Consideration	26.6
Satisfied by:	
Cash to vendors	23.5
Purchase price adjustment	0.6
Reimbursement – less than 1 year	1.0
Reimbursement – more than 1 year	1.5

The reimbursement amounts cover rents to the end of the lease for a site which was acquired as it could not be excluded from the acquisition and was surplus to requirements. The reimbursement of these costs is separate to the business acquisition. These amounts are included as a deferred income creditor and will be released against costs incurred and is expected to be used by 2017.

The goodwill represents the value attributable to new business and the assembled and trained workforce. Deferred tax at 20% has been provided on the value of intangible assets. Acquisition costs of £302,000 were incurred and have been charged to exceptional items in the income statement.

Contingent consideration

On 2 January 2014, £150,000 deferred consideration was paid in respect of Archive Solutions and £50,000 contingent consideration was paid in respect of M&L Document Destruction Limited. On 26 March 2014, £170,000 was paid in respect of the first tranche of contingent consideration in respect of IT Efficient Limited.

Contingent consideration of £1.0m in respect of Harrow Green Limited and File and Data, has been released during the year, as this was not payable based upon the performance in 2014 (note 3).

Deferred consideration

On 29 September 2014, the company received £0.3m in respect of the deferred consideration due in respect of Peter Cox Limited which was sold in 2012. On 16 December 2014, the company received the final deferred consideration of £0.3m and £0.6m in final settlement of all amounts due following the sale of Peter Cox Limited (note 3).

POST ACQUISITION RESULTS

	Magnum £m	Relocom £m	Filebase £m	Cannon Confidential £m	Papersafe £m	Cintas £m
Revenue	0.9	2.2	0.7	0.8	0.1	4.2
Profit/(loss) before tax since acquisition included in the consolidated statement of comprehensive income	(0.1)	0.2	(0.1)	-	-	(0.8)

If the acquisitions had been completed on the first day of the financial year, Group revenues would have been £85.7m and Group profit before tax would have been £3.6m. As explained in note 3, following acquisition a number of restructuring costs are incurred, and after this post acquisition restructuring the acquisitions have a positive impact on Group profit before tax.

The acquisitions of the Records Management businesses were made to extend national coverage and increase the Group's market share. The acquisition of the additional shareholding in Relocom has enabled the Group to integrate Relocom's activities more closely with our relocations subsidiary, Harrow Green.

7 Cash Inflow From Operations

	Year ended 31 December 2014 £'m	Year ended 31 December 2013 £'m
Profit before tax	6.1	5.0
Depreciation of property, plant and equipment	1.9	1.2
Amortisation of intangible assets	1.9	1.3
Net finance costs	0.8	0.7
Share based payments charge	1.0	0.5
Increase in inventories	(0.2)	(0.2)
(Increase)/decrease in trade and other receivables	(2.4)	1.2
(Decrease)/increase in trade and other payables	(3.5)	0.5
NET CASH GENERATED FROM OPERATIONS	5.6	10.2

8 Post Balance Sheet Events

On 1 January 2015, the Group acquired the business and assets of Ancora Solutions, a records management business, for cash consideration of £0.5m and is still in the process of establishing the fair value of the assets and liabilities acquired.

On 1 March 2015, the Group paid the final tranche of contingent consideration of £0.2m in respect of IT Efficient Limited.