10 March 2016

RESTORE PLC
Full Year Unaudited Results 2015

Restore plc ("Restore" or "the Company"), the UK office services provider, announces its unaudited results for the year ended 31 December 2015.

Financial Highlights:

ADJUSTED RESULTS – Continuing operations	2015	2014	Change
Revenue	£91.9m	£67.5m	36%
EBITDA*	£20.4m	£14.8m	38%
Operating profit*	£17.6m	£12.9m	36%
Profit before tax*	£16.3m	£12.0m	36%
Earnings per share **	15.6p	12.3p	27%
Dividend per share	3.2p	2.4p	33%
Net debt	£60.6m	£30.9m	

* before exceptional items (including exceptional finance costs), 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 – Continuing operations		
Revenue	£91.9m	£67.5 m
Operating profit	£7.7m	£6.9m
Profit before tax	£6.1m	£6.1m
Earnings per share	7.0p	6.4p

Summary:

- Group revenue up 36% to £91.9m
- Group adjusted profit before tax up 36% to £16.3m
- Adjusted earnings per share up 27% to 15.6p
- Document Management revenue up 46%; adjusted operating profit up 31%
- Relocation revenue up 24%; adjusted operating profit up 24%
- 2014 acquisitions successfully integrated including Cintas and Cannon Confidential
- Six acquisitions completed in the year, including;
    - Wincanton Records Management, further extending Restore's position as the UK's second largest records management operator
    - ITP Group, the UK's leading collector of empty printing cartridges
- Total dividend per share up 33% to 3.2p
- Disposal of Restore Document Management Ireland Limited, announced separately today

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

"We are pleased to report another strong performance in 2015 and further significant progress in expanding the scale and scope of the Group's activities.

We are now firmly established as an important provider of services to UK offices and further extended our position as the UK's second largest records management operator towards the end of the year with the acquisition of Wincanton Records Management.

Our Document Management and Relocation divisions both delivered very strong growth in operating profits and continue to benefit from increased operational efficiency, cross-selling and their greater market presence. As expected at the time of acquisition, several acquired businesses have required substantial restructuring and, following significant investment, these are now showing a marked improvement in profitability under our ownership.

Looking ahead, our near-term focus will be on delivering the cost and capacity synergies from the Wincanton acquisition, continuing to improve the performance of our Shred and Scan businesses, and ensuring that our newer activities, in particular IT recycling and printer cartridge recycling, benefit in full from the cross-selling opportunities that arise from the breadth of the Group's customer base.

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 2016."

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CHAIRMAN'S STATEMENT 2015

Results

I am pleased to report another strong performance by your Company. For the year to 31 December 2015, profit before tax, exceptional items, amortisation, discontinued activities and share-based payment charges was £16.3 million, a year-on-year increase of 36% (2014: £12.0 million). Turnover was £91.9 million (2014: £67.5 million), with a large part of the year-on-year increase reflecting acquisitions made in both 2014 and 2015. Earnings per share on an adjusted basis were up 27% at 15.6 pence (2014: 12.3 pence). The recommended final dividend is up 37% at 2.2p.

These results exclude our Irish business, acquired as part of Wincanton Records Management in December 2015, whose sale has been announced separately today.

Strategy

We are now established as an important supplier of services to UK offices and workplaces. The increase in scale of our business in recent years enhances our ability to grow organically through increased operational efficiency, cross-selling and greater market presence.

The services that all of our operations supply have common features:

- 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
- Switching suppliers is neither desirable nor practical for customers
- Reasonable scope for cross-selling most of the other services we offer.

Most of our business streams have a significant presence in their respective markets. We are well established as one of the two major records management businesses in the UK, and further strengthened that position following the acquisition of Wincanton Records Management in December 2015. Records management currently accounts for about half of Group revenues and the majority of Group operating profit and we continue to seek out appropriate records management acquisitions. Harrow Green is the UK market leader in office relocation by some distance and the Relocation division has increased operating profit from £0.3m to £4.1m over the last four years.

Restore Records Management and Harrow Green are respectively the two leading businesses in our Document Management and our Relocation divisions. Sitting alongside these two large activities, we have other smaller businesses which either currently have a strong UK market position or the opportunity to build one. Our two other business streams in the Document Management division, Scan and Shred, both have substantial scope for profitable growth and we expect them to show significant improvements in profitability over the coming years. As part of this, they now have their own newly-appointed managing director who is focused exclusively on these businesses' growth. In the Relocation division, we offer three other services in addition to office relocation: IT relocation, IT recycling and toner cartridge recycling, the last of which was added through the acquisition of ITP Group in July 2015. We believe all these businesses have scope for significant growth and benefit greatly from being part of Restore.

We continue to look at opportunities to enter related markets which share the attributes referred to above.

We have invested heavily in terms of management time in establishing a Group-wide customer relationship management system. This enables all of our sales staff in all our business streams to recognise and leverage the contacts we have developed elsewhere in the Group. Despite being operationally and managerially decentralised, this ability to plug into our Group-wide customer contacts makes the process far more effective for our sales people looking to introduce their service into our Group customers. This creates momentum for all sales staff across the Group.

We believe that it is key to our business that we focus on areas where we can benefit from cost and customer synergies. As part of this, we have today announced the sale for €36 million (£27.8 million) of our Irish records management business, acquired in December 2015 as part of Wincanton Records Management. While this is a high-quality business, it provides limited scope to generate substantive cost synergies. We are confident that we will be able to generate a better return in the long term on the funds realised by redeploying them in our core UK market.

Trading

Our Document Management division performed satisfactorily overall. Its turnover was £54.7 million (2014: £37.4 million) and adjusted operating profit was £15.1 million (2014: £11.5 million). Its core Records Management business continued to demonstrate the strength of its financial model. In contrast, our smaller Scan and Shred businesses, which had both been substantially enlarged by acquisitions made in 2014, performed below our expectations during a year of change. We took steps to address the underperformance of both businesses during the year and are confident they will deliver an improved contribution to the Group in 2016.

Our Relocation division continued to trade strongly. The division's turnover was £37.2 million (2014: £30.1 million) and adjusted operating profit was £4.1 million (2014: £3.3 million); these figures include ITP Group, the toner cartridge recycling business acquired in July.

Corporate Transactions

Much of the operational focus of the Group was on integrating the acquisitions made in 2014, notably Cintas and Cannon Confidential, both of which were operating at marginal profitability at the time of acquisition. As expected at the time of acquisition, several acquired businesses required substantial restructuring during the year and, following significant investment, these are now showing a marked improvement in profitability under our ownership.

Nonetheless, 2015 was another key year in the strategic development of the Group with several acquisitions including the largest ever undertaken by Restore.
In total, six acquisitions were made in the year:

- In January, we acquired Ancora, a records management business in East Anglia, a region in which we were under-represented, for £0.5 million
- In July, we acquired ITP Group, the UK's largest toner cartridge recycling business, for £3.6 million (net of cash acquired). This took us into a new business activity but one very closely aligned to our existing services
- In August we acquired Data Imaging and Archiving, a scanning and records management business based in South London, for £1.5 million. We are in the process of relocating the acquired boxes into our estate and have transferred the scanning to our facility in Hanworth, South-West London
- Also in August we acquired Crimson UK, a Manchester-based scanning business for an initial cash consideration of £1.0 million. We have subsequently moved its Manchester operations into our facility in Manchester
- In December, we acquired Wincanton Records Management, one of the largest UK records management companies, which also has a significant presence in Ireland, for £57.3 million. This extended our position as one of the two major UK records management operators

- Also in December, we acquired Diamond Relocations in South London for £1.0 million. This provides Harrow Green with a South London base and a small records management operation, which has been integrated into Restore.

Funding

Net debt at the year-end was £60.6 million (2014: £30.9 million). The increase in net debt reflects the cost of acquisitions made during the year. As part of the acquisition of Wincanton Records Management in December, a new banking facility was put in place with Barclays and Royal Bank of Scotland. We now have in place a £50 million Term Loan maturing in December 2020 and a 5-year Revolving Credit Facility of £30 million, with an additional £20 million available. The Wincanton Records Management acquisition was also funded by the placing of 13.1 million shares at 260 pence per share.

Following the disposal of our Irish records management business for €36 million (£27.8 million) which was announced today, net debt has been reduced sharply. We therefore have considerable funds available to us to continue to develop the company.

Dividends

Your Board is recommending a final dividend of 2.2p, payable on 8 July 2016. The total dividend for the year is 3.2p, a 33% year-on-year increase. It remains the Board's firm intention to follow a progressive dividend policy.

People

Our business has grown significantly in recent years and that is reflected in the increased size of our workforce. We now have over 1,200 employees. We remain committed to the principle of locking power and responsibility together at all levels within the business and letting our people get on with their job with minimal interference. I believe this lies at the heart of our current success as we are wholly dependent on the abilities of our people and their commitment to serving our customers.

As our Group increases in scale, we are able to offer greater stability and career opportunities for all our people. We are also in a position to provide to our people the support and development that is appropriate to a larger company without losing the flexibility to treat people as individuals.

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. I also welcome the people who have joined us through acquisitions made over the year.

Outlook

Looking ahead, our near-term focus will be on delivering the cost and capacity synergies from the Wincanton acquisition, continuing to improve the performance of our Shred and Scan businesses, and ensuring that our newer activities, in particular IT recycling and printer cartridge recycling, benefit in full from the cross-selling opportunities that arise from the breadth of the Group's customer base.

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 2016.

Sir William Wells
Chairman
10 March 2016

CHIEF EXECUTIVE'S REVIEW

Divisional Performance

	Revenue 2015	Revenue 2014	Adjusted* Operating Profit 2015	Adjusted* Operating Profit 2014
Document Management	£54.7m	£37.4m	£15.1m	£11.5m
Relocation	£37.2m	£30.1m	£4.1m	£3.3m
Head Office costs	-	-	(£1.6m)	(£1.9m)
Total	£91.9m	£67.5m	£17.6m	£12.9m

* before exceptional items (including exceptional finance costs), amortisation of intangible assets, share based payments charge and other finance costs.

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

Trading in Document Management overall was steady in 2015 with adjusted operating profits increasing by £3.6 million to £15.1 million. Turnover increased from £37.4 million to £54.7 million. The majority of the increase in revenue derived from acquisitions made during the year. The decline in operating margin reflected a higher percentage of revenues deriving from activities other than records management, but was also affected by the limited initial contribution from those activities.

Records management comprises the bulk of these results and its performance remained robust. Organic box growth in the established business, defined as increase in box numbers from existing customers, continued to run at 7%, while new box growth, at over 6%, was stronger than in prior years and well above the industry average. After box destructions and permanent retrievals, overall net box growth (before acquisitions) was in excess of 6%. The box growth in acquired businesses was at appreciably lower levels at both the former Cintas and Wincanton records management businesses and we expect this to continue for some time given their weak sales pipelines at the time of acquisition. This will adversely affect the overall box growth rate in the business in the short term.

Prior to the acquisition of Wincanton Records Management, capacity levels across the business were comfortably in excess of 90%, and approaching full capacity in the South East. On acquisition, Cintas had been operating at 68% of available space; this is now in excess of 90%, in line with the levels we have historically achieved. Combined with extensive cost restructuring, the profitability of the former Cintas business is now in line with the established Restore business. The increase in capacity utilisation has been driven by a combination of box growth and the closure of several sites across the combined business where there was the opportunity to leave inappropriate sites at low cost. The acquisition of Wincanton, whose pre-acquisition capacity levels in the UK business were at 69%, provides us with much-needed space in the South-East, particularly as we will be exiting our site in Charlton in 2017. With the need to accommodate new box growth and the opportunity to leave certain other sites, we are confident that our overall capacity utilisation will have been optimised by the end of 2016 and that operating margins in the records management division will be in line with historic levels.

Alongside additional capacity from acquired businesses, we continue to develop the most attractive of our existing facilities. We are developing another district in our freehold underground site in Wiltshire, which we expect to begin utilising in 2017, and have continued to lease additional hardened aircraft shelters at Upper Heyford, with a further two currently being prepared. We have taken on similar aircraft shelters in East Anglia and we envisage more capacity will become available there. Overall, we feel we are well positioned with the space currently occupied and available to us across mainland Britain. In the medium term, we expect a shortage of appropriately-priced space in the South East to become more of a feature for the sector as a whole.

Restore Scan, which primarily comprises the Cintas scanning business acquired in October 2014, had a difficult year with a poor operational performance on its largest contract and several major contracts being delayed. The management structure was inappropriate and this was substantially changed during the course of the year. We also closed part of our site at Peterborough. Despite the poor operational performance, Scan's largest contract has been extended to 2017 and we also signed a significant 5-year contract in September with the Nuclear Decommissioning Agency. We have several large contracts for NHS Trusts and a stable base of recurring business. We have invested heavily in Scan and following the changes made during the year we believe it has strong growth prospects.

Restore Shred, our secure shredding and recycling business, showed steady organic growth but has yet to achieve the critical mass to generate an appropriate contribution to the Group. We have invested in new equipment, including a new IT system. We continue to expect that Restore Shred will in due course become a significant operator in the UK market, particularly by leveraging the Group's customer base effectively, and remain confident that it can generate good returns.

RELOCATION

The Relocation division recorded adjusted operating profits for the year of £4.1 million (2014: £3.3 million) on revenue of £37.2 million (2014 : £30.1 million). The uplift in revenues partly reflected the acquisition of ITP Group but was also driven by strong organic growth in all three of the ongoing business streams.

Revenues in the core **Harrow Green** office relocation business showed yet another strong year-on-year improvement, as well as an increase in operating margins. Market conditions remained buoyant, particularly in the London office market, and we benefited from a continued good level of activity by our major customers. Major one-off projects undertaken during the year included work for the BBC, European Bank for Reconstruction and Development, Slater & Gordon and Net-a-Porter. We completed our first year of our contract for work with the Ministry of Defence, which was particularly busy following the rebasing of several Army units to the UK from Germany. **GMS**, our international moves business, showed a strong year-on-year improvement in both revenues and contribution.

Relocom, our IT relocation business, had an excellent year with increased revenues and a doubling of its contribution year-on-year. Its major customers were active and its contract to install collection lockers for Amazon continued to grow. It continues to work more closely with Harrow Green and Restore IT Efficient, which is being reflected in higher revenues.

IT Efficient, our IT recycling business, increased revenues although its contribution to the Group was broadly flat year-on-year. In the three years since we entered this market we have established a blue-chip customer base from whom we receive equipment. As we look to broaden IT Efficient's customer base, the Group's customer base, particularly that of the recently acquired ITP business, should be helpful in this regard.

ITP, our toner cartridge recycling business acquired in July 2015, achieved revenues and a contribution broadly in line with expectations at the time of acquisition. We expect that volumes should increase over time as ITP benefits from access to the Group's customers, many of whom are showing interest in ITP's services.

Customers

Our focus on the UK office services market means that we deliver at least one of our services to a high proportion of UK offices including most of the UK's larger offices. We seek to utilise this extensive customer base by maintaining and developing our Group customer relationship management system, which all sales people across the Group use. This continues to facilitate cross-selling as most of our customers have a demand for most of our services and the procurement person or team is often the same. We regularly conduct an exercise which shows that our current penetration of customers in various groupings was:

- 60% of FTSE 100 companies
- 96% of top 25 UK accountancy firms
- 72% of top 100 UK legal firms
- 41% of local authorities in England, Scotland and Wales
- 41% of UK National Health Service trusts.

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

Charles Skinner

Chief Executive

FINANCE DIRECTOR'S REPORT

Profit Before Tax

Profit before tax from continuing operations for the year ended 31 December 2015 was £6.1 million (2014: £6.1 million). The key underlying factors driving the performance compared to the prior year are:

- Contribution resulting from the performance of businesses acquired in both periods.
- Continued performance improvement.
- The adverse impact of higher levels of exceptional costs as a result of the significant restructuring activity undertaken in the period.

Exceptional costs of £6.4 million (2014: £3.1m) largely reflect double running costs and restructuring undertaken in acquired businesses. The most significant of these is the restructuring and integration of Cintas UK which was acquired in October 2014. The integration of acquired businesses is essential to enable them to attain the operating margins we achieve in the core business and the financial return expected at the point of acquisition. The costs incurred in restructuring Cintas UK have overall been broadly in line with those expected at the time of the acquisition; within these costs a higher proportion than expected has been spent on scanning. Amortisation of intangible assets for the year was £2.6 million (2014: £1.9 million) with the increase attributable to the higher carrying value of intangible assets.

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 Restore Group's business. The items adjusted for in arriving at that adjusted profit before tax are as follows:

Continuing operations	2015 £'m	2014 £'m
Profit before tax	6.1	6.1
Share based payments charge	0.9	1.0
Exceptional items	6.4	3.1
Amortisation of intangible assets	2.6	1.9
Other finance costs	0.3	(0.1)
Adjusted profit before tax	16.3	12.0

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

Continuing operations	2015 £'m	2014 £'m
Operating profit	7.7	6.9
Share based payments charge	0.9	1.0
Exceptional items	6.4	3.1
Amortisation of intangible assets	2.6	1.9
Adjusted operating profit	17.6	12.9
Depreciation	2.8	1.9
Adjusted EBITDA	20.4	14.8

Earnings Per Share (Eps)

Continuing operations	2015	2014
Basic adjusted earnings per share (pence)	15.6p	12.3p
Basic earnings per share (pence)	7.0p	6.4p

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 2015 includes the utilisation of £2.0m of brought forward losses acquired as part of the Cintas UK acquisition.

Exceptional Costs

	2015 £'m	2014 £'m
Acquisition – transaction costs	0.4	0.4

Acquisition – box relocation and transport costs	0.1	0.4
Restructuring and redundancy costs	5.1	2.5
Other exceptional	0.8	(0.2)
Total	6.4	3.1

The integration of acquisitions remains the key driver of exceptional costs. In the period the Group completed six acquisitions and undertook the bulk of the restructuring of the Cintas UK and Cannon Confidential businesses.

Transaction costs include the cost of legal and professional fees incurred as part of the acquisitions made in 2015.

Box relocation and transport costs include the cost of uplifting boxes to existing facilities and the movement of boxes from facilities which closed as result of the Cintas acquisition

Restructuring and redundancy costs have increased to £5.1 million in 2015. As expected at the time of acquisition, the Cintas UK business has required significant restructuring to enable it to operate at the margins expected. This has included a rationalisation of the overhead structure, rationalisation of the storage property portfolio to enable increased utilisation and the combination of two scanning businesses to deliver synergies. Also included in the restructuring and redundancy costs are the costs from the other acquisitions including:

- The integration of both Crimson and Data Imaging acquisitions into our scanning and storage operations.
- The completion of the integration of Cannon Confidential into our shredding operations.
- The integration of ITP into our Relocation division.
- The initial integration costs of the Wincanton acquisition.

Other exceptional costs include £0.6 million in relation to a seasonal scanning contract. The contract involves scanning exam papers primarily over a two month period in May and June each year. Due to technical issues during the process which had not occurred in previous years significant additional costs were required to deliver the contract. Further to the costs borne directly by the Group further fines and costs were recharged by the customer. Management believe the root cause of the technical issues has been identified which will enable the cost of delivering this contract in future periods to fall in line with patterns previously experienced. As a result of the one off nature of these costs and their relative size they have been shown as exceptional to enable a better understanding of the underlying trading of the Group during the year.

Interest

Net finance costs amounted to £1.6 million (2014: £0.8 million) which reflects the increased levels of debt as a result of acquisition activity. Included within finance cost is a credit of £0.1 million (2014: £0.1 million) representing the change in fair value of the interest rate collar.

Taxation

UK Corporation Tax is calculated at 20.25% (2014: 21.5%) of the estimated assessable profit/(loss) for the year. The UK Corporation Tax rate reduced on 1 April 2015 to 20%, with a further reduction to 19% on 1 April 2017 falling further to 18% on 1 April 2020; accordingly, these rate reductions have been reflected in the deferred tax balance which forms part of the statement of financial position.

Statement of Financial Position

Net assets increased to £104.7 million (2014: £67.0 million) following the six acquisitions and placing of shares. Goodwill and intangibles at 31 December 2015 were £118.6 million (2014: £68.9 million).

Property, plant and equipment totalled £37.4 million (2014: £30.2 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 2015 including exploratory investigations into the viability of a further chamber in the facility which could lead to increased capacity.

Cash Flow

The net cash inflow from operations increased 96% to £11.0 million (2014: £5.6 million). The improvement from the prior year has been driven by:

- A reduction of £3.1m in working capital usage due to lower levels of one off acquisition related working capital movements.
- An increase of £1.6m in non cash depreciation and amortisation charges in the income statement.

Net working capital usage in the year was £3.0m which included movement on property provisions, including the Cintas Charlton property, of £2.1m. Capital expenditure totalled £4.0 million (2014: £3.6 million) following the continued development of additional space in the underground storage facility, development of storage capacity in other sites and investment in additional scanning capability.

Net Debt

Net debt at the end of the year was £60.6 million (2014 £30.9 million) reflecting the additional debt taken on to fund the acquisition spend of £65.9 million which was partially funded through a placing of shares raising £32.9 million. As part of the acquisition of Wincanton's records management business the Group refinanced its debt facilities entering into a two bank club arrangement. Facilities at the end of the period totalled £100 million (£80 million committed) comprising a £50 million term loan, £30 million revolving credit facility and a potential £20 million accordion facility. Total amount drawn against these facilities at the year end was £68.5 million. Following the sale of Restore Document Management Ireland Limited for €36 million (£27.8 million) announced today, net debt has reduced significantly, greatly increasing the funding available to the Group to continue to deliver its growth strategy.

Adam Councell

Group Finance Director

Unaudited consolidated statement of comprehensive income
For the year ended 31 December 2015

	Year Ended 31 December 2015			Year Ended 31 December 2014		
	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	91.9	-	91.9	67.5	-	67.5
Cost of sales	(59.0)	-	(59.0)	(43.8)	-	(43.8)
Gross Profit	32.9	-	32.9	23.7	-	23.7
Administrative expenses	(16.2)	(6.4)	(22.6)	(11.8)	(3.1)	(14.9)
Amortisation of intangible assets	(2.6)	-	(2.6)	(1.9)	-	(1.9)
Operating profit	14.1	(6.4)	7.7	10.0	(3.1)	6.9
Finance costs	(1.6)	-	(1.6)	(0.8)	-	(0.8)
Profit before tax	12.5	(6.4)	6.1	9.2	(3.1)	6.1
Income tax (charge)/credit	(1.6)	1.3	(0.3)	(1.8)	0.6	(1.2)
Profit and total comprehensive income for the year from continuing operations	10.9	(5.1)	5.8	7.4	(2.5)	4.9
Profit from discontinued operations	0.2	-	0.2	-	-	-
Attributable to owners of the parent	11.1	(5.1)	6.0	7.4	(2.5)	4.9
Earnings per share attributable to owners of the parent (pence)						
Total						
– Basic			7.2p			6.4p
– Diluted			6.8p			6.0p
Continuing operations						
– Basic			7.0p			6.4p
– Diluted			6.6p			6.0p
Discontinued operations						
– Basic			0.2p			-
– Diluted			0.2p			-

Unaudited consolidated statement of changes in equity
For the year ended 31 December 2015

	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 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)
Transfers	-	-	(0.3)	0.3	-
Share based payments charge	-	-	1.0	-	1.0
Deferred tax on share based payments	-	-	1.2	-	1.2
	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
Balance at 1 January 2015	4.1	35.3	3.8	23.8	67.0
Profit for the year	-	-	-	6.0	6.0
Total comprehensive income for the year	-	-	-	6.0	6.0
Transactions with owners					
Issue of shares during the year	0.7	33.2	-	-	33.9
Issue costs	-	(1.0)	-	-	(1.0)
Dividends	-	-	-	(2.2)	(2.2)
Transfers	-	-	(0.1)	0.1	-
Share based payments charge	-	-	0.9	-	0.9
Deferred tax on share based payments	-	-	0.1	-	0.1
	0.7	32.2	0.9	(2.1)	31.7
Balance at 31 December 2015	4.8	67.5	4.7	27.7	104.7

Unaudited Consolidated Statement of Financial Position

For the year ended 31 December 2015

Company registered no. 05169780

		2015 £'m	2014 £'m
ASSETS			
Non-current assets			
Intangible assets		118.6	68.9
Property, plant and equipment		37.4	30.2
Deferred tax asset		4.3	4.2
		160.3	103.3
Current assets			
Inventories		1.7	0.6
Trade and other receivables		28.8	24.7
Cash and cash equivalents		8.5	6.9
		39.0	32.2
Assets held directly for sale	Note 7	24.2	-
Total assets		223.5	135.5
LIABILITIES			
Current liabilities			
Trade and other payables		(22.4)	(15.2)
Financial liabilities – borrowings		(3.7)	(3.7)
Current tax liabilities		(2.2)	(0.6)
Provisions		(0.8)	(1.0)
		(29.1)	(20.5)
Liabilities associated with assets held for sale	Note 7	(4.6)	-
		(33.7)	(20.5)
Non current liabilities			
Financial liabilities – borrowings		(65.4)	(34.1)
Other long term liabilities		(0.5)	(1.2)
Other financial liabilities		(0.3)	(0.3)
Deferred tax liability		(12.0)	(6.2)
Provisions		(6.9)	(6.2)
		(85.1)	(48.0)
Total liabilities		(118.8)	(68.5)
Net assets		104.7	67.0
Equity			
Share capital		4.8	4.1
Share premium account		67.5	35.3
Other reserves		4.7	3.8
Retained earnings		27.7	23.8
Equity attributable to the owners of the parent		104.7	67.0

Unaudited consolidated statement of cash flows
For the year ended 31 December 2015

		Year ended 31 December 2015 £'m	Year ended 31 December 2014 £'m
Net cash generated from operations	Note 8	11.0	5.6
Net finance costs		(1.1)	(0.9)
Income taxes paid		(0.8)	(1.0)
Net cash generated from operating activities		9.1	3.7
Cash flows from investing activities			
Purchase of property, plant and equipment and applications software		(4.0)	(3.6)
Purchase of subsidiary undertakings and trade and assets including acquisition costs, net of cash acquired		(65.9)	(28.9)
Sale of subsidiary		-	1.2
Cash flows used in investing activities		(69.9)	(31.3)
Cash flows from financing activities			
Net proceeds from share issues		32.9	14.4
Dividends paid		(2.2)	(1.6)
Repayment of bank borrowings		(47.0)	(16.0)
Drawdown of revolving credit facility		28.5	21.9
New bank loans raised		50.0	15.0
Increase in bank overdrafts		0.2	0.9
Finance lease repayments		-	(0.1)
Net cash generated from financing activities		62.4	34.5
Net increase in cash and cash equivalents		1.6	6.9
Cash and cash equivalents at start of year		6.9	-
Cash and cash equivalents at end of year		8.5	6.9
Cash and cash equivalents shown above comprise:			
Cash at bank		8.5	6.9

Notes to the preliminary financial information for the year ended 31 December 2015

1 Basis of preparation

The figures for the year ended 31 December 2015 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 2015 are consistent with those applied in the financial statements for the year ended 31 December 2014.

The financial information for the years ended 31 December 2015 and 31 December 2014 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 10 March 2016. The auditor's report on the financial statements for 31 December 2014 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 2014 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 2016 and forecasts for 2017, 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 Relocation, and incurs head office costs. Services per segment operate as described in the Strategic report. The vast majority of trading of the Group is undertaken within the United Kingdom. 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 primarily in the UK (the Company is domiciled in England) as follows:

Continuing operations	Document Management £'m	Relocation £'m	Head Office £'m	2015 Total £'m
Revenue	54.7	37.2	-	91.9
Segment adjusted operating profit/(loss)	15.1	4.1	(1.6)	17.6
Exceptional items				(6.4)
Share based payments charge				(0.9)
Amortisation of intangible assets				(2.6)
Operating profit				7.7
Finance costs				(1.6)
Profit before tax				6.1
Tax charge				(0.3)
Profit after tax				5.8
Segment assets	183.5	39.7	0.3	223.5
Segment liabilities	41.0	7.8	70.0	118.8
Capital expenditure	3.8	0.2	-	4.0
Depreciation and amortisation	4.6	0.8	-	5.4

	Document Management £'m	Relocation £'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

Discontinued Operations	Year ended 31 December 2015 £'m	Year ended 31 December 2014 £'m
Revenue	0.6	-
Operating profit	0.2	-
Profit before tax	0.2	-
Tax charge	-	-
Profit for the year from discontinued operations	0.2	-

Restore Document Management Ireland Limited (previously Wincanton Ireland) has been shown as a discontinued operation (note 7).

MAJOR CUSTOMERS

For the year ended 31 December 2015 no customers individually accounted for more than 4% (2014: 4%) of the Group's total revenue.

3 EXCEPTIONAL ITEMS

	2015 £'m	2014 £'m
Acquisition – transaction costs	0.4	0.4
Acquisition – box relocation and transport costs	0.1	0.4
Restructuring and redundancy costs	5.1	2.5
Release of deferred consideration provisions	-	(1.0)
Additional consideration on sale of Peter Cox	-	(0.6)
Other exceptional items	0.8	1.4
Total	6.4	3.1

The integration of acquisitions remains the key driver of exceptional costs. In the period the Group completed six acquisitions and undertook the bulk of the restructuring of the Cintas UK and Cannon Confidential businesses.

Transaction costs include the cost of legal and professional fees incurred as part of the acquisitions made in 2015.

Box relocation and transport costs include the cost of uplifting boxes to existing facilities and the movement of boxes from facilities which closed as result of the Cintas acquisition

Restructuring and redundancy costs have increased to £5.1 million in 2015. As expected at the time of acquisition, the Cintas UK business has required significant restructuring to enable it to operate at the margins expected. This has included a rationalisation of the overhead structure, rationalisation of the storage property portfolio to enable increased utilisation and the combination of two scanning businesses to deliver synergies. Also included in the restructuring and redundancy costs are the costs from the other acquisitions including:

- The integration of both Crimson and Data Imaging acquisitions into our scanning and storage operations.
- The completion of the integration of Cannon Confidential into our shredding operations.
- The integration of ITP into our Relocation division.

– The initial integration costs of the Wincanton acquisition.

Other exceptional costs include £0.6 million in relation to a seasonal scanning contract. The contract involves scanning exam papers primarily over a two month period in May and June each year. Due to technical issues during the process which had not occurred in previous years significant additional costs were required to deliver the contract. Further to the costs borne directly by the Group further fines and costs were recharged by the customer. Management believe the root cause of the technical issues has been identified which will enable the cost of delivering this contract in future periods to fall in line with patterns previously experienced. As a result the one off nature of these costs and their relative size they have been shown as exceptional to enable a better understanding of the underlying trading of the Group during the year.

4 TAXATION

UK Corporation Tax is calculated at 20.25% (2014: 21.5%) of the estimated assessable profit/(loss) for the year. The UK Corporation Tax rate reduced on 1 April 2015 to 20%, with a further reduction to 19% on 1 April 2017 falling further to 18% on 1 April 2020; accordingly, these rate reductions have 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.

	2015	2014
Weighted average number of shares in issue	83,442,266	76,624,278
Total profit for the year	£6.0m	£4.9m
Total basic earnings per ordinary share (pence)	7.2p	6.4p
Weighted average number of shares in issue	83,442,266	76,624,278
Share options	4,430,077	4,490,487
Executive incentive plan	373,579	616,035
Weighted average fully diluted number of shares in issue	88,245,922	81,730,800
Total fully diluted earnings per share (pence)	6.8p	6.0p
Continuing profit for the year	£5.8m	£4.9m
Continuing basic earnings per share	7.0p	6.4p
Continuing full diluted earnings per share	6.6p	6.0p
Discontinued profit for the year	£0.2m	-
Discontinued basic earnings per share	0.2p	-
Discontinued fully diluted earnings per share	0.2p	-

Adjusted earnings per share

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

	2015 £'m	2014 £'m
Continuing profit before tax	6.1	6.1
Adjustments:		
Amortisation of intangible assets	2.6	1.9
Exceptional items	6.4	3.1
Share based payments charge	0.9	1.0
Other finance costs	0.3	(0.1)
Adjusted profit for the year	16.3	12.0

The adjusted earnings per share, based on the weighted average number of shares in issue during the year, 83.4m (2014: 76.6m) is calculated below:

	2015	2014
Adjusted profit before taxation (£'m)	16.3	12.0
Tax at 20.25**% /** 21.5% (£'m)	(3.3)	(2.6)
Adjusted profit after taxation (£'m)	13.0	9.4
Adjusted basic earnings per share (pence)	15.6p	12.3p
Adjusted fully diluted earnings per share (pence)	14.7p	11.5p

6 BUSINESS COMBINATIONS

On 2 January 2015, the Company acquired the business and assets of Ancora Solutions (`Ancora'), a records management business for a cash consideration of £0.5m. The fair values are as follows:

	Fair value at acquisition £'m
Intangible assets – customer relationships	0.6
Deferred tax liabilities	(0.1)
Net assets acquired	0.5
Consideration	0.5
Satisfied by:	
Cash to vendors	0.5

Deferred tax at 18.5% has been provided on the value of intangible assets. Acquisition costs of £10k incurred and have been charged to profit or loss.

On 6 July 2015, the Company acquired ITP Group Holdings Limited ('ITP'), the UK's leading collector of empty printing cartridges. The acquisition broadens the capabilities of the Group to offer additional office services alongside its existing IT recycling, document management and office relocation activities. The initial cash consideration was £6.9m, with deferred consideration of £0.4m paid on 5th January 2016, and a further earn out of £0.4m depending on performance. The provisional fair values are as follows:

	Fair value at acquisition £'m
Intangible assets – customer relationships	1.6
Property, plant and equipment	0.1
Inventories	0.6
Trade receivables	1.2
Cash	4.1
Trade and other payables	(1.4)
Current tax liabilities	0.1
Deferred tax liabilities	(0.3)
Net assets acquired	6.0
Goodwill	1.7
Consideration	7.7
Satisfied by:	
Cash to vendors	6.9
Deferred consideration	0.4
Earn out consideration	0.4

Deferred tax at 18.5% has been provided on the value of intangible assets. Acquisition costs of £83k were incurred and have been charged to profit or loss.

On the 5 August 2015, the Company acquired the business of the Data imaging and Archiving Company, 'DIAC', a document management company, for cash consideration of £1.5m. The provisional fair values are as follows:

	Fair value at acquisition £'m
Intangible assets – customer relationships	1.5
Deferred tax liabilities	(0.3)
Net assets acquired	1.2
Goodwill	0.3
Consideration	1.5
Satisfied by: Cash to vendors	1.5

On 14 August 2015, the Group acquired Crimson UK Limited (`Crimson'), a document scanning business for an initial cash consideration of £1.0m, a further payment of £0.2m was made on 17 September 2015 following the award of a major contract and further payments of up to a maximum of £0.5m over 5 years, dependent on the award and execution of a potential major contract. The provisional fair values are as follows:

	Provisional fair value at acquisition £'m
Intangible assets – customer relationships	0.5
Property, plant and equipment	0.3
Other receivables	0.5
Cash	0.1
Trade and other payables	(0.3)
Deferred tax liabilities	(0.1)
Net assets acquired	1.0
Goodwill	0.7
Consideration	1.7
Satisfied by: Cash to vendors	1.2
Contingent consideration	0.5

Deferred tax at 18.5% has been provided on the value of intangible assets. Acquisition costs of £32k were incurred and have been charged to profit or loss.

On 8 December 2015, the company acquired the records management business of Wincanton plc, 'WRM' for cash consideration of £40.3m and settlement of existing debt of £17.0m. The acquisition was financed by a placing and new debt facilities of £80.0m. The provisional fair values are as follows:

Wincanton UK

	Provisional fair value at acquisition £'m
Intangible assets – customer relationships	27.2
Property, plant and equipment	6.3
Trade and other payables	(2.9)
Deferred tax liabilities	(5.0)
Net assets acquired	25.6
Goodwill	14.5
Consideration	40.1
Satisfied by:	
Cash to vendors	28.6
Settlement of existing debt	11.5

Wincanton Ireland

	Provisional fair value at acquisition £'m
Intangible assets – customer relationships	13.0
Property, plant and equipment	3.4
Trade and other payables	(1.6)
Deferred tax liabilities	(2.4)
Net assets acquired	12.4
Goodwill	4.8
Consideration	17.2
Satisfied by:	
Cash to vendors	10.1
Cash in escrow	1.6
Settlement of existing debt	5.5

Deferred tax at 18.5% has been provided on the value of intangible assets. Acquisition costs of £245k were incurred and charged to profit or loss.

On 17 December 2015, the Company acquired Diamond Relocations Limited, a commercial relocations business, for cash consideration of £1.0m and settlement of existing debt of £1.5m.

	Provisional fair value at acquisition £'m
Property, plant and equipment	2.2
Trade receivables	0.1
Trade and other payables	(0.1)
Deferred tax liabilities	(0.1)
Net assets acquired	2.1
Goodwill	0.4
Consideration	2.5
Satisfied by:	
Cash to vendors	1.0
Settlement of existing debt	1.5

Acquisition costs of £1k were incurred and charged to profit or loss.

Reassessment of previous fair values

On 7 October 2014, the Company acquired 100% of the share capital of Cintas UK Document Management Limited and the fair values of the assets and liabilities acquired were included in the 2014 financial statements as provisional amounts. Further assessments have been made during the year as more information has become available and the fair values recognised on the acquisition have been finalised. The main changes are to the valuation of customer relationships, increasing the value by £3.9m and adjusting the assumptions used in assessing the over renting provision resulting in an increase of £1.7m. Other changes have been made to the value of acquired assets and liabilities as well as deferred tax resulting in a reduction in goodwill of £0.8m.

Post acquisition results

	Ancora £'m	ITP £'m	Crimson UK £'m	DIAC £'m	Wincanton UK £'m	Diamond £'m
Revenue	0.5	2.0	0.5	0.8	1.3	-
Profit before tax since acquisition included in the consolidated statement of comprehensive income	0.2	0.6	0.1	0.1	0.4	-

If the acquisitions had been completed on the first day of the financial year, Group revenues would have been £116.3m and Group profit before tax would have been £10.3m. 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 document management businesses were made to extend national coverage and increase the Group's market share.

The acquisition of ITP, broadened the capabilities of the Group to offer additional services alongside its existing services.

The acquisition of Diamond Relocations Limited created an additional relocation site.

7 ASSETS CLASSIFIED AS HELD FOR SALE

The assets and liabilities related to Restore Document Management Ireland Limited (previously Wincanton Ireland) have been presented as held for sale.

In addition, a freehold site acquired as part of the acquisition of Diamond Relocations Limited has also been classified as held for sale.

Assets classified as held for sale	2015 £'m	2014 £'m
Intangible assets	17.8	-
Property plant and equipment	5.6	-
Other current assets	0.8	-
	24.2	-

Liabilities classified as held for sale	2015 £'m	2014 £'m
Trade and other payables	2.3	-
Deferred taxation	2.3	-
	4.6	-

8 CASH INFLOW FROM OPERATIONS

	Year ended 31 December 2015 £'m	Year ended 31 December 2014 £'m
Profit before tax	6.1	6.1
Depreciation of property, plant and equipment	2.8	1.9
Amortisation of intangible assets	2.6	1.9
Net finance costs	1.6	0.8
Share based payments charge	0.9	1.0
Increase in inventories	(0.5)	(0.2)
Increase in trade and other receivables	(1.5)	(2.4)
Decrease in trade and other payables	(1.0)	(3.5)
Net cash generated from operations	11.0	5.6

9 POST BALANCE SHEET EVENTS

On the 10th of March 2016, the Group announced the sale of Restore Document Management Ireland Limited for €36.0m (£27.8m).