RESTORE PLC

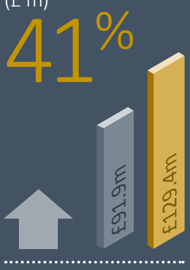
Report & Financial Statements

For the year ended
31 December 2016

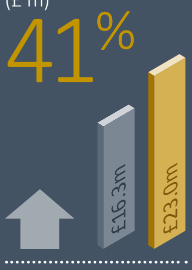
Restore plc is an AIM-listed support services company focused on providing services to offices and workplaces in the private and public sectors.

Contents

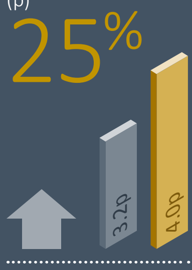
Revenue
(£'m)



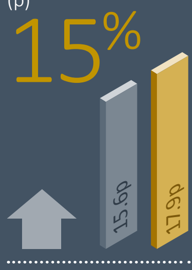
Adjusted Profit Before Tax*
(£'m)



Dividend Per Share
(p)



Adjusted Earnings Per Share*
(p)



Highlights

FINANCIAL

- Group revenue up 41% to £129.4m
- Group adjusted profit before tax up 41% to £23.0m
- Adjusted basic earnings per share up 15% to 17.9p
- Document Management revenue up 65%; adjusted operating profit up 46%
- Relocation revenue up 6%; adjusted operating profit up 17%
- Total dividend up 25% to 4.0p per share

OPERATIONAL

- Capacity utilisation in Records Management at c90%
- Document shredding activities transformed by PHS Data Solutions acquisition
- Performance of Restore Scan significantly improved and capabilities enhanced
- Further operating margin increases in Relocation
- Wincanton Records Management integration completed
- Integration of PHS Data Solutions on track

Adjusted Results – continuing operations	2016	2015	Change
Revenue	£129.4m	£91.9m	41%
EBITDA*	£29.3m	£20.4m	44%
Operating profit*	£25.0m	£17.6m	42%
Profit before tax*	£23.0m	£16.3m	41%
Earnings per share**	17.9p	15.6p	15%
Dividend per share	4.0p	3.2p	25%
Net debt	£72.3m	£60.6m	

Statutory Results – continuing operations	2016	2015
Revenue	£129.4m	£91.9m
Operating profit	£9.5m	£7.7m
Profit before tax	£7.5m	£6.1m
Earnings per share	10.3p	7.0p

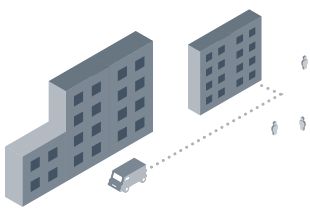
* Before discontinued operations, exceptional items (including exceptional finance costs), amortisation of intangible assets and share-based payments charge.

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

AWARD WINNING

WINNER – **Restore plc** Company of the Year Award

AIM Awards / 2016 sponsored by pwc

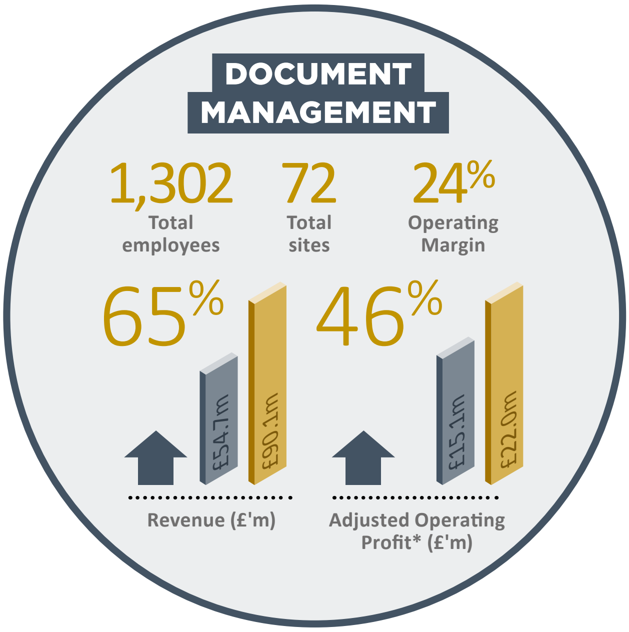


For more information please see our fact sheet at www.restoreplc.com/about/about_restore_plc.aspx

The areas in which we operate are coherent: Records Management, Shred and Scan are all elements of Document Management.

Together with Relocation, they share a similar customer base within which all of our services are generally procured by the same team or individual.

At a glance

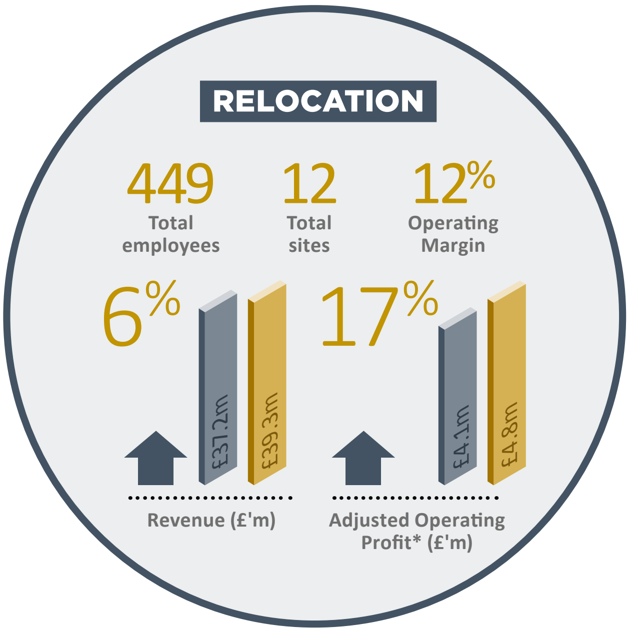


RECORDS MANAGEMENT

The majority of **Restore Records Management's** sales are from the storage and retrieval of hard copy documents, typically stored in cardboard boxes. The business generates additional service income from the reorganisation of customer documents, document restoration, file-tracking services and electronic data back-up.

SHRED

Restore Datashred's secure shredding and recycling services are provided both on-site, using mobile shredding units, and off-site at our 14 sites. Volumes have increased significantly in 2016 principally through the acquisition of PHS Datashred, and cross-selling to other Group business customers.



WORKPLACE RELOCATION

Harrow Green serves a diverse range of customers in both the private and public sectors. With the bulk of its business in London, it services many of the largest offices that have frequent demand requiring staff to work permanently on customer sites. International moving services are also provided, typically for senior managers of global companies.

TECHNOLOGY RELOCATION

Relocom specialises in server and data centre relocation, desktop IT and trading desk relocation, and IT asset audit and management. Helping blue-chip organisations during a relocation, reorganisation or period of change, Relocom also works with Harrow Green to provide a complete relocation package.

* Before discontinued operations, exceptional items (including exceptional finance costs), amortisation of intangible assets and share-based payments charge.

We have nationwide coverage and all of our businesses operate on the same Customer Relationship Management system, which further binds our businesses together and enables cross-selling whose effectiveness can be constantly monitored.

SCAN

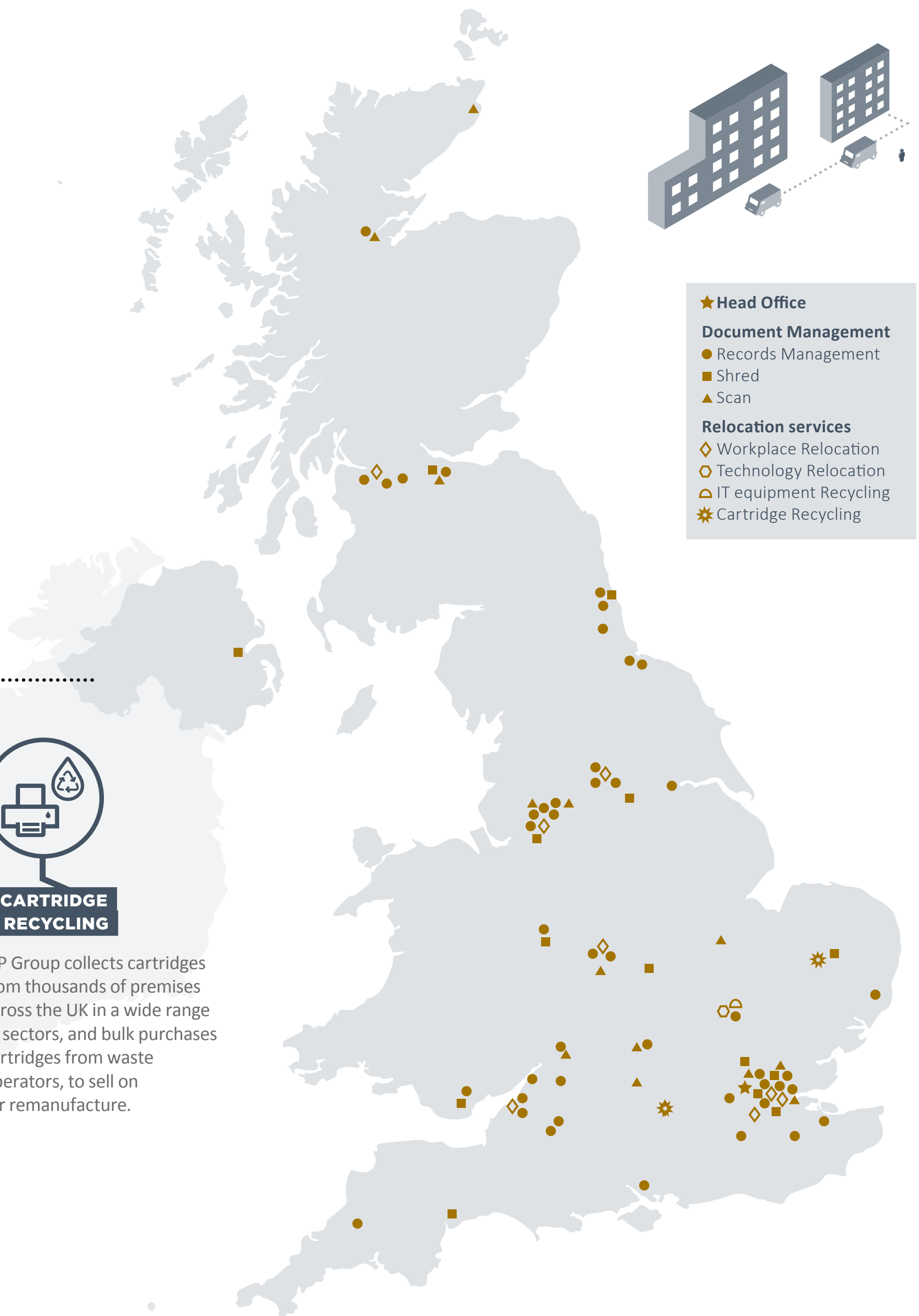
One of the country's leading document conversion and digitisation specialists, enlarged by the recent acquisition of PHS Capital Capture, Restore Scan transforms document related processes to improve customers access to information and their overall efficiency and effectiveness. A significant part of its revenues derive from long term or repeat customer contracts.

IT EQUIPMENT RECYCLING

IT Efficient provides secure data destruction and hardware disposal services for computer equipment and mobile phones across mainland Britain.

CARTRIDGE RECYCLING

ITP Group collects cartridges from thousands of premises across the UK in a wide range of sectors, and bulk purchases cartridges from waste operators, to sell on for remanufacture.



Acquisition

ACQUISITION OF PHS DATA SOLUTIONS

PHS Data Solutions, comprising PHS Datashred, PHS Records Management and PHS Capital Capture, was acquired in August 2016 for £83.1 million. PHS Data Solutions, at time of acquisition, was the second largest provider of document shredding services in the UK, with a significant records management business and presence in document scanning with combined revenues of £46.8 million.

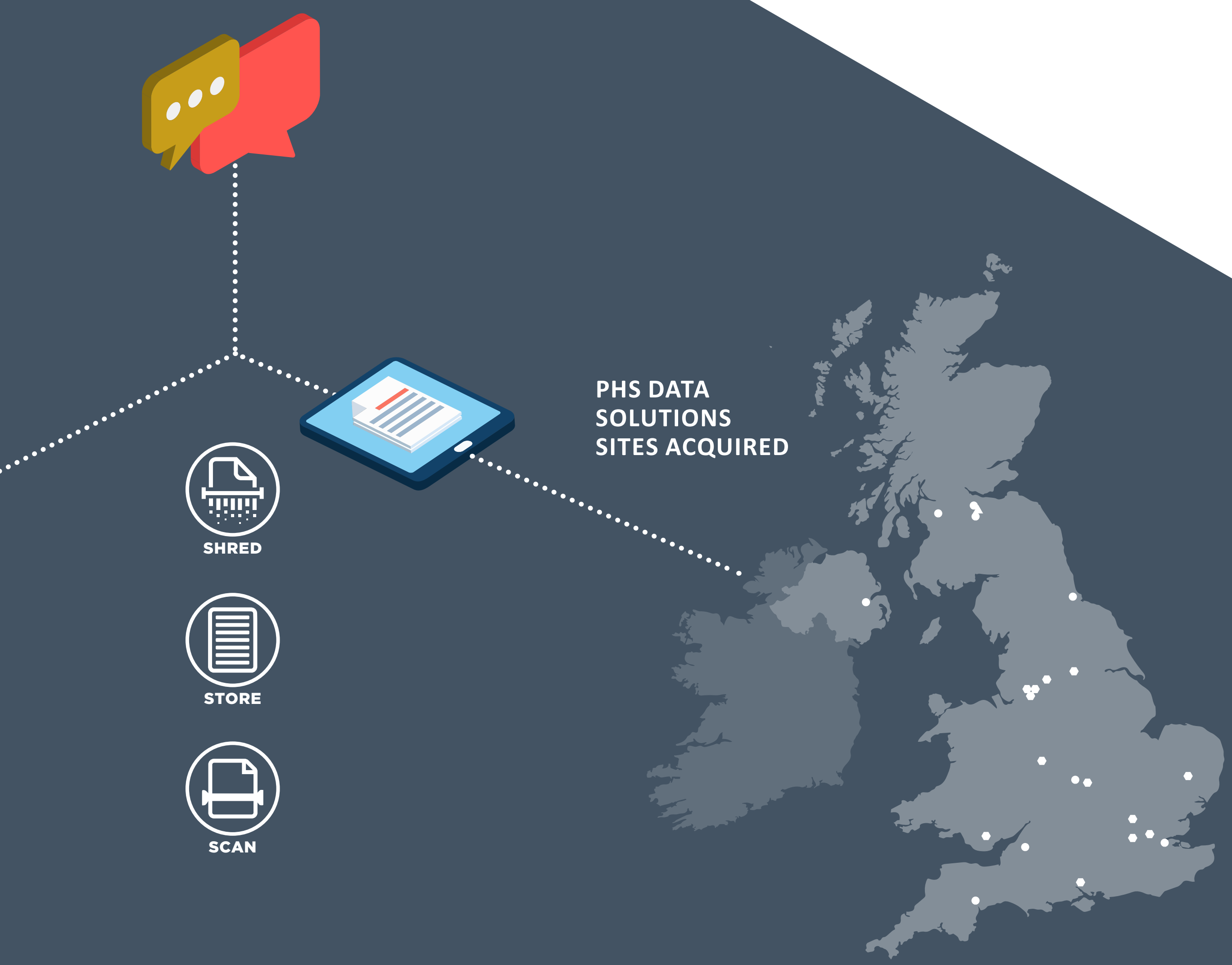
The acquisition has:

- significantly expanded Restore's presence in the document shredding market to become the second largest operator in the UK, under the re-branded name Restore Datashred;
- provided a strong platform for further expansion in document shredding;
- extended Restore's position as the second largest records management operator in the UK;
- broadened Restore Scan's service offering;
- materially increased the scale and customer base of the enlarged Group.

The acquisition is expected to be earnings enhancing in its first full year of ownership.

STRATEGIC REPORT

Strategic report



STRONG GROWTH through acquisition, integration and improvement, UK focus and cross-selling opportunities

GOOD OPERATING MARGINS through complex and mission-critical services where switching suppliers carries significant risk for customers

HIGH VISIBILITY OF EARNINGS strong predictable recurring revenues and high customer retention

Investor Proposition

GROWTH THROUGH ACQUISITION AND MARKET CONSOLIDATION

ACQUISITION OF PHS DATA SOLUTIONS

Restore acquired PHS Data Solutions in August 2016. The acquisition:

- is expected to be earnings enhancing in 2017
- provided opportunities for significant synergies across the division
- materially increased the scale of the Document Management division with revenues of £46.8m, a customer base of 7,500 and storage capacity for 2.5 million boxes (at 90% utilisation)
- elevated Restore to the second largest shredding operator in the UK market
- further extended Restore's position as the second largest records management operator in the UK
- significantly enhanced Restore Scan's capabilities to provide Consultancy, Outsourcing and Large Scale Scanning services

INTEGRATION AND IMPROVEMENT OF ACQUISITIONS

INTEGRATION OF WINCANTON RECORDS MANAGEMENT

In December 2015, Restore acquired Wincanton Records Management (WRM), with sites in mainland Britain and the Republic of Ireland.

In March 2016, in accordance with Restore's geographical strategy, The Republic of Ireland interest, renamed Restore Document Management Ireland Limited (RDMI), was sold. The net acquisition cost, after the sale of RDMI which resulted in £9.2m pre-tax profit on acquisition value, was £29.9m on UK revenues of £14.8m.

Since the acquisition, occupancy rates have increased from 69% to 80% and will increase further. There have also been considerable operating synergies which are driving margins up sharply.

COMPETITIVE ADVANTAGE THROUGH UK FOCUS AND MARKET KNOWLEDGE

CASE STUDY – THE FRANCIS CRICK INSTITUTE

The Francis Crick Institute is a joint project between six major research organisations. The Institute is Europe's largest biomedical research laboratory under one roof and discoveries made there will speed up the development of treatments for major diseases such as cancer, heart disease and stroke.

Their requirement was to consolidate suppliers, rationalise movement of documents, equipment and materials, improve security, automate end-to-end inventory and embed these processes. This ongoing project was undertaken by Restore Records Management, before and during the Institute's migration from a number of legacy sites into one premises in London - a building with no on-site storage and severe restrictions on delivery traffic and noise.

2016 v 2015 performance

377.5p
SHARE PRICE AT 30 DECEMBER
+26%

17.9p
ADJUSTED EARNINGS PER SHARE
+15%

4.0p
TOTAL DIVIDEND PER SHARE
+25%

GROUP-WIDE CROSS-SELLING OPPORTUNITIES

COMPLEX AND MISSION-CRITICAL OPERATIONAL SERVICES

STRONG, PREDICTABLE RECURRING REVENUES AND HIGH CUSTOMER RETENTION


CASE STUDY – GROUP SERVICES TO RPC LLP

RPC LLP, the multi-award winning law firm with offices in the UK and the Far East, has been a customer of Restore since 2001.

To meet their requirements for swift, secure deliveries of archived material and safe handling of end-of-life data, Restore provides records management, scanning and shredding services.

In 2016, Harrow Green and Relocom worked together to project manage and implement RPC's London office consolidation and reconfiguration. The project, affecting 550 staff, was in two phases – furniture moves, IT equipment decommission/recommission and cabling changes, and subsequent redistribution of furniture to their Bristol office and unwanted furniture for recycling.

CASE STUDY – TRAVERS SMITH HEAD OFFICE RESTACK AND CONSOLIDATION

The brief: restack two London based offices and consolidate a third premises.

Requiring over 1,000 moves across 10 phases, Harrow Green and Relocom worked together, providing relocation and IT equipment move services, to manage and deliver the complex project. 500 staff were moved twice, to interim space while their offices were being refurbished and back again, without disruption to their day to day working.

Travers Smith is a commercial and financial law firm, founded over 200 years ago. It is widely regarded as a member of the 'Silver Circle' of leading law firms in the UK, having twice been voted UK Law Firm of the Year.

CASE STUDY – MAYER BROWN LLP ARCHIVE SERVICES

Mayer Brown LLP, a global legal services provider with offices in London, formed from the merger of an American and a British firm in the late 1990s. Merging their document management service functions, Restore was chosen to be the sole UK provider of archive services.

Requiring twice-daily deliveries, in addition to providing emergency deliveries, Restore have continued to store tens of thousands of archive boxes for them since 2000.

When Mayer Brown undertook a tender review process in 2013 they determined that "the level of customer service Restore provides is unequalled elsewhere" and, having introduced FileTrak software to enable online file ordering/tracking to interface with Mayer Brown's own data sharing system, Restore successfully retained the contract.

Document Management UK Market Positions In 2016:

#2 **RECORDS MANAGEMENT**

#2 **SHREDDING**

#2 **SCANNING**

Our markets

RECORDS MANAGEMENT

Worth an estimated £500–600 million per year, the UK market of this global industry has been established for over 30 years and continues to grow at an estimated 4 per cent per year, whilst market consolidation continues.

Although Cloud storage is sometimes perceived as a threat to hard-copy records management, data as a whole has increased exponentially and cloud services, which suffer repeated security concerns, have not affected overall physical storage volumes.

High barriers to entry restrict new participants of scale, largely due to the investment required to meet increasingly higher regulatory standards and difficulty in acquiring new customers who often commit to long term contracts with single operators who can provide extended geographical coverage, efficiency, space and cost savings.

We offer national coverage from 45 sites and one of our core differentiators is understanding the specific requirements of UK customers. We continue to build scale, achieve cost control and increase revenues through market consolidation and cross-selling.

RESTORE RECORDS MANAGEMENT

SHREDDING

The UK security shredding and recycling market is estimated at £250 million per year.

A young, fragmented and fast-growing industry, still at the early stages of consolidation, sales are generated from two sources:

- the collection and destruction of documents
- sales of baled, shredded material for recycling, into products such as tissues.

A time consuming process, volume shredding is often outsourced and recycled paper consumption continues to grow. Demand for destruction also continues to grow, to meet data protection and environmental disposal requirements.

Through the acquisition of PHS Data Solutions, Restore is now ranked as second in the UK shredding market. The scale of the business has now increased eight-fold with 14 sites nationwide on-site and off-site services. The business is highly complementary to our other business streams and often plays a role in cross-selling opportunities.

RESTORE DATASHRED

SCANNING

Though difficult to assess the size of the UK scanning market, because of the wide range and scale of businesses providing these services, an estimate of the entire market is £600-700 million per annum.

Providers operating in this market often specialise in particular functions, which mainly fall into the following categories:

- reprographics and print providers
- scanning bureaux
- software houses
- mailroom providers
- Business Process Outsourcing (BPO) providers
- other document management service providers

As the second largest scanning and related services provider in the UK we offer coverage from 13 sites across mainland Britain, with a focus on recurring revenues from major contracts. The recent acquisition of PHS Capital Capture has expanded the sophistication and range of services that we offer to nationwide customers.

RESTORE SCAN

Relocation UK Market Positions In 2016:

#1
WORKPLACE RELOCATION

Top 10
TECHNOLOGY RELOCATION

Top 10
IT ASSETS REUSE AND RECYCLING

#1
PRINTER CARTRIDGE RECYCLING

WORKPLACE RELOCATION

Demand for high-level corporate and specialist workplace relocations in the UK continues to remain steady.

It is a demanding market as success is based on sophisticated logistics and complex project management to meet customers' mission-critical requirements. Relationships are often long term, particularly when regular reconfigurations are required which necessitates our staff to be located permanently on-site.

Following the EU referendum in June 2016, activity has remained buoyant in the corporate market and re-configurations, consolidations and relocations have continued. This trend is expected to continue throughout 2017.

As the number 1 provider of workplace relocation services in the UK, Harrow Green offers national coverage and is well established, with a blue chip customer base for whom skills in complex project management are essential. It is also an excellent lead generators for other Restore businesses.

TECHNOLOGY RELOCATION

The IT relocation market has remained relatively active, after an initial period of uncertainty surrounding the EU referendum.

The data centre sector of the market, however, continues to change to reflect the move from legacy server systems to central cloud services, particularly in the SME market. This is less so in large financial services institutions, which forms a substantial part of the market's customer base.

Relocom specialises in server and data centre relocation, and a wide range of innovative and complementary IT services including IT equipment asset audit, asset management, moves and changes, and new equipment installation and deployment. Working with Harrow Green, Restore is able to deliver a complete relocation package, and provide opportunities to IT Efficient for asset recycling.

IT EQUIPMENT RECYCLING

The IT asset and mobile phone recycling market benefits strongly from regulations under the WEEE directive requiring safe and secure disposal of equipment.

Increasing focus within the industry on responsible handling, secure destruction and consolidation to cloud services provides significant growth in the market.

IT Efficient has a strong market presence, particularly in the insurance and financial sectors, providing services to five of the world's leading investment banks. Our presence in this market has increased further by the acquisition of The ITAD Works in February 2017.

CARTRIDGE RECYCLING

Of the approximately 460 million printer cartridges sold annually worldwide, up to 30% are remanufactured by re-filling empty cartridges.

These cartridges are collected in local markets and sold on in bulk to refillers and OEMs around the world.

ITP Group is the UK's leading collector of empty toner cartridges, increasingly providing this recycling service to the Group's customer base. It also makes bulk purchases to make up appropriate batches for global re-sale.

+400k
staff relocated

harrowgreen
moving professionals

relocom
technology relocation

itefficient
it equipment recycling & reuse

itpgroup
it consumables recycling

Our business model and strategy

OPERATE IN ATTRACTIVE SECTORS WITH GOOD MARGINS

INVEST IN ORGANIC GROWTH TO INCREASE MARKET SHARE AND OPERATIONAL EFFICIENCY

"We provide inter-related office support services to customers throughout the UK, using our proven acquisition-based model, resources and expertise to create value that is shared with our investors and used to fund continued growth."

WHAT WE DO AND WHERE WE WORK

Our sectors

We operate in targeted and inter-related sectors of the office support services market:

Document Management

- Records management through **Restore Records Management**
- Shredding through **Restore Datashred**
- Scanning through **Restore Scan**

Relocation and recycling

- Workplace Relocations & Storage through **Harrow Green**
- IT & Server Relocations through **Relocom**
- IT Asset Reuse & Recycling through **IT Efficient**
- Printer Cartridge Recycling through **ITP Group**

Our selection criteria

Our sectors are selected on the basis of specific criteria:

- Recurring revenues
- Operational complexity
- Similar route to market
- Strong rationale for customers to remain with existing suppliers
- Scope to cross-sell
- Consistency of demand through the economic cycle and advances in technology

Our markets

We work nationwide from 84 sites across the UK. Our customer base covers a broad range of industries spanning public sector, retail and commercial organisations of diverse sizes.

We operate a decentralised model, with autonomous divisions supported by a small head office.

OUR KEY RESOURCES AND CAPABILITIES

- Competitive advantage through our scale, tight cost control, UK focus and market knowledge
- Longstanding customer relationships
- Nationwide coverage
- Motivated, capable people
- Efficient processing assets across the UK
- Track record in integrating and improving acquisitions
- Responsible leadership

Read about our investment proposition on page 6.

HOW WE GROW THE GROUP

We identify opportunities to acquire businesses operating in the same market where we will increase our market share, geographical coverage and operational efficiency.

We also look to acquire businesses in closely related activities where we believe we can build a strong market position. We have proven experience in the successful integration of such acquisitions.

In addition to conventional sales methods, we also leverage the Group's customer base by seeking cross-selling opportunities through our comprehensive Customer Relationship Management system.

While our rapid growth has been fuelled primarily by acquisitions, we are highly focused on organic growth through both increasing sales to existing customers and developing new accounts.

HOW WE CREATE VALUE

We invest to build scale and operational efficiency in our chosen sectors. That enables us to enhance customer service and generate the funding capability for on-going investment in organic growth and targeted acquisitions of related businesses.

We look for complementary markets that our customers have expressed demand for – services not currently offered.

HOW WE SHARE VALUE WITH STAKEHOLDERS

Customers

Efficient solutions that reduce complexity in a cost-effective manner.

Shareholders

Shareholder value and returns from profitable, cash-generative growth with a high proportion of recurring revenue and progressive dividends.

Read the Chairman's statement on page 18.

Employees

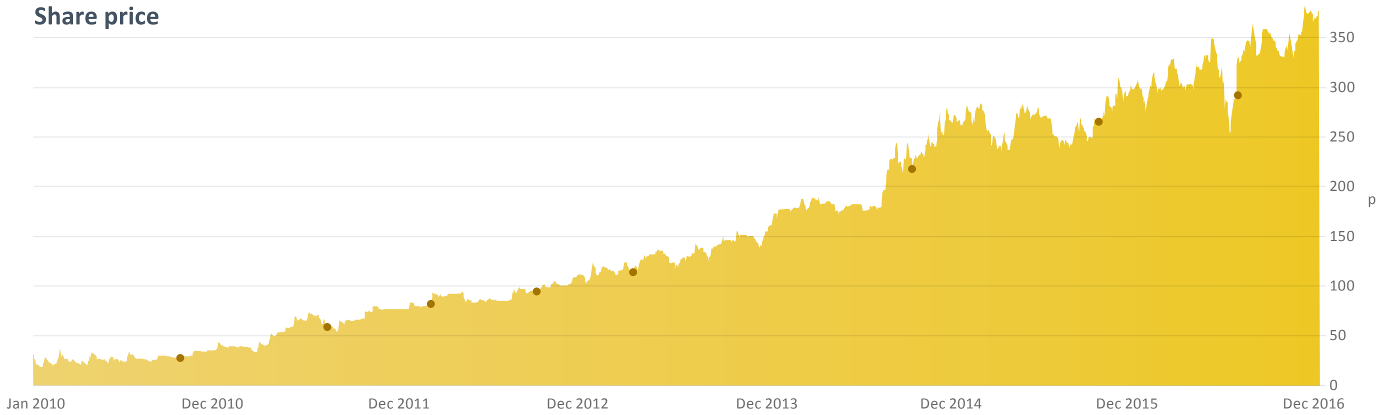
Interesting and rewarding careers with power and responsibility to perform to their best ability.

Read about our people on page 14.

We are pleased to report another strong performance in 2016 and further strategic progress in expanding the scale of the Group's activities.

Performance

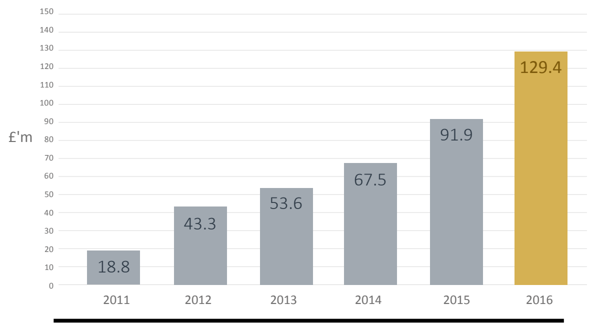
Share price



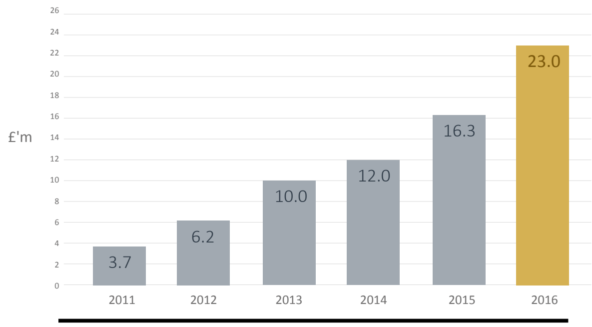
• **Share placings**

21-Oct-10: £4.0m at 26p
02-Aug-11: £4.6m at 65p
02-Mar-12: £8.5m at 75p
03-Oct-12: £3.0m at 93p
09-Apr-13: £7.0m at 111p
07-Oct-14: £14.9m at 210p
08-Dec-15: £34.0m at 260p
26-Aug-16: £35.2m at 290p

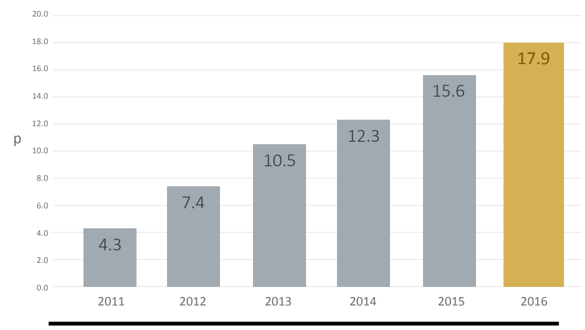
Revenue (£'m)



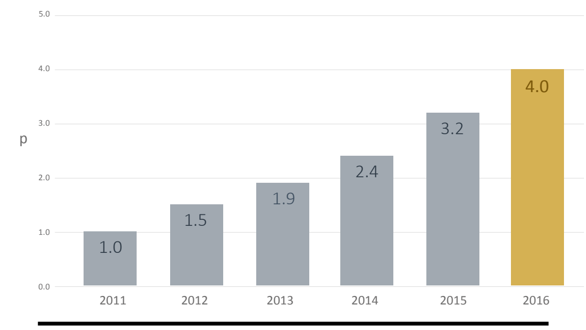
Adjusted Profit Before Tax (£'m)



Adjusted Earnings Per Share (p)



Dividend Per Share (p)



Current trading and outlook

The Group has historically relied heavily on its records management activities to drive growth and profitability. While Restore Records Management continues to perform strongly and to have attractive prospects for the future, we are also excited about the prospects for the rest of the business. Restore Datashred is in a very strong position to achieve significant growth at attractive margins both organically and through acquisition. The prospects for Restore Scan both in the short and longer term have never looked brighter with it holding an increasingly strong position in what we expect to be a growth market.

In the Relocation division, the core Harrow Green business has been very effective in driving operating margins up and there is appreciable scope for profitable growth in all of the division's activities.

We believe that the basic nature of Restore's businesses are generally acyclical, which, combined with our scale and operating agility, provides considerable insulation to the Group from fluctuations in the overall economic environment.

The current year has started well and we look forward to delivering another year of strong growth in 2017.

Corporate activity

The key transaction of the year was the acquisition of PHS DS in August for a total consideration of £83.1 million. This was funded by a combination of debt and equity.

The other corporate transaction during the year was the sale of the Irish operations of Wincanton Records Management for £27.7 million in March, part of the business acquired in December 2015.

Customer statistics March 2016 to March 2017

Our customer base covers a broad range of sectors such as government departments and local government, public sector, health services, retail, manufacturing, construction, education, utilities, financial services, media, legal, IT, banking and FTSE 100 companies. Our customers include:

90%
(previous year: 72%)
of top 100 UK legal practices

78%
(previous year: 66%) of top 50 UK accountancy companies

74%
(previous year: 60%)
of FTSE 100 companies

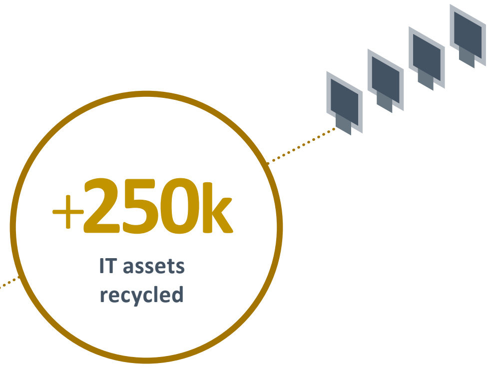
54%
(previous year: 41%) of local authorities in England, Wales and Scotland

73%
(previous year: 41%)
of UK National Health Trusts

Post year-end events

Since the year-end, three acquisitions have been made:

- In January, we acquired the trade and assets of Reisswolf Wales, a secure shredding business based in Welshpool, Wales
- Also in January, we acquired ID Secured Limited, trading as Reisswolf London, a Bedfordshire-based secure shredding business
- In February, we acquired The ITAD Works Limited, a Surrey-based IT recycling company, increasing our share of this highly regulated market



In improving our CSR practices within our operations we try to help our communities too...

IMPROVING THE ENVIRONMENT

SUPPORTING CHARITIES

RECYCLING AND REDUCING CARBON FOOTPRINTS

HELPING OUR COMMUNITIES

Corporate Responsibility

Group approach to employee welfare and diversity

We are committed to recruiting and retaining the best available employees. We believe that encouraging diversity amongst our workforce helps us to achieve this and will ensure we deliver the best service to our customers.

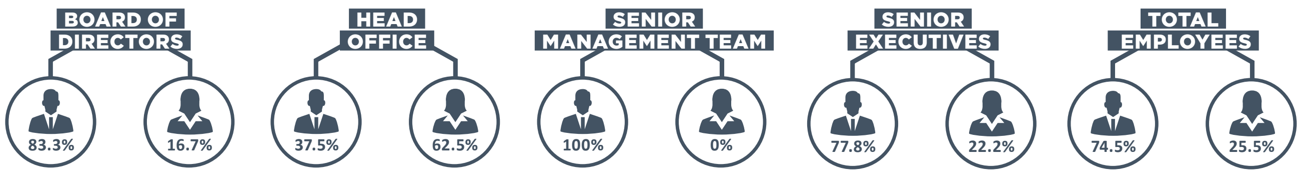
Our key principle is that power and responsibility go hand in hand and this approach is promoted to our entire workforce. They know what is expected of them and have the power to make their own decisions to meet those expectations.

Our aim is that our workforce will be representative of all sections of society and each employee feels respected and able to give their best.

We are committed to providing equality and fairness for all in our employment and not discriminating on the grounds of gender, gender reassignment, marital status, race, ethnic origin, colour, nationality, national origin, disability, sexual orientation, religion or age.

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 the support and development that is appropriate to a larger company without losing the flexibility to treat people as individuals.

Operational employee diversity as at 31 December 2016



Health & Safety

The Group continually aims to improve its health and safety performance and has well established training, accident reporting procedures, and processes in place to mitigate such risks. These are overseen by the Risks Committee and Group Board.

Whilst we are proud of our low record of incidents per employee, we strive to learn from them and improve our training and processes to ensure that our employees' welfare is at the heart of our business.

Health & Safety incidents	Document Management 2016	Document Management 2015	Relocation 2016	Relocation 2015
Employee man months	9,290	8,309		
Employee man hours*			1,128,173	963,438
RIDDOR events	2	5	7	9
Near misses	18	7	2	3
RIDDOR events per man month	0.02%	0.06%		
RIDDOR events per man hour			0.0006%	0.0009%

* Measured in hours due to the nature of the Relocation business.

RIDDOR – Reporting of Injuries, Diseases and Dangerous Occurrences Regulations 2013.

Recycling statistics

900k CARTRIDGES FOR REMANUFACTURING

+1m RECYCLED

250k IT ASSETS

79k PAPER BRIQUETTES PRODUCED

32k TONNES PAPER

2.5k TONNES NO LONGER NEEDED ASSETS

CSR at Restore

Our aim is to minimise our carbon footprint, support local communities and contribute towards charitable efforts.

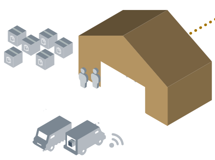
The nature of the business streams in which we operate allow us to incorporate a significant element of corporate social responsibility within our day-to-day operations, whether that's recycling or in the processes we employ to reduce our impact on the environment.

We have specific targets for those businesses that operate in areas of secure disposal of 0% landfill, whether that's in shredding, IT asset recycling or collection of empty printer cartridges.

In 2016, we produced 32,000 tonnes of shredding materials for recycling by paper mills in addition to 79,000 paper briquettes from our shredding dust extraction process which is also recycled. These are turned into a range of products.

In IT asset recycling we processed 250,000 items of equipment – from PCs to mobile phones – and either refurbished them for resale or stripped them down to component level so that elements (such as precious metals) could be removed and recycled. In the printer cartridge collection area, we not only collected and sent for remanufacture 900,000 proprietary printer cartridges but also sent over 1,000,000 for recycling to ensure that no landfill was generated. And when our customers want storage boxes destroyed, we send them off to be shredded and recycled.

1.5m new boxes stored



RESTORE DATASHRED

BRIQUETTE PROCESS

Restore Datashred has now implemented a dust extraction process into its operation.

Dust generated during the shredding process is extracted from the atmosphere, through a series of extraction pipes throughout the area, and the waste product is collected and compressed into briquettes or logs. c79,000 were generated and put through the recycling process along with shredded bales.

Not only does this increase our levels of recycling but improves the working environment for our employees.

…and encourage our employees to do their part.

Corporate Responsibility continued

Business initiatives

Within our operations, the issues of energy conservation, waste management and the prevention of pollution are key considerations. We continue to work hard to ensure we:

- reduce consumption of materials and promote re-use and recycling – our aim is to achieve 0% landfill wherever possible, including furniture unsuitable for redistribution
- achieve continual improvement in environmental performance and minimise the impact of our operations on the environment through a range of activities
- minimise the impact of our buildings, structures and operational plant by reducing visibility and noise levels.

Our customers benefit by helping them to:

- make more efficient use of office space and public service facilities, by storing documents in remote premises
- improve access to important documents – our Restore Scan service creates efficient processes for public services
- reduce their carbon footprint and increase recycling through Restore Datashred, ITP Group, IT Efficient and Harrow Green.

We also take day-to-day steps to minimise our use of natural resources:

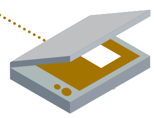
- **Archive boxes** – we use millions of easily assembled, double-walled construction boxes that are made from material that is 70% recycled, along with responsibly sourced FSC-certified raw material.
- **Fuel and fleet management** – we run a modern fleet of vehicles optimised for fuel efficiency, planning deliveries and collections to reduce fuel use and using tracking to enhance fleet utilisation.
- **Energy management and recycling** – we continue to follow the plan produced for us by the Carbon Trust to reduce our environmental impacts through recycling and reducing energy consumption
- **Lighting** – we continue to migrate our storage facilities to a mix of ultra-low wattage LED lighting, very slim T5 fluorescent tubes and PIR sensors.

We use a local bio-energy scheme in Suffolk to provide our electricity needs at nearby sites.

Harrow Green continues its work with Planet First which partners with the Eden Project and has achieved a 15.9% reduction in its carbon footprint since 2015.

Harrow Green, IT Efficient and ITP Group provide ways for our customers to contribute to charitable causes through donations of furniture, IT equipment and payments in lieu of cash-back programmes.

283m
documents scanned



Investing in people

The more we grow, the more jobs we are able to create and provide the appropriate support and development for our people.

We continue our involvement with the Growing Talent project run by PricewaterhouseCoopers, helping unemployed participants into work.

Community initiatives

Restore Scan was successful in their bid to oversee the records management and storage of documents in the newly created Nuclear and Caithness Archives, located in Wick, Scotland. As part of the socioeconomic commitment to the area, Restore employed local people, local contractors and engaged at all times with the local community on the project.

Harrow Green provided over 2,500 tonnes of No Longer Needed assets, under its Re-Fresh programme, to charities, schools, community and voluntary groups and start-up businesses in its area of operation.

When Crisis for Christmas asked for our help again, the Group worked together to donate clothing, toiletries, food and other items for their guests and Harrow Green provided transport to help set up their facilities (see page 26).

Harrow Green also continued to provide its services free of charge for small charities and community groups, when possible. For example, Harrow Green provided moving crates to the Nomad Cinema, whose distributable profits go to charity, when it called for help.

Restore Records Management continues its support of the Surrey Care Trust, which provides learning, training, volunteering opportunities and support for people who have been held back through disadvantage and hardship, and the Willow Foundation, which helps people aged 16 to 40 who have been diagnosed with a life-threatening illness.

Restore Datashred continues to support the Woodland Trust in its programme of planting tens of thousands of trees, in addition to supporting tree conservation and wildlife protection. Restore Datashred also supports a number of regional hospices.

Employee initiatives

We believe in caring for our employees, the communities in which we work and for everyone that comes into contact with the organisation.

We encourage them to help in their communities or support favourite charities and sponsor them to take part in fund-raising and by giving them time away from work to participate in events for approved charities.

Our employees take part in a wide variety of charitable and community initiatives, including marathon runs. They also continue to raise funds for a variety of causes including:

- Jeans for Genes
- NSPCC
- British Legion
- Pear Tree Specialist School
- Demelza, providing hospice care for children
- MacMillan Cancer Trust
- St Clare Hospice
- Smartworks
- Wear It Pink
- Help For Heroes

Where does all the paper go?

We take boxes and sacks of paper and then we shred the contents.

What size it's shredded to depends on the customers' specification for destruction.

We extract the dust created, turn it into paper briquettes and add that to the shredded materials.

We send it to paper mills in the UK to be recycled into all kinds of paper goods.

"We have a strong channel to market in the office support services sector, supplying highly valued services, often in areas where customers do not wish to change suppliers. This provides good earnings visibility, high barriers to entry, attractive margins and significant scope to cross-sell all of the Group's services to existing customers."

Chairman's statement

Results

I am pleased to report another strong performance by your Company. For the year to 31 December 2016, profit before tax, exceptional items, amortisation, discontinued operations and share-based payment charges was £23.0 million, a year-on-year increase of 41% (2015: £16.3 million). Turnover was £129.4 million (2015: £91.9 million), with a large part of the year-on-year increase reflecting acquisitions made in both 2015 and 2016. Earnings per share on an adjusted basis were up 15% at 17.9 pence (2015: 15.6 pence). The recommended final dividend is up 21% at 2.67p, making a total dividend for the year of 4.0p, up 25%.

Profit before tax on discontinued operations, which is not included above, was £9.3 million (2015: £0.2 million), primarily reflecting the disposal of the Irish operations of Wincanton Records Management.

Strategy

The areas in which we operate are coherent: Records Management (RM), Shred and Scan are all elements of Document Management. Together with Relocation, they share a similar customer base within which all of our services are generally procured by the same team or individual. We have nationwide coverage and all of our businesses operate on the same Customer Relationship Management system, which further binds our businesses together and enables cross-selling whose effectiveness can be constantly monitored. None of the main competitors in each of our individual business streams offer these other closely-related activities in a meaningful way, giving us a unique proposition to our customers. Furthermore, our focus on the UK market gives us the understanding of our customers' specific needs and the flexibility to adapt our services to these needs.

During 2016, Restore became one of two UK market leaders in key activities where we did not previously hold this position. This was achieved in large part through the acquisition of PHS Data Solutions (PHS DS) in August, which further consolidated our position as one of the two main providers of RM services in the UK but importantly added both scale and capability to our shredding and scanning activities. In particular, it moved Restore Shred from being sub-scale in the UK shredding market to one of the two major operators. This is especially critical in a business where profitability is closely linked to route density such that scale, where operated soundly, becomes the key factor in success.

The PHS DS acquisition was the largest of three major acquisitions made in a two-year period, alongside Cintas UK (acquired in October 2014, and comprising primarily of RM and scanning) and Wincanton Records Management (acquired in December 2015, and comprising primarily of RM).

These transactions, combined with several complementary smaller acquisitions, have not only driven revenue, profit and earnings per share, but have established your Company as a leading operator in UK office services, where we are either the market leader or number two in each of our main activities: RM, Shred, Scan and Relocation.

We have a strong channel to market in the office support services sector, supplying highly valued services, often in areas where customers do not wish to change suppliers. This provides good earnings visibility, high barriers to entry, attractive margins and significant scope to cross-sell all of the Group's services to existing customers and it is an excellent platform for further growth, both organically and by acquisition.

Trading

Our Document Management division performed well. Its turnover was £90.1 million (2015: £54.7 million) and adjusted operating profit was £22.0 million (2015: £15.1 million). The core RM business continued to demonstrate the strength of its financial model. Shred's performance was transformed following the integration in September of Restore Shred into the PHS DS Datashred business, now known as Restore Datashred. The combined business immediately moved to the levels of profitability previously achieved by Datashred. Scan's performance improved significantly over the course of the year as its new management team improved many of its operating practices, such that it made a meaningful operating profit during the period. We are pleased to have now fulfilled our strategic objective of having substantial and highly attractive shredding and scanning operations after several years of operating subscale enterprises in these areas.

Our Relocation division traded satisfactorily overall. Turnover was £39.3 million (2015: £37.2 million) and adjusted operating profit was £4.8 million (2015: £4.1 million). Strong performances in Harrow Green, the core office relocation business, and IT Efficient, our IT recycling business, were offset by losses incurred at ITP Group, our toner cartridge recycling business.

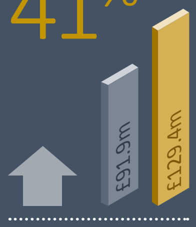
Overall operating margins across the Group remained steady at 19% for the year (2015: 19%).

Corporate Transactions

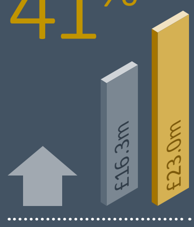
As mentioned above the key transaction of the year was the acquisition of PHS DS in August for a total consideration of £83.1 million. This was funded by a combination of debt and equity.

The other corporate transaction during the year was the sale for £27.7 million in March of the Irish assets of Wincanton Records Management, part of the business we had acquired in December 2015.

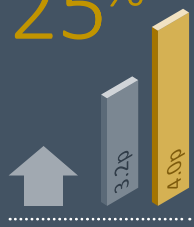
Revenue
(£'m)
41%



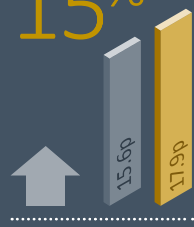
Adjusted Profit Before Tax*
(£'m)
41%



Dividend Per Share
(p)
25%



Adjusted Earnings Per Share*
(p)
15%



* Before discontinued operations, exceptional items (including exceptional finance costs), amortisation of intangible assets and share-based payments charge.

There were no other acquisitions made during the year. Since the year-end, we have made three acquisitions:

- In January, we acquired the trade and assets of Reisswolf Wales, a secure shredding business based in Welshpool, Wales
- Also in January, we acquired ID Secured Limited, trading as Reisswolf London, a Bedfordshire-based secure shredding business
- In February, we acquired The ITAD Works Ltd, a Surrey-based IT recycling company.

Funding

Net debt at the year-end was £72.3 million (2015: £60.6 million). The increase in net debt reflects the use of borrowings to part-finance the acquisition of PHS DS, although the quantum required was reduced by the funds received earlier in the year from the Irish disposal. As part of the PHS DS transaction, we increased our overall borrowing capacity to £97.5 million from £80 million. We now have in place £67.5 million of Term Loans maturing in December 2020 and a 5-year Revolving Credit Facility of £30 million.

The acquisition of PHS DS was also funded by the placing of 12.1 million shares at 290.0 pence per share. I believe that our ability to raise such funding during the extreme uncertainty immediately following the Brexit vote reflects the support that the Company has generated amongst its financial stakeholders. The prestigious AIM Company of the Year Award which we won in October 2016 bears further testimony to this.

Dividends

Your Board is recommending a final dividend of 2.67p, payable on 7 July 2017 to shareholders on the register on 9 June 2017. The total dividend for the year is 4.0p, a 25% year-on-year increase. It also represents a quadrupling of the dividend over the last five years and reflects the Board's firm intention to follow a progressive dividend policy.

People

Our business has continued to grow significantly in recent years and that is reflected in the size of our workforce. We now have 1,800 permanent employees, some of whom are part-time, often to fit their personal circumstances, as well as temporary staff for peak demand.

As the business grows, it is important 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

Restore wins Company of the Year at the AIM Awards 2016

The award was presented to Charles Skinner by David Snell, Partner and AIM Leader, PwC and Chris Fielding, Head of Corporate Finance, W H Ireland.

For more information please refer to our website at www.restoreplc.com/AIM_awards_2016

our customers. As part of this, we continue to operate on an operationally and managerially decentralised basis so that our people at all levels can continue to have a real impact on the performance of their area of the business.

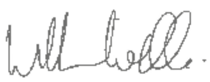
I have noted in previous years that as our Group increases in scale, we are able to offer greater stability and career opportunities for all our people. We are also in a position to provide the support and development that is appropriate to a larger company without losing the flexibility to treat people as individuals. We look forward to developing this further in 2017 in key areas such as talent-spotting and management succession planning at all levels of the business so that our people can fulfil their potential within the Restore Group.

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 last year.

Outlook

The growth prospects in our RM business remain attractive. We expect to continue to gain market share from our expanded base in shredding and scanning, both organically and through acquisition. In Relocation, we are focused on delivering further growth in revenue and operating margins.

The current year has started well and we look forward to delivering another year of strong progress in 2017.



Sir William Wells
Chairman

22 March 2017

"Through the acquisition of PHS Data Solutions, we have transformed our previously sub-scale document shredding business and significantly enhanced our capability in scanning. Taken together with our existing positions in records management and relocation, Restore is now established as one of the two UK market leaders in each of our main activities."

Chief Executive's statement

Document Management Division

Document Management increased revenue by £35.4 million to £90.1 million. Adjusted operating profits increased by £6.9 million to £22.0 million. The majority of the increase in revenue derived from the acquisition of Wincanton Records Management in December 2015 and the acquisition of PHS Data Solutions (PHS DS) in August 2016. The decline in operating margin reflects the higher percentage of revenues deriving from activities other than records management.

Our **Records Management** business still comprises the bulk of these results and it continued to perform robustly. Cost savings in recently acquired businesses have been in line with expectations at the time of acquisition. Net box growth, excluding acquired boxes, was positive, although as expected slower than in previous years. This primarily reflects the ongoing exit of a major customer of the former Wincanton Records Management of which we were aware at the time we acquired the business. Overall, organic growth in revenue was 5 per cent.

The acquisition of Wincanton Records Management, where occupancy rates at the time of acquisition were 69 per cent, immediately lowered our overall capacity utilisation but provided attractive new space especially in Rainham, Essex. We continue to rationalise our estate, exiting less suitable premises when the opportunity arises, such as our site in Charlton, south London, where the relocation of more than 500,000 boxes is nearly complete, and expanding existing sites where the cost of storage is lower. As part of this, the newly-developed additional space in our underground freehold site in Wiltshire is now coming on stream. Capacity utilisation levels across our RM estate, which currently comprises 45 sites, are now running at around 90 per cent and further rationalisation of the estate will increase capacity utilisation to what we consider to be optimal levels.

The integration of the RM business of PHS DS has been substantially completed. Occupancy rates at PHS DS were around 82 per cent at the time of acquisition, providing some scope to improve margins through increased occupancy. Cost savings are also being delivered in line with expectations such that we are confident that margins in the acquired operations will move towards those typically achieved in our RM operations.

Our RM business has grown substantially over the last two and a half years with the acquisitions of Cintas UK, Wincanton Records Management and PHS DS. While there are limited opportunities for further acquisitions on this scale in RM, we expect to continue to make further bolt-on acquisitions in due course.

Restore Shred, now rebranded as **Restore Datashred**, our secure shredding and recycling business, has been transformed by the acquisition of PHS DS. We have operated in this area for over five years but had struggled to achieve appropriate levels of profitability, primarily as we lacked the critical mass in a route-based business. PHS DS's largest business, PHS Datashred, was one of the two market leaders in the UK shredding market and its addition has increased our shredding revenues by more than eight-fold, meaning that we are now significantly larger than the third-largest operator in the UK market.

The former Restore Shred business had shown good year-on-year growth in the eight months prior to the acquisition of PHS Datashred but had not operated profitably over that period. Since the acquisition, Restore Shred has been integrated into the acquired business with significant cost savings. The profitability of the combined business since integration has been in line with that previously achieved by Datashred and we are confident that we can deliver further improvements in operating margins from these levels.

Restore Datashred now operates from 14 sites across the UK. Beneath the two major operators, the UK shredding market remains highly fragmented with a large number of smaller independent operators. Given the advantages of scale in this business, we view this as representing a significant opportunity for the Group to consolidate this market through acquisition. The two acquisitions made so far this year are indicative of our ambition to further consolidate this market.

Restore Scan, our document scanning business, has been transformed during the last two and a half years following the acquisitions of the Cintas scanning business as part of the Cintas UK transaction, Crimson, Data Imaging and Archiving in August 2015 and, most recently, Capital Capture as part of the PHS DS acquisition. We have been active in scanning for 10 years but, prior to these acquisitions, Restore Scan had largely been operating as a one-site scanning bureau. Basic document scanning has been a difficult and commoditised market in recent years but there is significant demand for more sophisticated forms of digitisation and other related services, including managing customers' digitisation programmes on-site, data hosting and broader electronic document management. This requires significant IT capability and resource such that a successful, modern scanning operation requires an appreciable overhead. We now have the scale and customer base to support and develop such a resource.

The new management team at Restore Scan has achieved much over the year. Its financial performance has improved with 8 per cent organic growth and an increase in gross margin (as expressed by direct costs as a percentage of revenue). Our major seasonal contract for scanning exam papers was executed successfully. Our large contract for the Nuclear Decommissioning Authority is progressing well, including the recent opening of the

Key Performance Figures

	Revenue 2016	Revenue 2015	Adjusted* Operating Profit 2016	Adjusted* Operating Profit 2015
Document Management	£90.1m	£54.7m	£22.0m	£15.1m
Relocation	£39.3m	£37.2m	£4.8m	£4.1m
Head Office costs	–	–	(£1.8m)	(£1.6m)
Total	£129.4m	£91.9m	£25.0m	£17.6m

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

* Before discontinued operations, exceptional items (including exceptional finance costs), amortisation of intangible assets and share-based payments charge.

Nucleus archiving centre in Wick, Scotland. We are managing major scanning contracts for NHS Trusts, an area expected to benefit from significant demand over the next few years. Our business process outsourcing activities, which generally comprise regular scanning for a broad range of customers, are now making good progress. We have also invested significantly in the business, including a revamped facility at Scan's head office in Manchester. We are now operating one of the two largest scanning businesses in the UK which we are confident provides an attractive platform for further growth.

Relocation

The Relocation division recorded adjusted operating profit for the year of £4.8 million (2015: £4.1 million) on revenue of £39.3 million (2015: £37.2 million). As noted in the Chairman's Statement, the overall good progress of the division, particularly at Harrow Green and IT Efficient, was held back by the underperformance of ITP Group.

Revenues in the core **Harrow Green** office relocation business showed year-on-year growth. This was an encouraging performance given an appreciable slowdown in relocation activity in the two months preceding the Brexit vote at the end of June and that our large contract providing services to the Ministry of Defence was less active than in 2015. Operating margins continued to improve, helped by small but effective adjustments to our operating model in London, our single largest market. General activity levels with our larger customers remained steady overall. Major one-off projects undertaken during the year included an office move for UBS as well as Raytheon and Natixis, and the University of Birmingham library move. Our most recent branch addition, in Croydon, traded well in its first year of operation. **GMS**, our international moves business, again showed a strong year-on-year improvement in both revenues and contribution.

Relocom, our IT relocation business, had a satisfactory year. We have acquired the outstanding minority stake in Relocom and this should further strengthen its close working relationship with Harrow Green.

IT Efficient, our IT recycling business, performed strongly with both increased revenues and a significant improvement in operating margins. We have been active in IT recycling for four years and believe that it provides a good opportunity for growth. In February 2017 we significantly expanded our presence in this market with the acquisition of The ITAD Works, a Surrey-based provider of IT asset recovery and recycling services.

ITP Group, our toner cartridge recycling business acquired in July 2015, traded poorly in the year and recorded a loss on lower revenues. Global demand for empty toner cartridges was weak during 2016 but we also failed to maintain and develop relationships with key buyers. We have now appointed a new management team and are focused on ensuring that the product which we collect is attractive to the global remanufacturing industry. We remain confident that toner cartridge recycling is an activity that fits well with the rest of the Group's offering and that we can achieve an acceptable return on our investment.

Customers

As our business has grown, our customer base now includes a high proportion of larger offices in the UK. This can be seen from our current penetration of customers in various groupings:

Sector	March 2017	March 2016
Top 100 UK legal practices	90%	72%
Top 50 UK accountancy companies	78%	66%
FTSE-100 companies	74%	60%
UK National Health Trusts	73%	41%
Local authorities in England, Wales and Scotland	54%	41%

We seek to utilise this extensive customer base by maintaining and developing our Group Customer Relationship Management system which has been in place for many years. While our operations are decentralised, it is a central tenet of our Group that all of our business streams have access to all of our Group's customers through this system whose use is mandatory across all of our sales teams. As the database has grown, the reciprocal benefits of using the system have become evident, helping to ensure compliance. This facilitates 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.

Having a strong channel to market is critical to successful growth in most commercial activity. It is particularly important in business-to-business services where relationships and trust take time to build. The strength of our customer relationships also means we can recognise these customers' evolving needs and adapt our services to these needs. The depth and breadth of our customer relationships represents an excellent base for our Group's long-term success.

Charles Skinner
Chief Executive

"The net cash inflow from continuing operations increased 64%, from £11.0 million to £18.0 million. The improvement from the prior year has largely been driven by increased levels of EBITDA and a reduction in working capital requirements."

Group Finance Director's statement

Profit before tax

Profit before tax from continuing operations for the year ended 31 December 2016 was £7.5 million (2015: £6.1 million). The increase in profitability compared to the prior year is a reflection of the following;

- The contribution from acquired businesses, most notably Wincanton Records Management and PHS DS.
- A much improved performance in Restore Scan following a challenging year in 2015.

These have been partially offset by higher levels of exceptional costs and a weaker performance in ITP Group, our toner recycling business.

Exceptional costs of £10.3 million (2015: £6.4 million) include £6.2 million (2015: £5.1 million) of restructuring and redundancy costs. During the year, most of the costs relating to the rationalisation of Wincanton Records Management and PHS DS were incurred. This primarily consisted of redundancy payments, double-running costs of roles which were scheduled for redundancy and double-running costs of properties prior to rationalisation. The majority of these costs are incurred in the 12 months following an acquisition. Typically the restructuring and redundancy costs incurred equate to approximately the anticipated annualised cost saving. The second largest element to exceptional costs was National Insurance payable on the exercise of share options of £1.7 million, which was more than offset in cash terms by the reduction in corporation tax payments from the resulting tax deduction.

Amortisation of intangible assets for the year was £4.4 million (2015: £2.6 million) with the increase attributable to the higher carrying value of intangible assets.

Profit before tax from discontinued operations for the year ended 31 December 2016 was £9.3 million (2015: £0.2 million). This primarily reflects the gain on disposal of the Irish operations of Wincanton Records Management in March 2016. The net effect of this disposal was to rationalise the Wincanton Records Management acquisition down to the UK operations where the benefits of integration with Restore would be significantly greater, whilst materially reducing the overall financial outlay.

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:

Continuing operations	2016 £'m	2015 £'m
Profit before tax	7.5	6.1
Share-based payments charge	0.8	0.9
Exceptional items	10.3	6.4
Amortisation of intangible assets	4.4	2.6
Exceptional finance costs	–	0.3
Adjusted profit before tax – continuing operations	23.0	16.3

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

Continuing operations	2016 £'m	2015 £'m
Operating profit	9.5	7.7
Share-based payments charge	0.8	0.9
Exceptional items	10.3	6.4
Amortisation of intangible assets	4.4	2.6
Adjusted operating profit	25.0	17.6
Depreciation	4.3	2.8
Adjusted EBITDA	29.3	20.4

Earnings Per Share (EPS)

	2016	2015
Basic adjusted earnings per share from continuing operations	17.9p	15.6p
Total basic earnings per share	17.8p	7.2p
Basic earnings per share from continuing operations	10.3p	7.0p

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.

Key Performance Indicator	2016 £'m	2015 £'m	Analysis
Revenue	129.4	91.9	Year-on-year change in revenues analysed by segment (see note 4)
Adjusted operating profit	25.0	17.6	Year-on-year change in adjusted operating profit analysed by segment (see note 4)
Operating cash flow before financing costs and tax	18.2	11.0	Operating cash flow generated in 2016 increased due to higher levels of profitability, lower working capital requirements and increased non cash charges to the income statement.
Bank interest cost	1.8	1.2	Year-on-year change in cost of Group finance. Finance costs in the year remained increased as a result of higher levels of net debt.
Net debt	72.3	60.6	Year-on-year change in bank debt, which increased to fund the acquisitions of PHS DS

Basic earnings per share reflect the actual tax charge. Basic earnings per share from continuing operations exclude the gain on disposal of Wincanton Ireland noted above.

Exceptional Costs

	2016 £'m	2015 £'m
Acquisition – transaction costs	1.2	0.4
Acquisition – box relocation and transport costs	0.4	0.1
Restructuring and redundancy costs	6.2	5.1
Other exceptional	2.5	0.8
Total	10.3	6.4

As mentioned above, the integration of acquisitions remains the key component of exceptional costs. In the year, the Group undertook the bulk of the restructuring on both the Wincanton Records Management and PHS DS acquisitions, the two largest acquisitions Restore has made. The Wincanton Records Management integration is now largely complete and the PHS DS integration is proceeding to plan.

Transaction costs include stamp duty costs and transitional service arrangement fees, in addition to the cost of legal and professional fees incurred as part of the acquisitions.

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 acquisitions. In the period the majority of the cost in this area was a result of the transfer of boxes from the Cintas Charlton site to existing Restore sites ahead of the lease end in June 2017.

Restructuring and redundancy costs have increased to £6.2 million in 2016. As noted above these primarily relate to the Wincanton Records Management and PHS DS acquisitions and include:

- The cost of duplicated staff roles during the integration and restructuring period.
- The redundancy cost of implementing the post completion staff structures.
- IT costs associated with the wind down of duplicated IT systems and the transfer across to the destination systems.
- Property costs associated with sites which are identified at the point of acquisition as being superfluous to ongoing requirements and where a credible exit strategy is clear to management.

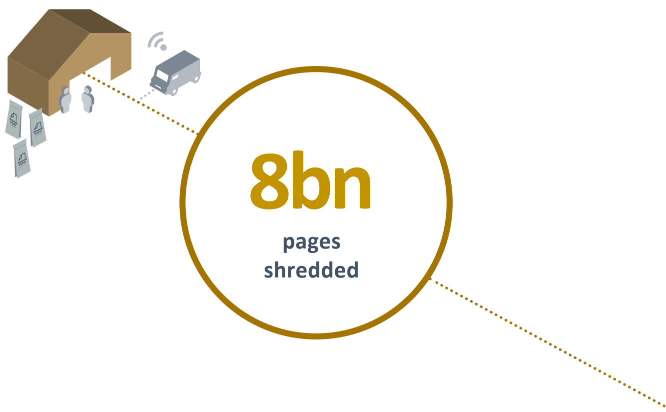
Other exceptional costs include £1.7 million of National Insurance costs on the exercise of options. The second element of other exceptional costs is a fixed asset write down of £0.8 million resulting from the integration of Restore Shred into PHS DS which has given rise to the closure of a number of the Restore Shred depots and the replacement of the operational IT system.

Interest

Net finance costs amounted to £2.0 million (2015: £1.3 million) which reflects the increased average levels of debt as a result of acquisitions.

Taxation

UK Corporation Tax is calculated at 20% (2015: 20.25%) of the estimated assessable profit/(loss) for the year. The UK Corporation Tax rate remained at 20% throughout the year. The rate will reduce to 19% on 1 April 2017 falling further to 17% 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.



Operational KPIs, managed at executive level, vary according to business stream and can include:

- Customer satisfaction
- Customer retention
- Staff turnover
- Sales volumes
- Stock volumes
- Cross-sell volumes
- Zero waste to landfill
- CO_2 emissions
- CO_2 footprint

Group Finance Director's statement continued

Statement of Financial Position

Net assets increased to £152.1 million (2015: £104.7 million) primarily due to the acquisition of PHS DS and the placing of shares. Goodwill and intangibles at 31 December 2016 were £190.3 million (2015: £118.6 million).

Property, plant and equipment totalled £47.6 million (2015: £37.4 million), comprising the freehold underground storage facilities in Wiltshire, storage racking, operational equipment, vehicles and computer systems. The development of additional storage space in the underground facility has continued in 2016 following the completion of the chamber that was being developed throughout 2015. The viability of the final chamber has been confirmed and development is underway with sections coming on stream during 2017.

Cash Flow

The net cash inflow from continuing operations increased 64% to £18.0 million (2015: £11.0 million). The improvement from the prior year has been largely driven by increased levels of profitability and an increase of £4.0 million in non-cash charges in the income statement.

Net working capital usage in the year was £1.8 million which includes:

- Working capital required for the Wincanton Records Management and PHS DS acquisitions. The structure of both these transactions was such that the consideration paid was reduced by the estimated amount of working capital required post completion.
- Payments against property provisions of £2.0 million. This includes rent and rates on the Cintas Charlton site of £1.1 million. The lease on the Cintas Charlton property comes to an end in June 2017 at which point the original £2.5 million provision against the property, funded by a payment from Cintas at the point of acquisition, will have been fully utilised.
- These outflows have been largely offset by a strong performance by the core business in managing the working capital cycle. This is most notable in debtors, where the both accrued income and other receivables have been reduced.

Capital expenditure totalled £5.2 million (2015: £4.0 million) following the continued development of additional space in the underground storage facility and our other storage facilities. We have also continued to invest in our scanning business with a new head office in Manchester.

Net proceeds from the sale of the Irish operations of Wincanton Records Management were £27.4 million. The cash received was used to provide headroom on the existing bank facilities which were subsequently deployed as part of the acquisition of PHS DS.

Net Debt

Net debt at the end of the year was £72.3 million (2015: £60.6 million) reflecting the additional debt taken on to fund the acquisition of PHS DS which was partially funded through a placing of shares raising £34.2 million. As part of the acquisition of PHS DS the Group drew down on an optional £20.0 million additional term loan that was built into the existing loan agreement. Facilities at the end of the period totalled £97.5 million comprising a £67.5 million of term loans and a £30.0 million revolving credit facility. Scheduled repayments total £32.5 million against the term loans before a final settlement payment of £35 million in 2020. The Group has sufficient headroom on its facilities at the end of the period to continue to fund smaller acquisitions as part of its strategy.

Principal Risks and uncertainties

Please refer to the table on page 25.

Key Performance Indicators ('KPIs')

The Group uses many different KPIs at an operational level which are specific to the business and provide information to management. At an executive level, a selection of operational KPIs, which allow a relevant and robust review of operational performance, are considered with operational management on a monthly basis. The board also relies on KPIs that focus on the financial performance of the Group. The table on page 23 shows the main KPIs used to manage the Group's performance during the year.

The non-financial indicators that are regularly monitored are customer satisfaction and retention as well as staff turnover ratios. Customer attrition rates are very low, as the business has strong and long-term relationships and a high level of customer satisfaction. The Group has a strong team of experienced and dedicated staff and staff turnover rates are low.

Adam Councell
Group Finance Director

All business streams maintain Health & Safety KPIs
(see page 14 for more information).

Principal Risks and Uncertainties

The management of the business and the execution of the Group's strategies are subject to a number of key risks. The financial risks the Group faces have been considered and policies have been implemented to best deal with each risk. The Risk Committee, created by the Group Board to consider the range of risks to the Group, includes senior management from all the business streams in addition to Executive and Non-Executive Directors.

The three most significant risks to the Group are considered to be liquidity risk, finance cost risk and customer relationship risk. The Group is primarily based in and operates within the United Kingdom and, therefore, the direct exposure to exchange risk is considered to be small.

Risk	Exposure	Mitigation	Movement
Liquidity	The year end debt was £72.3m (2015: £60.6m) net of cash. Overall debt included £86.0m of interest bearing loans and borrowings plus £0.5m of overdrafts (see note 18) (2015: £68.5m of interest bearing loans and borrowings plus £1.4m of overdrafts).	Net debt is monitored on a daily basis and banking facilities are reviewed against future expected cash flow movements to ensure that adequate facilities are in place.	↓
Finance cost	The Group pays finance costs on its bank facilities. The bank facilities finance cost is a variable cost linked to LIBOR plus a margin. The average finance cost on bank facilities for the Group in 2016 was 2.5% (2015: 2.7%).	The potential exposure to LIBOR movements is deemed acceptable given the current and anticipated future levels of debt.	↔
Customer relationship	The Group has commercial relationships with in excess of 20,000 business customers. The largest customer accounts for less than 3% of Group revenue, with the majority of large customers tied into longer term contracts.	Attrition rates are low and relationships are strong. Due to the relatively low revenue concentration of our largest customers the perceived customer relationship risk is deemed to be low.	↔
Key personnel	It is likely that changes to members of the senior management team might impact on the Group's ability to perform to the expectations within its strategy.	The Board ensures that the management team is appropriately rewarded for its efforts and that succession plans are currently being implemented across key positions in each of the businesses.	↔
Health & Safety	As many of the Group's operations involve physical labour, use of machinery and transport, there is potentially a high exposure to accidents, including RIDDOR incidents.	The Group has well established training, accident reporting procedures, and processes in place to mitigate such risks. These are overseen by the Risk Committee and Group Board.	↔
Legislative	The Group is exposed to changes in government legislation.	The Group has systems and procedures in place to ensure compliance with, and to manage the impact of changes in, Government legislation such as agency worker regulations, vehicle operating procedures and environmental requirements.	↔

The Strategic report on pages 5 to 25 was approved by the Board of Directors on 22 March 2017 and signed on its behalf by:

Charles Skinner
Chief Executive

Adam Councell
Group Finance Director

Community

CRISIS AT CHRISTMAS

Image credit: Sam Mellish

Once again, Sharon Sales at Harrow Green coordinated our Group's efforts in supporting the Crisis at Christmas campaign to help homeless people throughout the country. We provided transport and staff to help set up facilities as well as holding a Group-wide collection for clothing, linens, toiletries and food to be distributed to their guests.

Suzie Dudley, Crisis Transport Services Coordinator, said

"... Your donations were incredible and helped provide some gifts to our guests. Much needed clothing and toiletries meant they could leave Crisis at Christmas with a little goodie bag.

Your help with providing drivers and trucks was invaluable too. For set up, it meant we were able to efficiently setup our 10 centres and ensure we were ready to welcome guests on time and ready for the Christmas celebrations. For close down, it made a huge difference having Harrow Green there, we packed up and moved everything back to our warehouse in record time this year, earlier than any previous year!

Words really cannot express how grateful we are for all the hard work and effort by Harrow Green employees for collecting items and driving for us. Also to you for your excellent coordination getting everything to us and arranging vehicles and drivers to support us with our huge operation that is setting up and closing down 10 centres across London, that welcome nearly 4000 guests during Christmas week.

Thank you, thank you, thank you!"

For further information on Crisis and its work go to www.crisis.org.uk

GOVERNANCE & FINANCIAL STATEMENTS

Governance

Financial statements

Other information

ARMED FORCES COVENANT

In 2016 Harrow Green signed the Armed Forces Covenant, a pledge that we acknowledge and understand that those who serve or who have served in the armed forces, and their families, should be treated with fairness and respect in the communities, economy and society they serve with their lives.

The Group as a whole consider that it is appropriate to demonstrate our support of the Covenant and promote awareness within the Group, encourage support among our employees, and to work with agencies to identify suitable recruitment opportunities within the Group.

PROUDLY SUPPORTING THOSE WHO SERVE.

For further information on the Armed Forces Covenant go to www.armedforcescovenant.gov.uk

Board of Directors

Sir William Wells
Aged 77, Non-Executive Chairman

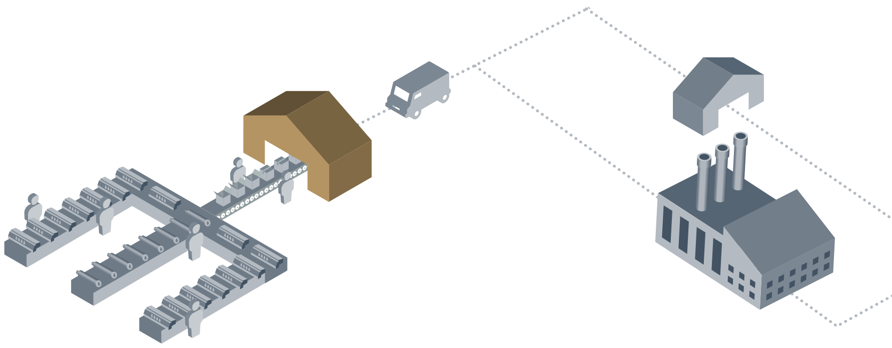
Sir William Wells was appointed Chairman of the Board on 8 June 2009. His career encompasses senior positions in public health, commercial property, insurance and business services, including Chairman of Chesterton Chartered Surveyors for 34 years, overseeing their transition to a listed company. His experience includes Non-Executive Director roles with AMP (UK), Henderson Group plc and Exel plc. He is Chairman of ADL plc, CMG plc, Pure Sports Medicine and The Practice Group. He was the Chairman of the Department of Health's Commercial Advisory Board and NHS Appointments Commission.

Charles Skinner
Aged 56, Chief Executive

Charles Skinner was appointed Chief Executive of the Group on 8 June 2009. Charles was previously Chief Executive of Johnson Service Group plc and Brandon Hire plc, prior to which he was at SG Warburg, 3i plc and Editor of Management Today. Charles has 20 years' experience as Chief Executive of quoted companies, all operating in the business to business service sector.

Adam Councell
Aged 38, Group Finance Director

Adam Councell was appointed Group Finance Director on 18 June 2012. Previously, he worked at Whitbread plc before moving to Milward Brown Precis, a subsidiary of WPP plc. Subsequently joining Rentokil Initial plc, Adam was Commercial Director of the Business and Industry division, Finance Director of Catering and Hospitals division and latterly UK Business Services division.



Stephen Davidson

Aged 61, Non-Executive Director

Stephen Davidson joined the Board on 8 January 2014. He is Non-Executive Chairman of Datatec Limited, PRS for Music and Actual Experience plc. Stephen is also Non-Executive Director of Informa plc and Jaywing plc. Formerly, Stephen was Chief Financial Officer then Chief Executive officer of Telewest Communications plc and Vice Chairman of investment banking at WestLB Panmure. Stephen is also Chairperson of the Group's Audit Committee.

James Wilde

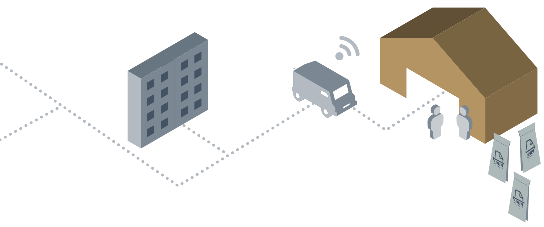
Aged 63, Non-Executive Director

James Wilde joined the Board on 1 June 2014. He has previously been Non-Executive Chairman of several support services and manufacturing businesses, including NSL Services Group, Deb Group Limited, Zenith Vehicle Contracts Group Limited, ATPI Limited and Allied Glass Group Limited. He was on the Board of the Navy Army and Air Force Institutes for six years and spent much of his executive career at Securiguard Group plc and Rentokil Initial plc, where he was Chief Executive.

Sharon Baylay

Aged 48, Non-Executive Director

Sharon Baylay joined the Board on 10 September 2014. She is a Non-Executive Director of ITE Group plc and Market Tech Holdings Ltd and Chairman of Exclaimer Ltd. She was Marketing Director and main Board Director of the BBC, responsible for Marketing Communications and Audiences, and spent much of her career at Microsoft, as Board Director of Microsoft UK and Regional General Manager of MSN International. Sharon is also Chairperson of the Group's Risk Committee.



Directors' report

The Directors submit their report and the financial statements of Restore plc for the year ended 31 December 2016.

Restore plc is a public limited company quoted on AIM, incorporated and domiciled primarily in the United Kingdom where the vast majority of trading occurs.

Results
The profit before tax for the year ended 31 December 2016 for continuing operations was £7.5 million (2015: £6.1 million).

Dividends
The Directors recommend a final dividend for the year of 2.67 pence per share payable on 7 July 2017 (2015: 2.2 pence per share). An interim dividend of 1.33 pence was paid during the year (2015: 1.0 pence). The estimated final dividend to be paid is £3.0 million (2015: £2.1 million).

Principal Activities
The principal activities of the Group during the year were that of Document Management and Relocation.

Business Review and Future Developments
This is dealt with in the Strategic report on pages 5 to 25.

Directors
The following Directors have held office during the year:

Sir William Wells (Chairman)

Charles Skinner (Chief Executive)

Adam Councell (Group Finance Director)

Stephen Davidson (Non-Executive Director)

James Wilde (Non-Executive Director)

Sharon Baylay (Non-Executive Director)

Directors' remuneration, share options, long-term executive plans, pension contributions and benefits are set out in the Directors' remuneration report on pages 34 to 36.

The Company maintains liability insurance for its Directors and Officers.

Share Capital
Full details of the authorised and issued share capital of the Company are set out in note 23 to the financial statements.

Substantial Shareholdings
At 17 March 2017 the Company had been notified of the following interests amounting to 3% or more of the Company's issued share capital:

	Number of 5p ordinary shares	Percentage of issued share capital
Hargreave Hale	13,197,778	11.8%
Octopus Investments	10,879,907	9.7%
BlackRock Investment Management (UK)	9,799,787	8.7%
Old Mutual Global Investors	7,119,942	6.4%
Slater Investments	6,697,181	6.0%
Franklin Templeton Investment Management (UK)	4,554,600	4.0%
Charles Stanley & Co Limited	3,788,538	3.4%

Property Values
The Directors are aware that a significant difference may exist between market and book values, as shown in the Consolidated statement of financial position at 31 December 2016, for the Group's freehold properties, all of which have a market value in excess of the book value recorded. The Directors believe that this excess is in the region of £7.4 million.

Employees
The Group's people are its most important asset. Our policy is to employ the best people irrespective of race, gender, nationality, disability or sexual orientation. Consultation with employees or their representatives occurs at all levels, with the aim of ensuring their views are taken into account when decisions are made that are likely to affect their interests.

Disabled Employees
Applications for employment by disabled persons are given full and fair consideration for all vacancies, having regard to their particular aptitudes and abilities. In the event of an employee becoming disabled, every effort is made to retain them in order that their employment with the Group may continue. It is the policy of the Group that training, career development and promotion opportunities should be available to all employees.

Environmental Policy

Maintaining and improving the quality of the environment in which we live is an important concern for the Group, our staff, customers, suppliers, sub-contractors and communities. We have adopted high standards of environmental practices and aim to minimise our impact on the environment wherever this is practical. In particular, we comply with, and endeavour to exceed the requirements of all laws and regulations relating to the environment.

Health and Safety

The Group recognises the importance of maintaining high standards of health and safety for everyone working within our business and also for anyone who may be affected by our business. Health and safety is a particular concern to our customers. Consequently, both of our operating segments have appointed Health and Safety Officers.

The Group's operations report to the Board on a monthly basis includes a section on all health and safety matters.

Financial Risk Management

Information in respect of the financial risk management objectives and policies of the Group, is contained in note 3, and detailed in the Group Finance Director's statement.

Political and Charitable Donations

Donations of £10,000 were made by the Group for charitable purposes during the year (2015: £22,000). The Group does not make political donations.

Statement, as to Disclosure of Information to Auditors

The Directors in office on 22 March 2017 have confirmed that, as far as they are aware, there is no relevant audit information of which the auditor is unaware. Each of the Directors have confirmed that they have taken all steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

Annual General Meeting

The notice of the Annual General Meeting to be held on 22 May 2017 is set out on pages 87 to 90.

Post Balance Sheet Events

Details of post balance sheet events are given in note 35 of the financial statements.

Sarah Waudby

Sarah Waudby
Company Secretary

22 March 2017

Corporate governance statement

The policy of the Board is to manage the affairs of the Company having regard to Quoted Company Alliance. The Directors support the principles underlying these requirements insofar as is appropriate for a group of the size of Restore plc.

The Board of Directors

The Group is led and controlled by the Board comprising two Executive Directors and four Non-Executive Directors.

Board meetings are held on a regular basis and no significant decision is made other than by the Directors.

All Directors participate in the key areas of decision-making, including the appointment of new directors. There is no separate Nomination Committee due to the current size of the Board. The Board receives timely information on all material aspects of the Group to enable it to discharge its duties.

All Directors submit themselves for re-election at the Annual General Meeting at regular intervals. The following were Directors during the year:

	Number of Board meetings attended during the year ended 31 December 2016 Total 10	Number of Audit Committee meetings attended during the year ended 31 December 2016 Total 2	Number of Remuneration Committee meetings attended during the year ended 31 December 2016 Total 1
Executive Directors			
Charles Skinner	10	2	–
Adam Councell	10	2	–
Non-Executive Directors			
Sir William Wells	10	2	1
Stephen Davidson	10	2	1
James Wilde	10	2	1
Sharon Baylay	10	2	1

The Executive Directors are not members of the Audit Committee or Remuneration Committee but may attend the meetings as a guest of the Chair of the committee.

Directors' Remuneration

The Company has an established Remuneration Committee.

Details of the remuneration of each Director are set out in the Remuneration report on pages 34 to 36.

Accountability and Audit

The Company has established an Audit Committee comprising the Chairman and Non-Executive Directors who are responsible for reviewing the scope and results of the audit, its cost effectiveness and the independence and objectivity of the auditor.

Relations with Shareholders

The Chief Executive and the Group Finance Director are the Company's principal contact for investors, fund managers, the press and other interested parties. At the Annual General Meeting, investors are given the opportunity to question the entire Board.

Internal Control

The Board acknowledges its responsibility for establishing and monitoring the Group's systems of internal control. Although no system of internal control can provide absolute assurance against material mis-statement or loss, the Group's systems are designed to provide the Directors with reasonable assurance that problems are identified on a timely basis and dealt with appropriately.

The key procedures that have been established and which are designed to provide effective control are as follows:

Management structure – the Board meets regularly to discuss all issues affecting the Group.

Investment appraisal – the Group has a clearly defined framework for investment appraisal and approval is required by the Board where appropriate.

The Board regularly reviews the effectiveness of the systems of internal control and considers the major business risks and the control environment. No significant control deficiencies have come to light during the year and no weakness in internal financial control has resulted in any material losses, contingencies or uncertainties which would require disclosure as recommended by the Turnbull guidance for Directors on reporting on internal financial control.

The Board considers that, in light of the control environment described above, there is no current requirement for a separate internal audit function. The Board will continue to review the need to put in place an internal audit function.

Going Concern

As more fully explained in note 2, having made appropriate enquiries and having examined the major areas which could affect the Group's financial position, the Directors are satisfied that the Group has adequate resources to continue in operation for the foreseeable future.

Directors’ remuneration report

Remuneration Committee

The Company has an established remuneration committee consisting of the Chairman and the Non-Executive Directors. The Chairman and Non-Executive Directors are responsible for the consideration and approval of the terms of service, remuneration, bonuses, share-based incentives and other benefits of the Executive Directors. All decisions made are after giving due consideration to the size and nature of the business and the importance of retaining and motivating management. The committee meets at least once a year and at other times as appropriate.

Directors’ Contracts and Letters of Appointment

The Company’s policy on Executive Directors’ service contracts is that, in line with the best practice provisions of the UK Corporate Governance code, they are to be terminable by the Company on 12 or 6 months notice.

	Date of contract	Notice period
Executive Directors		
Charles Skinner	8 June 2009	12 months
Adam Councell	1 May 2012	6 months

The Non-Executive Directors do not have service contracts but have letters of appointment.

	Date of Letter	Notice period
Non-Executive Directors		
Sir William Wells	8 June 2009	3 months
Stephen Davidson	8 January 2014	3 months
James Wilde	28 March 2014	3 months
Sharon Baylay	12 August 2014	3 months

Directors’ Emoluments

The aggregate emoluments of the Directors of the Company were:

£’000	Salary & Fees	Benefits	Pension costs	Subtotal 2016	Long-term incentives vesting	Total 2016	Salary & Fees	Benefits	Pension Costs	Total 2015
Executive Directors										
Charles Skinner	475	4	–	479	6,706	7,185	432	4	–	436
Adam Councell	227	1	25	253	888	1,141	181	1	21	203
Non-Executive Directors										
Sir William Wells	70	–	–	70	2,610	2,680	65	–	–	65
Stephen Davidson	45	–	–	45	–	45	40	–	–	40
James Wilde	40	–	–	40	–	40	35	–	–	35
Sharon Baylay	42	–	–	42	–	42	35	–	–	35
	899	5	25	929	10,204	11,133	788	5	21	814

Directors' Interests in Shares and Options

The beneficial interests of the Directors who were in office at 31 December 2016 in the shares of the Company (including family interests) were as follows:

	Number of ordinary shares of 5p each 31 December 2016	Number of ordinary shares of 5p each 31 December 2015
Charles Skinner	1,098,792	541,415
Adam Councell	145,623	–
Sir William Wells	352,553	352,553
Stephen Davidson	–	–
James Wilde	–	–
Sharon Baylay	–	–

As at 17 March 2017 there has been no change in any of the above holdings.

The Directors believe that the success of the Group will depend to a high degree on the future performance of the management team. The Company has established share-based incentive arrangements which will reward the Directors when shareholder value is created, thereby aligning the interests of the management directly with those of the shareholders.

Restore Share-based Incentives

Employee Share Options

The following options have been granted to employees within the Group during the year:

Date of Grant	Granted	Number of ordinary shares of 5p each	Exercise price	Date from which exercisable	Expiry date
16 June 2016	250,000	250,000	311.0p	16 June 2019	16 June 2026
8 September 2016	300,000	300,000	347.0p	8 September 2019	8 September 2026
10 October 2016	150,000	150,000	337.0p	10 October 2019	10 October 2026

The share options granted have no performance conditions. See note 29 for details of the grant.

The closing price for Restore plc shares at 31 December 2016 was 377.5 pence. During the year the market price of the Company's ordinary shares ranged between 254.0 pence and 381.5 pence.

The Directors' interests in the employee share option scheme are as follows:

	Number of ordinary shares of 5p each 31 December 2016	Number of ordinary shares of 5p each 31 December 2015
Charles Skinner	–	2,699,611
Adam Councell	–	400,000
Sir William Wells	–	1,053,389

On 11 May 2016 the Directors exercised all of the share options granted to them in 2012 and prior years. The options were net-settled via a placing at 305.0 pence per share which resulted in 3,916,015 ordinary shares of 5.0 pence being issued (2015: nil).

Directors' remuneration report continued

Restore Executive Incentive Plan

The Company has an Executive Incentive Plan (EIP), details of which are given in note 29. The Directors' interests in the EIP are as follows:

	Number of performance units 31 December 2016	Number of performance units 31 December 2015
Charles Skinner	–	66,667
Adam Councell	–	16,667

On 26 November 2016 the performance conditions under the EIP were met and the performance units held by the Directors were converted into nil-cost options which were granted on 5 December 2016 as set out in the table below. All of these options were held at 31 December 2016.

	Number of nil-cost options	**Date from which exercisable**	**Expiry Date**
Charles Skinner	1,759,073	5 December 2016	26 November 2023
Charles Skinner	879,536	26 November 2017	26 November 2023
Charles Skinner	879,536	26 November 2018	26 November 2023
Adam Councell	586,358	5 December 2016	26 November 2023
Adam Councell	293,179	26 November 2017	26 November 2023
Adam Councell	293,178	26 November 2018	26 November 2023

By order of the Board

Stephen Davidson
Chairman of the Remuneration Committee

22 March 2017

Statement of Directors' responsibilities

The Directors are responsible for preparing the Strategic report and the Directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare Group and Company financial statements for each financial year. The Directors are required by the AIM Rules of the London Stock Exchange to prepare Group financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU) and have elected under company law to prepare the Company financial statements also in accordance with IFRS.

The Group financial statements are required by law and IFRS adopted by the EU to present fairly the financial position and performance of the Group; the Companies Act 2006 provides in relation to such financial statements that references in the relevant part of that Act to financial statements giving a true and fair view are references to their achieving a fair presentation.

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and the Company and of the profit or loss of the Group for that period.

In preparing each of the Group and Company financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- for the Group and Company financial statements, state whether they have been prepared in accordance with IFRS adopted by the EU; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Group and the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Restore plc website (www.restoreplc.com).

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Independent auditor's report to the Members of Restore plc

We have audited the Group and parent Company financial statements ("the financial statements") on pages 39 to 86. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the parent Company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

In our opinion

- the financial statements give a true and fair view of the state of the Group's and the parent's affairs as at 31 December 2016 and of the group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Scope of the audit of the financial statements
A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at http://www.frc.org.uk/auditscopeukprivate

Opinion on other matter prescribed by the Companies Act 2006
In our opinion the information given in the Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements and, based on the work undertaken in the course of our audit, the Strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception
In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified any material misstatements in the Strategic report or the Directors' report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent Company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Respective responsibilities of Directors and auditor
As more fully explained in the Directors' Responsibilities Statement set out on page 37, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

MARK HARWOOD (Senior Statutory Auditor)
For and on behalf of RSM UK Audit LLP, Statutory Auditor

Chartered Accountants
25 Farringdon Street
London
EC4A 4AB

22 March 2017

Consolidated statement of comprehensive income

For the year ended 31 December 2016

		Year Ended 31 December 2016			Year Ended 31 December 2015		
	Note	Before exceptional items £'m	Exceptional items (note 5) £'m	After exceptional items £'m	Before exceptional items £'m	Exceptional items £'m	After exceptional items £'m
Revenue	4	129.4	–	129.4	91.9	–	91.9
Cost of sales	6	(81.6)	–	(81.6)	(59.0)	–	(59.0)
Gross profit		47.8	–	47.8	32.9	–	32.9
Administrative expenses	6	(23.6)	(10.3)	(33.9)	(16.2)	(6.4)	(22.6)
Amortisation of intangible assets	13	(4.4)	–	(4.4)	(2.6)	–	(2.6)
Operating profit	6	19.8	(10.3)	9.5	14.1	(6.4)	7.7
Finance costs	7	(2.0)	–	(2.0)	(1.3)	(0.3)	(1.6)
Profit before tax		17.8	(10.3)	7.5	12.8	(6.7)	6.1
Income tax credit/(charge)	8	1.2	1.9	3.1	(1.6)	1.3	(0.3)
Profit and total comprehensive income for the year from continuing operations		19.0	(8.4)	10.6	11.2	(5.4)	5.8
Profit from discontinued operations	4	7.7	–	7.7	0.2	–	0.2
Attributable to owners of the parent		26.7	(8.4)	18.3	11.4	(5.4)	6.0
Earnings per share attributable to owners of the parent (pence)	9						
Total							
– Basic				17.8p			7.2p
– Diluted				16.9p			6.8p
Continuing operations							
– Basic				10.3p			7.0p
– Diluted				9.8p			6.6p
Discontinued operations							
– Basic				7.5p			0.2p
– Diluted				7.1p			0.2p

Consolidated statement of changes in equity

For the year ended 31 December 2016

	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 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 (note 26)	–	–	(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
Balance at 1 January 2016	4.8	67.5	4.7	27.7	104.7
Profit for the year	–	–	–	18.3	18.3
Total comprehensive income for the year	–	–	–	18.3	18.3
Transactions with owners					
Issue of shares during the year	0.8	34.6	–	–	35.4
Issue costs	–	(1.2)	–	–	(1.2)
Dividends	–	–	–	(3.7)	(3.7)
Transfers (note 26)	–	–	(0.9)	0.9	–
Share-based payments charge	–	–	0.8	–	0.8
Deferred tax on share-based payments	–	–	(2.2)	–	(2.2)
	0.8	33.4	(2.3)	(2.8)	29.1
Balance at 31 December 2016	5.6	100.9	2.4	43.2	152.1

Consolidated statement of financial position

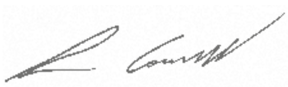
As at 31 December 2016

Company registered no. 05169780

	Note	2016 £'m	2015 £'m
ASSETS			
Non-current assets			
Intangible assets	13	190.3	118.6
Property, plant and equipment	14	47.6	37.4
Deferred tax asset	21	2.8	4.3
		240.7	160.3
Current assets			
Inventories	15	1.9	1.7
Trade and other receivables	16	38.4	28.8
Cash and cash equivalents	20	13.4	8.5
		53.7	39.0
Assets held directly for sale	12	–	24.2
Total assets		294.4	223.5
LIABILITIES			
Current liabilities			
Trade and other payables	17	(34.3)	(22.4)
Financial liabilities – borrowings	18	(7.3)	(3.7)
Other financial liabilities	19	(0.1)	(0.1)
Current tax liabilities		(1.5)	(2.2)
Provisions	22	(1.0)	(0.8)
		(44.2)	(29.2)
Liabilities associated with assets held for sale	12	–	(4.6)
		(44.2)	(33.8)
Non-current liabilities			
Financial liabilities – borrowings	18	(78.4)	(65.4)
Other long term liabilities	11	(0.2)	(0.5)
Other financial liabilities	19	(0.3)	(0.2)
Deferred tax liability	21	(13.2)	(12.0)
Provisions	22	(6.0)	(6.9)
		(98.1)	(85.0)
Total liabilities		(142.3)	(118.8)
Net assets		152.1	104.7
EQUITY			
Share capital	23	5.6	4.8
Share premium account	24	100.9	67.5
Other reserves	25	2.4	4.7
Retained earnings	26	43.2	27.7
Equity attributable to the owners of the parent		152.1	104.7

These financial statements were approved by the Board of Directors and authorised for issue on 22 March 2017 and were signed on its behalf by:

Charles Skinner
Chief Executive



Adam Councell
Group Finance Director

Consolidated statement of cash flows

For the year ended 31 December 2016

	Note	Year ended 31 December 2016 £'m	Year ended 31 December 2015 £'m
Net cash generated from operations	27	18.2	11.0
Net finance costs		(2.0)	(1.1)
Income taxes paid		(0.4)	(0.8)
Net cash generated from operating activities		15.8	9.1
Cash flows from investing activities			
Purchase of property, plant and equipment and applications software		(5.2)	(4.0)
Purchase of subsidiary undertakings, net of cash acquired	11	(82.6)	(63.9)
Purchase of trade and assets		–	(2.0)
Proceeds from sale of available for sale assets	12	29.9	–
Cash flows used in investing activities		(57.9)	(69.9)
Cash flows from financing activities			
Net proceeds from share issues		34.2	32.9
Dividends paid		(3.7)	(2.2)
Repayment of bank borrowings		–	(47.0)
(Repayment)/drawdown of revolving credit facility		(2.5)	28.5
New bank loans raised		20.0	50.0
(Decrease)/increase in bank overdrafts		(0.9)	0.2
Finance lease repayments		(0.1)	–
Net cash generated from financing activities		47.0	62.4
Net increase in cash and cash equivalents		4.9	1.6
Cash and cash equivalents at start of year		8.5	6.9
Cash and cash equivalents at end of year	20	13.4	8.5
Cash and cash equivalents shown above comprise:			
Cash at bank		13.4	8.5

Notes to the Group financial statements

For the year ended 31 December 2016

1. GENERAL INFORMATION

Restore plc and its subsidiaries specifically focus on Document Management and Relocation. The Group primarily operates in the UK. The Company is a public limited company incorporated and domiciled in the United Kingdom. The address of its registered office is The Databank, Unit 5, Redhill Distribution Centre, Salbrook Road, Redhill, Surrey, RH1 5DY.

The Company is listed on the AIM market.

These Group consolidated financial statements were authorised for issue by the Board of Directors on 22 March 2017.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation

The consolidated financial statements of Restore plc have been prepared in accordance with EU endorsed International Financial Reporting Standards (IFRS), IFRIC interpretations and the Companies Act 2006 applicable to companies reporting under IFRS.

The financial statements have been prepared on a historical cost basis although derivatives are reflected at their fair value. The preparation of financial statements in conformity with IFRS requires the use of certain accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed later in this note.

The consolidated financial statements are presented in pounds sterling and, unless stated otherwise, shown in pounds million to one decimal place.

Going Concern

The Group's business activities, together with the factors likely to affect its future development, performance, financial position, its cash flows, liquidity position, principal risks and uncertainties affecting the business are set out in the Strategic report on pages 5 to 25.

The Group meets its day-to-day working capital requirements through its financing facilities which are due to expire in November 2020. Details of the Group's borrowing facilities are given in note 20 of the financial statements.

The Group's budgets for 2017 and forecasts for 2018, 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.

Basis of Consolidation

The Consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) made up to 31 December each year. Control is achieved where the Company has the power to govern the financial and operating policies of an investee entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the Consolidated statement of comprehensive income from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by the Group.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

The acquisition method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued, contingent consideration and liabilities incurred or assumed at the date of exchange. Costs directly attributable to the acquisition are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are initially measured at fair value at the acquisition date. Provisional fair values are adjusted against goodwill if additional information is obtained within one year of the acquisition date about facts or circumstances existing at the acquisition date. Other changes in provisional fair values are recognised through profit or loss.

Notes to the Group financial statements continued

For the year ended 31 December 2016

2. SIGNIFICANT ACCOUNTING POLICIES CONTINUED

Contingent Consideration

Contingent consideration is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with IAS 39 either in profit or loss or as a change to other comprehensive income unless the contingent consideration is classified as equity. In such circumstances, changes are recognised within equity.

Changes in contingent consideration arising from additional information, obtained within one year of the acquisition date, about facts or circumstances that existed at the acquisition date are recognised as an adjustment to goodwill.

Segmental Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker.

In the opinion of the Directors, the chief operating decision maker is the Board of Restore plc and there are two segments, Document Management and Relocation, whose reports are reviewed by the Board in order to allocate resources and assess performance. Segment revenue comprises sales to external customers most of whom are located in the UK. Services are provided primarily from the UK.

Revenue Recognition

Revenue is measured as the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts, VAT, returns, rebates and after eliminating intra-group sales.

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and when specific criteria have been met for each of the Group's activities as described below.

Sale of services – Document Management

Revenue from Records Management represents amounts billed or due for the storage and retrieval of customers' files and boxes. Revenue is recognised on retrieval of documents or time-apportioned for the period for which the documents are stored.

The Group provides all round secure document destruction and recycling processes, including the rental and servicing of office recycling units as well as larger secure waste containers providing a confidential waste destruction process. Revenue is recognised on a time-apportioned basis in respect of rental and when destruction is complete. For the sale of paper products, revenue is currently recognised when the goods are delivered to the customers' premises, which is taken to be the point in time at which the customer accepts the goods and the related risks and rewards of ownership transfer.

The Group sells scanning and IT services which are provided on a time basis or as a fixed price contract with contract terms ranging up to three years, in which case revenue is recognised based upon the value of work completed, or revenue may be received on a contractual basis, either as a fixed proportion of managed costs or other fee mechanism, in which case revenue is recognised once those contractual conditions have been satisfied, either based on managed costs incurred, on a time basis, or other appropriate contractual measurement.

Sale of services – Relocation

Revenue represents amounts in respect of relocation, furniture storage, asset disposal and recycling. Revenue is recognised based upon the value of the work completed for removals, storage revenue is recognised on a per day basis for the furniture stored on behalf of its customers and when a disposal is complete.

Interest income

Interest income is accrued on a time basis by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Dividend income

Dividend income is recognised when the right to receive payment is established.

Exceptional Items

Exceptional items are those significant items which are separately disclosed by virtue of their size or incidence to enable a full understanding of the Group's financial performance. Transactions which may give rise to exceptional items are principally gains or losses on disposal of investments and subsidiaries, redundancy, integration and other restructuring costs, provisions made in respect of onerous leases, acquisition costs relating to business combinations and national insurance costs on the exercise of share options.

Profit Measures

Due to the one-off nature of exceptional items and the non-cash element of certain charges, the Directors believe that an adjusted measure of operating profit, EBITDA, profit before tax and earnings per share provide shareholders with a more appropriate representation of the underlying earnings of the Group. The items adjusted for in arriving at these are share-based payments charge, exceptional items (including exceptional finance costs) and amortisation of intangible assets and a standard tax charge.

Intangible Assets

Goodwill arising on consolidation represents the excess of the cost of acquisition over the Group's interest in the fair value of identifiable assets and liabilities of a subsidiary, at the date of acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses. Goodwill which is recognised as an asset is reviewed for impairment at least annually. Any impairment is recognised immediately in profit or loss and is not subsequently reversed.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit.

On disposal of a subsidiary, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Other intangible assets

Other intangible assets are recognised when they are controlled through contractual or other legal rights, or are separable from the rest of the business, and their fair value can be reliably measured.

Customer relationships
Acquired customer relationships are identified as a separate intangible asset as they are separable and can be reliably measured by valuation of future cash flows. This valuation also assesses the life of the particular relationship. The life of the relationship is assessed annually and management believes that a 5% customer attrition rate on average is appropriate giving the life of customer relationships as twenty years. All customer relationships are being written off on a straight-line basis and have a remaining life of five to twenty years. The customer lists are considered annually to ensure that this classification is still appropriate.

Trade names
Acquired trade names are identified as a separate intangible asset. Trade names are being written off on a straight-line basis over ten years. The life of the trade name is assessed annually.

Application software
Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised on a straight-line basis over their estimated useful lives (three to five years).

Costs associated with developing or maintaining computer software programmes are recognised as an expense as incurred. Costs that are directly associated with the development of identifiable and unique software products controlled by the Group, and that will probably generate economic benefits exceeding costs beyond one year, are recognised as intangible assets.

Computer software development costs recognised as assets are amortised on a straight-line basis over their estimated useful lives (expected to be up to five years). Residual values and useful lives are reviewed each year.

Property, Plant and Equipment

Property, plant and equipment is stated at historical cost, less accumulated depreciation and accumulated impairment losses. Depreciation is provided on a straight-line basis on all property, plant and equipment, except freehold land.

	Basis
Freehold and long leasehold buildings	2 – 5% per annum
Long leasehold land	over the remaining life of the lease
Leasehold improvements	over the life of the lease
Plant and machinery	5 – 50% per annum
Racking	5% per annum
Office equipment, fixtures and fittings	10 – 40% per annum
Motor vehicles	20 – 25% per annum

Notes to the Group financial statements continued

For the year ended 31 December 2016

2. SIGNIFICANT ACCOUNTING POLICIES CONTINUED

Leased Assets

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

Where property lease contracts contain guaranteed minimum incremental rental payments, the total committed cost is determined and is amortised on a straight-line basis over the life of the lease. Leases of property, plant and equipment which transfer substantially all the risks and rewards of ownership to the Group are classified as finance leases. Finance leases are classified as a financial liability and measured at amortised cost. Finance leases are capitalised at the inception of the lease at the lower of the fair value of the leased property, plant and equipment and the present value of the minimum lease payments and depreciated over the period of the lease. The resulting lease obligations are included in liabilities. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability.

Investments

Loans and receivables are measured at amortised cost. Impairment losses are recognised in profit or loss when there is evidence of impairment. Available for sale investments are non-derivative assets and are initially recognised at fair value net of any transaction costs and are subsequently carried at fair value. Fair value gains and losses are recognised in other comprehensive income and are recycled to profit or loss on disposal of the investment. If a fair value for an investment cannot be reliably measured, due to the variability in the range of reasonable fair value estimates being significant, or the probabilities of the various estimates within the range not being able to be reasonably assessed, that investment will be carried at cost. An impairment test is performed annually on the carrying value of the investment. An impairment loss is recognised for the amount by which the asset's carrying value exceeds its recoverable amount, when there is objective evidence for impairment including significant or prolonged decline in fair value below cost.

Investments which are held for the long term and over which management do not exercise significant control are carried at cost. An impairment review is carried out annually.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on a first in first out basis. Net realisable value is the price at which inventories can be sold in the normal course of business. Provision is made where necessary for obsolete, slow moving and defective inventories.

Trade and Other Receivables

Trade receivables, classified as loans and receivables in accordance with IAS 39 'Financial Instruments: Recognition and Measurement', are recorded initially at fair value and subsequently measured at amortised cost. A provision for impairment of trade receivables is established when there is evidence that the Group will not be able to collect all amounts due according to the original terms. The amount of the provision is the difference between the assets' carrying amount and the present value of future cash flows discounted at the effective interest rate. The movement in the provision is recognised in profit or loss. Any other receivables are recognised at their initial fair value less an allowance for any doubtful amounts. An allowance is made when collection of the full amount is no longer considered probable.

Customer Incentives

Incentives provided to new customers are in the form of either costs borne on behalf of new customers or the provision of services free of charge. Such incentives are recognised as an asset at amortised cost at the point when the contract is signed and the costs are incurred, or when the service is provided and are amortised in the income statement over the period of the contract.

Cash and Cash Equivalents

Cash and cash equivalents as defined for the Consolidated statement of cash flows comprise cash in hand, cash held at bank with immediate access, other short-term investments and bank deposits with maturities of three months or less from the date of inception.

Assets Held for Sale

Assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than continuing use. This condition is regarded as met only when a sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale which should be expected to qualify for recognition as a completed sale within one year from the date of classification. If this condition is no longer met and the assets and disposal groups are held for continuing use they are transferred out of assets held for sale in the current year. Disposal groups are groups of assets, and liabilities directly associated with those assets, that are to be disposed of together as a group in a single transaction.

Non-current assets and disposal groups classified as held for sale are initially measured at the lower of carrying value and fair value less costs to sell. At subsequent reporting dates non-current assets (and disposal groups) are measured to the latest estimate of fair value less costs to sell. As a result of this measurement any impairment is recognised by charging to profit or loss.

Trade Payables

Trade payables, classified as other liabilities in accordance with IAS 39, are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method. Other payables are stated at amortised cost.

Borrowings

Borrowings are classified as other liabilities in accordance with IAS 39 and are recorded at the fair value of the consideration received, net of direct transaction costs. Finance charges are accounted for in profit or loss over the term of the instrument using the effective interest rate method.

Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax
The tax currently payable is based on taxable profit for the year. Taxable profit differs from accounting profit as reported in the Consolidated statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted at the reporting date.

Deferred tax
Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the tax profits nor the accounting profit.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based upon tax rates that have been enacted or substantively enacted at the reporting date. Deferred tax is charged or credited in profit or loss, except when it relates to items charged or credited directly to other comprehensive income and equity, in which case the deferred tax is also dealt with in other comprehensive income and equity.

Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made. If the effect is material, provisions are determined by discounting the expected future cash flows at an appropriate pre-tax discount rate.

Equity Instruments

Equity instruments issued by the Company are recorded at fair value net of transaction costs.

Share-Based Payments

The Group has applied the requirements of IFRS 2 Share-based Payment.

The Group issues equity-settled share-based payments to certain employees. Equity-settled share-based payments are measured at fair value at the date of grant. The fair value determined at the grant date of equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of shares that will eventually vest. Fair value is measured by use of a stochastic pricing model. Where employees' contracts are terminated the options are treated as having been forfeited and accordingly previous charges are credited back to profit or loss if the option has not yet vested or retained earnings if the option has vested.

The Group has the ability to net-settle share options such that only shares equating to the gain over the option price are issued directly to the option holder. This has the benefit of reducing the number of shares that must be issued in connection with an option exercise thereby reducing shareholder dilution.

Pensions

The Group operates a number of defined contribution pension schemes. Contributions are charged to profit or loss as incurred.

Notes to the Group financial statements continued

For the year ended 31 December 2016

2. SIGNIFICANT ACCOUNTING POLICIES CONTINUED

Financial Instruments

Financial assets and financial liabilities are recognised on the Group's statement of financial position when the Group has become party to the contractual provisions of the instrument. The Group uses derivative financial instruments when considered appropriate such as interest rate caps to hedge its risks associated with interest rates. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

Any gains or losses arising from changes in fair value on derivatives during the year that do not qualify for hedge accounting are taken directly to profit or loss.

Critical Accounting Estimates and Judgements

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimates, which have the most significant effect on the amounts recognised in the financial statements.

Acquisitions

The Group has made a significant acquisition in the year, being the acquisition of PHS DS (note 11) and in 2015 the acquisition of Wincanton UK and Ireland. The assessment of the fair values of the assets and liabilities at acquisition is inherently judgemental and where these are still being assessed until further information is received, the amounts included in these financial statements are included as provisional. The key assumptions that have been made are in respect of the valuation of customer relationships, and the allocation of the consideration between cash-generating units.

Valuation of separable intangibles on acquisition

When valuing the intangibles acquired in a business combination, management estimate the expected future cash flows from the asset and select a suitable discount rate in order to calculate the present value of those cash flows. Separable intangibles valued on acquisitions made in the year were £19.5m (2015: £48.2m) as detailed further in note 11.

Consideration

In the acquisition of PHS DS, the consideration has been allocated to the cash-generating units based on historic earnings as the Directors believe this to be the most appropriate measure. In the acquisition of Wincanton in 2015, the Directors concluded that turnover was the most appropriate basis for allocating the consideration to each cash-generating unit. The key reason behind this was that the results of each business incurred a proportion of shared overhead cost and allocation of these costs would have introduced additional estimation and judgement.

Fixed assets

On the acquisition of Wincanton, fixed assets have been fair valued in line with the value that a market participant would attribute to those assets. Furthermore an adjustment of £1.1m was made in 2015 to write down a site where an exit was planned.

Exceptional items

Included within exceptional items, and as disclosed in note 5, are amounts included in respect of restructuring and reorganisation and the related duplication of costs. The period taken to complete restructuring varies for each acquisition and management judgement is applied in determining the level of duplication of costs incurred, particularly in relation to personnel costs where it can take some time for the optimal levels of staffing to be achieved.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Impairment of non-financial assets

The Group assesses whether there are any indicators of impairment for all non-financial assets at each reporting date. Goodwill is tested for impairment annually and at other times when such indicators exist. Other non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable.

When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows. Further details are given in note 13.

Provisions
Included within provisions is an onerous lease provision which relates to the amount by which future lease rental commitments, arising as a result of acquisitions, exceed the fair market rentals. In calculating this provision the key estimates are those relating to the fair values of the rentals on the properties concerned, the impact of future rent reviews and the discount rate applicable.

Adoption of New and Revised Standards

New standards, amendments and interpretations issued and effective during the financial year commencing 1 January 2016

Amendments to IFRS 11 Accounting for Acquisitions of Interests in Joint Operations
The amendments specify how to account for the acquisition of an interest in a joint operation that constitutes a business.

Amendments to IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortisation
The IASB has clarified that the use of revenue-based methods to calculate the depreciation of property, plant or equipment is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset.

The IASB also clarified that amortisation methods based on revenue are presumed to be an inappropriate for an intangible asset as revenue typically reflects factors that are not directly linked to the consumption of the economic benefits embodied in the intangible asset. This presumption can be rebutted in certain limited circumstances.

The amendment to IAS 38 also refers to the contract that sets out the entity’s rights over its use of an intangible asset as a starting point for the identification of the appropriate basis of amortisation, for example if the entity’s use of the intangible asset is over time or as a number of units are produced.

Both amendments clarify that expected future reductions in the selling price of an item produced using an asset could indicate expected technical or commercial obsolescence of that asset, which in turn might reflect a reduction of the future economic benefits embodied in the asset.

Annual Improvements to IFRSs 2012-2014 Cycle
In September 2014, the IASB published 'Annual Improvements to IFRSs – 2012-2014 Cycle' as part of its annual improvements project. A summary of the amendments is set out below:

IFRS 5 Non-current Assets Held for Sale and Discontinued Operations
When an asset (or disposal group) is reclassified directly from ‘held for sale’ to ‘held for distribution to owners’, or directly from ‘held for distribution to owners’ to ‘held for sale’, the change in classification is considered to be a continuation of the original plan of disposal. Therefore, the asset (or disposal group) is measured at the lower of its carrying amount before it was classified as ‘held for sale’ or as ‘held for distribution to owners’ (adjusted for depreciation, amortisation or revaluations) and its fair value less costs to sell or its fair value less costs to distribute, as applicable. The requirement for the sale or distribution to complete within a year of the initial classification as ‘held for sale’ or ‘held for distribution to owners’ is not extended by reclassifications between ‘held for sale’ and ‘held for distribution to owners’ except in circumstances already permitted by IFRS 5.

The amendment also applies the accounting in IFRS 5 when an asset (or disposal group) ceases to be classified as ‘held for sale’, to assets (or disposal groups) that cease to be classified as ‘held for distribution to owners’.

IAS 19 Employee Benefits
The amendment clarifies that, for currencies in which there is no deep market in high quality corporate bonds, the market yields on government bonds denominated in that currency shall be used.

IAS 34 Interim Financial Reporting
Where disclosures required in the interim financial statements are cross referenced to some other statement (such as management commentary or a risk report), that other statement should be made available to the users of the financial statements at the same time and on the same terms as the interim financial statements. If access is not provided at the same time and on the same terms, the interim financial statements are incomplete.

Notes to the Group financial statements continued

For the year ended 31 December 2016

2. SIGNIFICANT ACCOUNTING POLICIES CONTINUED

Amendments to IAS 27 Equity Method in Separate Financial Statements
The amendments allow entities to use the equity method (as described in IAS 28 Investments in Associates and Joint Ventures) to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. Alternatively, those investments may still be accounted for at cost, or in accordance with IFRS 9 Financial Instruments. The entity shall apply the same accounting for each category of investments.

There are consequential amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards and IAS 28 Investments in Associates and Joint Ventures.

Amendments to IAS 1: Disclosure initiative
The amendments are in response to views that guidance on materiality in IFRS was not clear and that this led to difficulties in applying the concept of materiality in practice. As a consequence, financial statements contained too much irrelevant information and not enough relevant information. Various amendments were made to clarify that the concept of materiality.

IFRS 14 Regulatory Deferral Accounts*
The aim of this interim Standard is to enhance the comparability of financial reporting by entities that are engaged in rate-regulated activities. It is relevant to first time IFRS adopters who provide goods or services that are subject to rate regulation.

Amendments to IAS 12: Recognition of Deferred Tax Assets for Unrealised Losses*
The amendments introduce illustrative examples together with new explanatory paragraphs.

Amendments to IAS 7: Disclosure initiative*
The amendment requires the changes in liabilities arising from financing activities to be disclosed

IFRS 15 Revenue from Contracts with Customers
The core principle of the new standard is for entities to recognise revenue to depict the transfer of goods or services to customers in amounts that reflect the consideration to which the entity expects to be entitled in exchange for those goods or services.

Clarifications to IFRS 15 Revenue from Contracts with Customers*

The amendments target areas of IFRS 15 as well as some transition relief.

IFRS 9 Financial Instruments*
The Amendments include a logical model for classification and measurement, a single, forward-looking ‘expected loss’ impairment model and a substantially- reformed approach to hedge accounting.

Amendments to IFRS 2: Classification and Measurement of Share-based Payment Transactions*
The amendments made eliminate diversity in practice in three main areas vesting conditions when measuring cash-settled share-based payment transactions, classification of share-based payment transactions with net settlement features for withholding tax obligations, change of classification from cash-settled to equity-settled.

IFRS 16 Leases*
The new standard recognises a leased asset and a lease liability for almost all leases and requires them to be accounted for in a consistent manner. This introduces a single lessee accounting model and eliminates the previous distinction between an operating lease and a finance lease.

* Not yet endorsed by the EU

The Directors are still considering the impact that the adoption of these Standards and Interpretations in future periods will have but do not expect a material impact on the financial statements of the Group when the relevant standards and interpretations come into effect.

3. FINANCIAL RISK MANAGEMENT

The Group’s activities expose it to a variety of financial risks: market risk, credit risk, liquidity risk and capital risk. The Group’s overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group’s financial performance.

The Group uses derivative financial instruments to hedge certain risk exposures.

Risk management is carried out centrally under policies approved by the Board of Directors. The Group evaluates and hedges financial risks. The Board provides written principles for overall risk management.

Market risk

Foreign exchange risk

The Group operates primarily in the UK and has limited exposure to foreign exchange risk.

Cash flow and fair value interest rate risk

The Group's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. During 2016 and 2015, the Group's borrowings at variable rates were denominated in pounds sterling. The Group analyses its interest rate exposure using financial modelling. Based on the various scenarios, the Group manages its cash flow interest rate risk by using interest rate swaps when considered appropriate. Such interest rate swaps have the economic effect of converting borrowings from floating rates to fixed rates at a certain level. Interest rate swaps are an agreement with other parties at quarterly intervals, to exchange the difference between fixed and floating rate calculated by reference to the notional principal amount as shown in note 20.

Credit risk

Credit risk is managed on a Group basis, except for credit risk relating to accounts receivable balances. Each local entity is responsible for managing and analysing the credit risk for each of their new customers before standard payment, delivery terms and conditions are offered. Credit risk arises from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures to retail customers, including outstanding receivables and committed transactions. The maximum exposure is the carrying amount as disclosed in note 16.

With respect to credit risk arising from the other financial assets of the Group, which comprise cash and cash equivalents, the Group's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments as also shown in note 16.

Liquidity risk

The Group monitors its risk to a shortage of funds using a forecasting model. This model considers the maturity of both its financial assets and financial liabilities and projected cash flows from operations. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, bank loans and finance in order to ensure that there is sufficient cash or working capital facilities to meet the requirements of the Group for its current business plan. A detailed analysis of the Group's debt facilities is given in note 20.

Capital risk

The Group's main objective when managing capital is to protect returns to shareholders by ensuring the Group will trade profitably in the foreseeable future. The Group also aims to maximise its capital structure of debt and equity so as to minimise its cost of capital.

The Group manages its capital with regard to the risks inherent in the business and the sector within which it operates by monitoring its gearing ratio on a regular basis. The Group considers its capital to include share capital, share premium, other reserves, retained earnings and net debt as noted below. Net debt includes short and long-term borrowings (including overdrafts) net of cash and cash equivalents.

No changes were made in the objectives, policies or processes during the years ending 31 December 2016 and 31 December 2015.

The Group's strategy is to strengthen its capital base in order to sustain the future development of the business.

Debt to Capital Ratio	**2016 £'m**	2015 £'m
Total debt	85.7	69.1
Less: cash and cash equivalents (note 20)	(13.4)	(8.5)
Net debt	72.3	60.6
Total equity	152.1	104.7
Debt to capital ratio	0.5	0.6

The gearing during 2016 decreased as a result of the additional debt to acquire the PHS DS in the year (note 11) being less than the equity raised (note 23). The Group does not have any externally imposed capital requirements.

Fair value estimation

The fair value of financial instruments is market value.

Notes to the Group financial statements continued

For the year ended 31 December 2016

4. 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 main segmental profit measure is adjusted operating profit and is shown before exceptional items, share-based charge and amortisation of intangible assets. 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 (where the Company is domiciled) as follows:

Continuing operations	**Document Management £'m**	**Relocation £'m**	**Head Office £'m**	**2016 Total £'m**
Revenue	90.1	39.3	–	129.4
Segment adjusted operating profit/(loss)	22.0	4.8	(1.8)	25.0
Exceptional items				(10.3)
Share-based payments charge				(0.8)
Amortisation of intangible assets				(4.4)
Operating profit				9.5
Finance costs				(2.0)
Profit before tax				7.5
Tax credit				3.1
Profit after tax				10.6
Segment assets	249.8	40.5	4.1	294.4
Segment liabilities	43.1	10.9	88.3	142.3
Capital expenditure	5.0	0.2	–	5.2
Depreciation and amortisation	8.0	0.7	–	8.7

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				(1.3)
Exceptional finance costs				(0.3)
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

Discontinued operations	2016 £'m	2015 £'m
Revenue	1.7	0.6
Operating profit	0.1	0.2
Profit before tax	0.1	0.2
Tax charge	–	–
Profit after tax of discontinued operations	0.1	0.2
Pre-tax gain recognised as the re-measurement of assets of disposal group	9.2	–
Tax charge	(1.6)	–
After tax gain recognised on the re-measurement of assets of disposal group	7.6	–
Profit after tax for the year from discontinued operations	7.7	0.2

The operating cashflow for the period was £0.2m (2015: £nil). On 10 March 2016, the Group disposed of Restore Document Management Ireland Limited for €36.0m (note 12).

Major Customers

For the year ended 31 December 2016 no customers individually accounted for more than 3% (2015: 4%) of the Group's total revenue.

5. EXCEPTIONAL ITEMS

	2016 £'m	2015 £'m
Acquisition – transaction costs	1.2	0.4
Acquisition – box relocation and transport costs	0.4	0.1
Restructuring and redundancy costs	6.2	5.1
Other exceptional	2.5	0.8
Total	10.3	6.4

The integration of acquisitions remains the key driver of exceptional costs. In the year the Group undertook the bulk of the restructuring on both the Wincanton Records Management and PHS DS acquisitions, the two largest acquisitions Restore has made. The Wincanton Records Management integration is now largely complete and the PHS DS integration is ahead of schedule.

Transaction costs include stamp duty costs and transitional service arrangement fees, in addition to the cost of legal and professional fees incurred as part of the acquisitions.

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 acquisitions. In the period the majority of the cost in this area has been a result of the transfer of boxes from the Cintas Charlton site to existing Restore sites ahead of the lease end in June 2017. This process is ahead of schedule.

Restructuring and redundancy costs have increased to £6.2m in 2016. As noted above these primarily relate to the Wincanton Records Management and PHS DS acquisitions and include:

- The cost of duplicated staff roles during the integration and restructuring period
- The cost of implementing the post completion staff structures
- IT costs associated with the wind down of duplicated IT systems and the transfer across to the destination systems
- Property costs associated with sites which are identified at the point of acquisition as being superfluous to ongoing requirements and where a credible exit strategy is clear to management.

Other exceptional costs include £1.7m of national insurance costs on the exercise of share options. The second element of other exceptional costs is a fixed asset write down of £0.8m resulting from the integration of Restore Shred into PHS DS which has given rise to the closure of a number of the Restore Shred depots and the replacement of the operational IT system.

Notes to the Group financial statements continued

For the year ended 31 December 2016

6. OPERATING PROFIT

	2016 £'m	2015 £'m
The following items have been included in arriving at operating profit:		
Amortisation of intangible assets	4.4	2.6
Depreciation of property, plant and equipment	4.3	2.8
Loss on disposal of property, plant and equipment (note 5)	0.8	–
Share-based payments charge	0.8	0.9
Operating leases – plant and machinery	2.5	1.4
Operating leases – land and buildings	11.2	6.5
Auditors' remuneration:		
– Parent and consolidated financial statements	0.1	0.1
– Audit of Company's subsidiaries pursuant to legislation	0.1	0.1
– Corporate finance services	–	0.1
– Tax compliance services	0.1	0.1
Expenses by function:		
Staff costs (note 30)	41.4	28.3
Depreciation	4.3	2.8
Premises costs	18.3	13.2
Materials costs	6.7	3.8
Subcontractor costs	14.9	13.6
Selling and distribution expenses	2.3	0.4
Transport costs	4.1	4.2
Computer costs	2.1	1.3
Audit and tax services	0.3	0.4
Legal and professional costs	0.4	0.4
Telecommunication costs	0.8	0.6
Exceptional items	10.3	6.4
Other expenses	9.6	6.2
Total cost of sales and administrative expenses	115.5	81.6
Amortisation of intangible assets	4.4	2.6
Total operating costs	119.9	84.2

7. FINANCE COSTS

	2016 £'m	2015 £'m
Interest on bank loans and overdrafts	1.8	1.2
Amortisation of deferred finance costs	0.2	0.1
Unwind of discount	–	0.1
Interest rate swap	–	(0.1)
	2.0	1.3
Exceptional finance costs	–	0.3
Total	2.0	1.6

Exceptional finance costs in 2015 related to the write off of bank arrangement fees.

8. TAXATION

	2016 £'m	2015 £'m
Current tax:		
UK corporation tax on profit for the year	0.3	1.0
Adjustment in respect of previous periods	(0.6)	(0.1)
Total current tax	(0.3)	0.9
Deferred tax: (note 21)		
Current year	(1.9)	(0.2)
Adjustment in respect of previous periods	(0.9)	(0.4)
Total deferred tax	(2.8)	(0.6)
Total tax (credit)/charge	(3.1)	0.3

The (credit)/charge for the year can be reconciled to the profit in the Consolidated statement of comprehensive income as follows:

	2016 £'m	2015 £'m
Profit before tax	7.5	6.1
Profit before tax multiplied by the rate of corporation tax of 20.0% (2015: 20.25%)	1.5	1.2
Effects of:		
Expenses not deductible for tax purposes	0.8	0.2
Tax losses not previously recognised	(0.8)	(0.6)
Share-based payments deduction	(2.6)	–
Effect of change in rate used for deferred tax	(0.5)	–
Adjustment in respect of corporation tax for previous periods	(0.6)	(0.1)
Adjustment in respect of deferred tax for previous periods	(0.9)	(0.4)
Tax (credit)/charge	(3.1)	0.3

9. 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.

	2016	2015
Weighted average number of shares in issue	102,712,773	83,442,266
Total profit for the year	£18.3m	£6.0m
Total basic earnings per ordinary share (pence)	17.8p	7.2p
Weighted average number of shares in issue	102,712,773	83,442,266
Share options	5,454,143	4,430,077
Executive incentive plan	–	373,579
Weighted average fully diluted number of shares in issue	108,166,916	88,245,922
Total fully diluted earnings per share (pence)	16.9p	6.8p
Continuing profit for the year	£10.6m	£5.8m
Continuing basic earnings per share (pence)	10.3p	7.0p
Continuing fully diluted earnings per share (pence)	9.8p	6.6p
Discontinued profit for the year	£7.7m	£0.2m
Discontinued basic earnings per share (pence)	7.5p	0.2p
Discontinued fully diluted earnings per share (pence)	7.1p	0.2p

Notes to the Group financial statements continued

For the year ended 31 December 2016

9. EARNINGS PER ORDINARY SHARE CONTINUED

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:

	2016 £'m	2015 £'m
Continuing profit before tax	7.5	6.1
Adjustments:		
Amortisation of intangible assets	4.4	2.6
Exceptional items	10.3	6.4
Share-based payments charge	0.8	0.9
Exceptional finance costs	–	0.3
Adjusted continuing profit for the year	23.0	16.3

The adjusted earnings per share, based on the weighted average number of shares in issue during the year, £102.7m (2015: £83.4m) is calculated below:

	2016	2015
Adjusted profit before tax (£'m)	23.0	16.3
Tax at 20%/20.25% (£'m)	(4.6)	(3.3)
Adjusted profit after tax (£'m)	18.4	13.0
Adjusted basic earnings per share (pence)	17.9p	15.6p
Adjusted fully diluted earnings per share (pence)	17.0p	14.7p

10. DIVIDENDS

In respect of the current year, the Directors propose a final dividend of 2.67p per share (2015: 2.2p) will be paid to ordinary shareholders on 7 July 2017. This dividend is subject to approval by shareholders at the Annual General Meeting and has not been included as a liability in these financial statements. An interim dividend of 1.33p per share (2015: 1.0p) was paid during the year.

The proposed final dividend for 2016 is payable to all shareholders on the Register of Members on 9 June 2017. The final estimated dividend to be paid is £3.0m (2015: £2.1m).

11. BUSINESS COMBINATIONS

On 26 August 2016, the Company acquired 100% of PHS DS, the second largest provider of document shredding services in the UK as well as having a significant records management business and a presence in document scanning. The total consideration of £83.1m was paid in cash. As the Group is still in the process of establishing the fair value of the assets and liabilities acquired the fair values presented below are provisional:

	Provisional fair value at acquisition £'m
Intangible assets – customer relationships	17.2
Intangible assets – trade name	2.3
Property, plant and equipment	10.5
Inventories	0.4
Trade receivables	5.3
Cash	0.9
Trade and other payables	(7.0)
Deferred tax liabilities	(3.3)
Other financial liabilities	(0.2)
Net assets acquired	26.1
Goodwill	57.0
Consideration	83.1
Satisfied by:	
Cash to vendors	83.1

Deferred tax at 17.0% has been provided on the value of intangible assets. Acquisition costs of £255k were incurred and have been charged to profit or loss within exceptional items.

On 4 January 2016, deferred consideration of £0.4m was paid in respect of ITP. During the year the Directors reviewed the performance of ITP and concluded that the final payment of earn-out consideration of £0.4m would not be made. As this assessment was made within 12 months of the acquisition, this has been adjusted in goodwill (note 13).

In 2015, the fair value of assets acquired as part of the Wincanton UK acquisition were shown as provisional. During the year a re-assessment of these was undertaken and resulted in no adjustments being made. A fair value adjustment of £0.4m was made in 2016 in respect of the Diamond Relocations freehold site which was sold in the year (note 12).

Other financial liabilities include £0.4m (2015: £0.5m) in respect of the contingent consideration in respect of Crimson UK Limited, of which £0.3m is due after more than one year (2015: £0.5m).

Post acquisition results

	PHS DS £'m
Revenue	17.7
Profit before tax since acquisition included in the Consolidated statement of comprehensive income	1.8

If the acquisitions had been completed on the first day of the financial year, Group revenue would have been £160.1m and Group continuing profit before tax would have been £12.7m. As explained in note 5, following the 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 acquisition of PHS DS was made to acquire a market leading brand, Datashred (now trading as Restore Datashred), to extend national coverage and increase the Group's market share.

The goodwill on this acquisition is higher than on other recent acquisitions. The Directors believe this represents:

- the network of routes and depots built up by the company over many years which provide the backbone of profitable operations in shredding
- the skilled workforce and knowledge acquired by the company in building a number 2 position in the market
- the potential for cost synergies in the Group's existing shredding operation through consolidation of routes and depots with PHS DS
- a platform for future bolt on acquisitions.

12. ASSETS CLASSIFIED AS HELD FOR SALE

At 31 December 2015 the assets and liabilities of Restore Document Management Ireland Limited (previously Wincanton Ireland) were presented as held for sale and were subsequently disposed of on 10 March 2016 for €36.0m (£27.7m) the net cash consideration being £27.4m.

In addition, a freehold site acquired as part of the acquisition of Diamond Relocations Limited was also classified as held for sale at 31 December 2015 and was sold on 5 May 2016 for £2.5m.

Assets classified as held for sale	2016 £'m	2015 £'m
Intangible assets	–	17.8
Property, plant and equipment	–	5.6
Other current assets	–	0.8
	–	24.2
Liabilities classified as held for sale		
Trade and other payables	–	2.2
Deferred taxation	–	2.4
	–	4.6

Notes to the Group financial statements continued

For the year ended 31 December 2016

13. INTANGIBLE ASSETS

	Goodwill £'m	Customer relationships £'m	Trade names £'m	Applications software £'m	Total £'m
Cost					
1 January 2015	58.5	22.1	2.0	3.8	86.4
Additions – external	–	–	–	0.5	0.5
Disposals	–	–	–	(1.6)	(1.6)
Arising on acquisition of subsidiaries	21.6	48.2	–	–	69.8
Transferred to assets held for sale	(4.8)	(13.0)	–	–	(17.8)
31 December 2015	75.3	57.3	2.0	2.7	137.3
1 January 2016	75.3	57.3	2.0	2.7	137.3
Additions – external	–	–	–	0.5	0.5
Disposals	–	–	–	(0.1)	(0.1)
Arising on acquisition of subsidiaries	56.2	17.2	2.3	–	75.7
31 December 2016	131.5	74.5	4.3	3.1	213.4
Accumulated amortisation and impairment					
1 January 2015	10.6	3.9	0.9	2.1	17.5
Charge for the year	–	1.9	0.2	0.5	2.6
Disposals	–	–	–	(1.3)	(1.3)
Transferred to assets held for sale	–	(0.1)	–	–	(0.1)
31 December 2015	10.6	5.7	1.1	1.3	18.7
1 January 2016	10.6	5.7	1.1	1.3	18.7
Charge for the year	–	3.6	0.2	0.6	4.4
31 December 2016	10.6	9.3	1.3	1.9	23.1
Carrying amount					
31 December 2016	120.9	65.2	3.0	1.2	190.3
31 December 2015	64.7	51.6	0.9	1.4	118.6
1 January 2015	47.9	18.2	1.1	1.7	68.9

The customer relationships have a remaining life of 5 – 20 years.

The changes to goodwill during the year were as follows:

	£'m
Cost	
1 January 2015	58.5
Acquired – ITP	1.7
Acquired – DIAC	0.3
Acquired – Crimson	0.7
Acquired – Wincanton	19.3
Acquired – Diamond	0.4
Adjusted – Cintas UK	(0.8)
Transferred to assets held for sale	(4.8)
31 December 2015	75.3
Adjusted – Diamond	(0.4)
Acquired – PHS DS	57.0
Adjusted – ITP	(0.4)
31 December 2016	131.5
Accumulated impairment	
1 January 2015 and 31 December 2015	10.6
31 December 2016	10.6
Carrying amount at 31 December 2016	120.9
Carrying amount at 31 December 2015	64.7
Carrying amount 1 January 2015	47.9

Allocation to cash-generating units
Goodwill has been allocated for impairment testing purposes to the following cash-generating units. The carrying value is as follows:

	2016 £'m	2015 £'m
Document Management	114.2	57.2
Relocation	6.7	7.5
	120.9	64.7

Annual test for impairment
For the purpose of impairment testing, goodwill and other intangibles are allocated to business segments which represent the lowest level that those assets are monitored for internal management purposes. The recoverable amount of each cash-generating unit is determined from value-in-use calculations. The calculations use pre-tax cash flow projections based on financial budgets approved by the Directors for year one and cash flow projections for years two and three using growth rates that are considered to be in line with the general trends in which each cash-generating unit operates. Terminal cash flows are based on these 3 year projections, assumed to grow perpetually at 1%. In accordance with IAS 36, the growth rates for beyond the forecasted three years do not exceed the long-term average growth rate for the industry. The key assumptions forming inputs to the cash flows are in revenues and margins. Revenues for 2017 have been assessed by reference to existing contracts and market volumes. Margins have been assumed to be consistent with those currently achieved in the Document Management and Relocation divisions. The forecasts have been discounted at a pre-tax rate of 10.3% (2015: 12.3%). This discount rate was calculated using a pre-tax rate based on the weighted average cost of capital for the Group. This has changed during the year as a result of changes in both the cost of equity and cost of debt for the Group. The key assumptions used for the value in use calculations are as follows:

	Document Management %	**Relocation %**
Revenue growth – average over 3 years	4	2
Revenue growth – remainder	1	1
Cost growth – employee/overheads, average over 3 years	4	1

Sensitivity
The Group has not identified any reasonable potential changes to key assumptions that would cause the carrying value of the remaining goodwill or intangibles to exceed its recoverable amount.

Notes to the Group financial statements continued

For the year ended 31 December 2016

14. PROPERTY, PLANT AND EQUIPMENT

	Freehold and long leasehold land & buildings £'m	Leasehold improvements £'m	Racking plant & machinery £'m	Office equipment fixtures & fittings £'m	Motor vehicles £'m	Total £'m
Cost						
1 January 2015	11.5	7.0	16.3	3.9	1.0	39.7
Additions	0.4	0.8	1.7	0.5	0.1	3.5
Disposals	–	(1.0)	(1.9)	(2.5)	(0.4)	(5.8)
Acquisitions	2.2	–	0.1	9.7	0.1	12.1
Transfer to assets held for sale	(2.2)	–	–	(3.4)	–	(5.6)
31 December 2015	11.9	6.8	16.2	8.2	0.8	43.9
1 January 2016	11.9	6.8	16.2	8.2	0.8	43.9
Exchange differences	–	–	–	0.1	–	0.1
Additions	0.5	1.1	1.9	1.0	0.1	4.6
Disposals	–	(0.2)	(0.6)	(0.3)	(0.3)	(1.4)
Acquisitions	–	1.3	6.0	0.4	2.8	10.5
Reclassification*	–	–	6.0	(6.0)	–	–
31 December 2016	12.4	9.0	29.5	3.4	3.4	57.7
Accumulated Depreciation						
1 January 2015	0.8	1.2	4.8	2.3	0.4	9.5
Charge for the year	0.1	0.5	1.3	0.7	0.2	2.8
Disposals	–	(1.0)	(1.9)	(2.5)	(0.4)	(5.8)
31 December 2015	0.9	0.7	4.2	0.5	0.2	6.5
1 January 2016	0.9	0.7	4.2	0.5	0.2	6.5
Charge for the year	0.1	0.7	2.3	0.7	0.5	4.3
Disposals	–	(0.1)	(0.3)	(0.1)	(0.2)	(0.7)
31 December 2016	1.0	1.3	6.2	1.1	0.5	10.1
Net book value						
31 December 2016	11.4	7.7	23.3	2.3	2.9	47.6
31 December 2015	11.0	6.1	12.0	7.7	0.6	37.4
1 January 2015	10.7	5.8	11.5	1.6	0.6	30.2

* During the year an amount of £6.0m previously recognised on 2015 acquisitions as office equipment fixtures & fitting was reclassified to racking plant & machinery on the 2016 hive-up of these assets.

Capital expenditure contracted for but not provided in the financial statements is shown in note 32.

Depreciation is charged to profit or loss as an administrative expense. Assets with a net book value of £0.4m (2015: £nil) were held under finance leases.

15. INVENTORIES

	2016 £'m	2015 £'m
Finished goods and goods for resale	1.9	1.7

£1.1m (2015: £1.0m) of inventories were recognised as an expense in cost of sales in the year.

16. TRADE AND OTHER RECEIVABLES

	2016 £'m	2015 £'m
Trade receivables	26.8	17.3
Less: provision for impairment of trade receivables	(0.4)	(0.1)
Trade receivables – net	26.4	17.2
Other receivables	2.4	2.7
Prepayments and accrued income	9.6	8.9
	38.4	28.8

The average credit period is 63 days (2015: 57 days). No interest is charged on the trade receivables for the first 30 days from the date of the invoice. Thereafter, interest may be charged at 2% per annum on the outstanding balance. Trade receivables are provided for based on estimated irrecoverable amounts, determined by reference to past payment history and the current financial status of the customers.

Movement in the allowance for impairment	2016 £'m	2015 £'m
1 January	0.1	0.1
Increase in amount recognised in profit or loss	0.3	–
31 December	0.4	0.1

In determining the recoverability of the trade receivables, the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date. See note 20 for an analysis of trade receivables that were past due but not impaired.

17. TRADE AND OTHER PAYABLES

	2016 £'m	2015 £'m
Trade payables	11.4	9.0
Other taxation and social security	5.4	2.6
Other payables	0.6	1.3
Accruals and deferred income	16.9	9.5
	34.3	22.4

The Group has financial risk management policies in place to ensure that all payables are paid within the credit time frame. Trade and other payables principally comprise amounts outstanding for trade purchases and ongoing costs. The average credit period for trade purchases is 65 days (2015: 70 days).

18. FINANCIAL LIABILITIES – BORROWINGS

	2016 £'m	2015 £'m
Current		
Bank loans and overdrafts due within one year		
Overdrafts on demand	0.5	1.4
Bank loans – secured	7.0	2.5
Deferred financing costs	(0.2)	(0.2)
	7.3	3.7
Non-current		
Bank loans – secured	79.0	66.0
Deferred financing costs	(0.6)	(0.6)
	78.4	65.4

The bank debt is due to The Royal Bank of Scotland plc and Barclays Bank plc and is secured by a fixed and floating charge over the assets of the Group. The interest rate profile and an analysis of borrowings is given in note 20. Under the bank facility the Group is required to meet quarterly covenant tests in respect of cashflow cover, interest cover and leverage. All tests were met during the year and the Directors expect to continue to meet these tests.

Notes to the Group financial statements continued

For the year ended 31 December 2016

18. FINANCIAL LIABILITIES – BORROWINGS CONTINUED

Analysis of net debt

	2016 £'m	2015 £'m
Cash at bank and in hand	13.4	8.5
Bank loans and overdrafts due within one year	(7.3)	(3.7)
Bank loans due after one year	(78.4)	(65.4)
	(72.3)	(60.6)

19. OTHER FINANCIAL LIABILITIES

	2016 £'m	2015 £'m
Obligations under finance leases – present value of finance lease liabilities	0.4	0.3
Repayable by instalments:		
In less than one year	0.1	0.1
In two to five years	0.2	0.2
Over five years	0.1	–
	0.4	0.3

20. FINANCIAL INSTRUMENTS

The Group's financial instruments comprise cash, bank and various other receivable and payable balances that arise from its operations. The main purpose of these financial instruments is to finance the Group's operations.

Cash and cash equivalents

	2016 £'m	2015 £'m
Cash at bank and in hand	13.4	8.5

As at 31 December 2016, trade receivables of £5.4m (2015: £3.3m) were past due but not impaired. These relate to a number of independent customers with no recent history of default. The ageing analysis of these trade receivables is as follows:

	2016 £'m	2015 £'m
60–90 days	4.8	1.5
Greater than 90 days	0.6	1.8

The main financial risks arising from the Group's financial instruments are interest rate risk and liquidity risk. The Directors review and agree policies for managing each of these risks. Interest rates are regularly reviewed to ensure competitive rates are paid. Detailed cash flow forecasts are produced on a regular basis to minimise liquidity risks.

Carrying value of financial assets and (liabilities) excluding cash and borrowings

	2016 £'m	2015 £'m
Loans and receivables	27.3	18.5
Financial liabilities measured at amortised cost	(29.2)	(19.5)

Currency and interest rate risk profile of financial liabilities

All bank borrowings are subject to floating interest rates, at LIBOR plus a margin of between 1.35% and 2.35%, depending on the leverage covenant.

The interest rate risk profile of the Group's gross borrowings for the year was:

Currency	Total £'m	Floating rate financial liabilities £'m	Subject to interest rate collar £'m	Weighted average interest rates %
Sterling at 31 December 2016	85.7	85.7	–	2.5
Sterling at 31 December 2015	69.1	65.6	3.5	2.7

The exposure of Group borrowings to interest rate changes and contractual pricing dates at the end of the year are as follows:

	2016 £'m	2015 £'m
6 months or less	85.7	69.1

Interest rate sensitivity

At 31 December 2016, if interest rates had been 50 basis points higher and all other variables were held constant, it is estimated that the Group's profit before tax would be approximately £0.4m (2015: £0.2m) lower. This is mainly attributable to the Group's exposure to interest rates on its variable rate borrowings and is based on the change taking place at the beginning of the financial year and held constant throughout the year.

The Group's sensitivity to future interest rates changes has increased during the current year due to the increased debt.

Financial assets recognised in the statement of financial position and interest rate profile

All financial assets are short-term receivables and cash at bank. The cash at bank earns interest based on the variable bank base rate and is held with Barclays Bank plc.

Maturity of financial liabilities

The maturity profile of the carrying amount of the Group's financial liabilities (including interest payment) other than short-term trade payables and accruals which are due within one year was as follows:

	Bank debt £'m	**Other financial liabilities* £'m**	**2016 Total £'m**	Bank debt £'m	**Other financial liabilities* £'m**	2015 Total £'m
Within one year, or on demand	7.3	0.2	7.5	3.7	1.6	5.3
Between one and two years	7.0	0.3	7.3	6.0	0.2	6.2
Between two and five years	71.4	0.2	71.6	59.5	–	59.5
More than five years	–	0.1	0.1	–	–	–
	85.7	0.8	86.5	69.2	1.8	71.0

* Other financial liabilities include interest accruals, amounts owing under finance leases and contingent and deferred consideration.

Borrowing facilities

The Group has a finance facility with The Royal Bank of Scotland plc and Barclays Bank plc which expires on 4 November 2020. This facility at 31 December 2016 comprises term loans of £67.5m and a revolving credit facility (RCF) of £30.0m, which is partly reduced by an on demand net overdraft facility of £1.5m (2015: term loan £50.0m, RCF £30.0m and overdraft £1.5m). An offset facility is in place and on a gross basis, £13.9m of the overdraft facility was unutilised at 31 December 2016 (2015: £8.6m). Details of security are given in note 18. Committed but undrawn borrowing facilities as at 31 December 2016 amounted to £12.0m (2015: £8.6m).

All of the Group's borrowings are in sterling.

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For the year ended 31 December 2016

20. FINANCIAL INSTRUMENTS CONTINUED

Fair values of financial assets and financial liabilities

The Group's financial assets and liabilities bear floating interest rates and are relatively short-term in nature. In the opinion of the Directors the book values of the assets and liabilities equate to their fair value.

Interest rate management

The Group does not currently hold any interest rate swaps to mitigate the risk of changing interest rates on the issued variable rate debt held, as the swaps held at 31 December 2015 expired during the year. The fair value was as follows:

	Average contracted fixed interest rate		Notional principal amount		Fair value	
	2016 %	2015 %	**2016 £'m**	2015 £'m	**2016 £'m**	2015 £'m
Less than one year	–	2.8	–	3.5	–	–

21. DEFERRED TAX

Summary of balances

	2016 £'m	2015 £'m
Deferred tax liabilities	(13.2)	(12.0)
Deferred tax asset	2.8	4.3
Net position at 31 December	(10.4)	(7.7)

The movement in the year in the Group's net deferred tax position is as follows:

	2016 £'m	2015 £'m
1 January	(7.7)	(2.0)
Credit to profit for the year	2.8	0.6
Tax (charged)/credited directly to equity	(2.2)	0.1
Acquisitions	(3.3)	(8.8)
Transferred to liabilities held for sale	–	2.4
31 December	(10.4)	(7.7)

The following are the major deferred tax liabilities and assets recognised by the Group and the movements thereon during the year:

Deferred tax liabilities

	Accelerated capital allowances £'m	Intangible assets £'m	Properties £'m	Total £'m
1 January 2015	(1.3)	(3.9)	(1.0)	(6.2)
Credit to income for the year	0.1	0.7	0.1	0.9
Acquisitions	(0.1)	(8.9)	(0.1)	(9.1)
Transferred to liabilities held for sale	–	2.4	–	2.4
31 December 2015	(1.3)	(9.7)	(1.0)	(12.0)
Credit to income for the year	0.6	1.4	0.1	2.1
Acquisitions	–	(3.3)	–	(3.3)
31 December 2016	(0.7)	(11.6)	(0.9)	(13.2)

Deferred tax assets

	Share-based payments £'m	Losses £'m	Depreciation in excess of capital allowances £'m	Provisions £'m	Total £'m
1 January 2015	2.6	0.2	0.1	1.3	4.2
(Charge)/credit to income for the year	(0.1)	(0.2)	0.2	(0.2)	(0.3)
Acquisitions	–	–	–	0.3	0.3
Transactions with owners	0.1	–	–	–	0.1
31 December 2015	2.6	–	0.3	1.4	4.3
Credit/(charge) to income for the year	0.1	0.7	0.1	(0.2)	0.7
Transactions with owners	(2.2)	–	–	–	(2.2)
31 December 2016	0.5	0.7	0.4	1.2	2.8

A deferred tax asset has been recognised on the share-based payments charge. An amount of £2.2m (2015: £0.1m) has been taken directly to equity.

A deferred tax asset of £0.7m (2015: £nil) has been recognised on brought forward tax losses due to greater certainty over recoverability of the asset. A potential deferred tax asset amounting to £nil (2015: £0.9m) on tax losses of £nil (2015: £4.6m) has not been recognised due to uncertainty over the recoverability of the asset.

22. PROVISIONS

Onerous lease provision

	2016 £'m	2015 £'m
1 January	7.7	7.2
Used during the year	(0.7)	(1.1)
Increase in provision arising on the acquisition of Cintas UK	–	1.6
31 December	7.0	7.7

The onerous lease provision relates to future payments at above market rents on onerous leases on a number of sites expiring before March 2030. £1.0m of costs are expected to be incurred within one year and the balance over the next 7 years. This provision has been discounted at 6%, being the market commercial property yield rates (2015: 6%).

Provisions are analysed as follows:

	2016 £'m	2015 £'m
Current	1.0	0.8
Non-current	6.0	6.9
Total	7.0	7.7

Notes to the Group financial statements continued

For the year ended 31 December 2016

23. CALLED UP SHARE CAPITAL

	2016 £'m	2015 £'m
Authorised:		
199,000,000 ordinary shares of 5p each	10.0	10.0
Allotted, issued and fully paid:		
112,067,479 (2015: 95,954,760) ordinary shares of 5p each	5.6	4.8

The issued ordinary share capital is as follows:

Date	Number of ordinary shares	Issue price
1 January 2015	82,213,540	
23 April 2015 – exercise of share options	372,541	5.0p
10 June 2015 – exercise of share options	256,016	5.0p
16 November 2015 – exercise of share options	35,739	5.0p
8 December 2015 – equity raised to acquire Wincanton	13,076,924	260.0p
31 December 2015	95,954,760	
11 May 2016 – exercise of share options	3,916,015	5.0p
9 June 2016 – exercise of share options	38,051	5.0p
26 August 2016 – equity raised to acquire PHS DS	12,143,632	290.0p
13 December 2016 – exercise of share options	15,021	5.0p
31 December 2016	112,067,479	

The 3,969,087 (2015: 664,296) ordinary shares shown as issued above as a result of the exercise of share options were net-settled at market price on the day of exercise (note 29).

24. SHARE PREMIUM ACCOUNT

	2016 £'m	2015 £'m
1 January	67.5	35.3
Premium on shares issued during the year	34.6	33.2
Share issue costs	(1.2)	(1.0)
31 December	100.9	67.5

The Company may use the reserve to reduce a deficit in the retained earnings of the Company from time to time subject to shareholders and court approval and the Company may release the reserve upon transferring to a blocked trust bank account a sum equal to the remaining amount outstanding to non-consenting creditors that existed at the date of the capital reduction.

25. OTHER RESERVES

Share-based payments reserve	2016 £'m	2015 £'m
1 January	4.7	3.8
Charge for the year	0.8	0.9
Deferred tax on share-based payments charge	(2.2)	0.1
Transfers*	(0.9)	(0.1)
31 December	2.4	4.7

* A net amount of £0.9m has been reclassified from share-based payments reserve to retained earnings in respect of lapsed and exercised options (2015: £0.1m).

The share-based payments reserve comprises charges made to the income statement in respect of share-based payments under the Group's equity compensation schemes.

26. RETAINED EARNINGS

	2016 £'m	2015 £'m
1 January	27.7	23.8
Profit for the year	18.3	6.0
Dividends	(3.7)	(2.2)
Transfers*	0.9	0.1
31 December	43.2	27.7

* A net amount of £0.9m has been reclassified from share-based payments reserve to retained earnings in respect of lapsed and exercised options (2015: £0.1m).

Retained earnings are the balance of income retained by the Group. Retained earnings may be distributed to shareholders by a dividend payment.

27. CASH INFLOW FROM OPERATIONS

	2016 £'m	2015 £'m
Continuing operations		
Profit before tax	7.5	6.1
Depreciation of property, plant and equipment	4.3	2.8
Amortisation of intangible assets	4.4	2.6
Net finance costs	2.0	1.6
Share-based payments charge	0.8	0.9
Loss on disposal of plant, property and equipment	0.8	–
Decrease/(increase) in inventories	0.2	(0.5)
Increase in trade and other receivables	(5.1)	(1.5)
Increase/(decrease) in trade and other payables	3.1	(1.0)
Net cash generated from continuing operations	18.0	11.0
Discontinued operations		
Profit before tax	7.7	–
Depreciation of property, plant and equipment	0.1	–
Profit on disposal of available for sale assets	(7.6)	–
Net cash generated from discontinued operations	0.2	–
Net cash generated from operations	18.2	11.0

28. PENSIONS

The Group operates a number of defined contribution schemes for all qualifying employees. The assets of the schemes are held separately from those of the Group in funds under the control of trustees. The total cost charged to profit or loss of £0.9m (2015: £0.6m) represents contributions payable to these schemes by the Group at rates specified in the rules of the plan.

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29. SHARE-BASED PAYMENTS

Share options scheme

The Restore share option scheme was introduced in May 2005. Under the scheme the Remuneration Committee can grant options over shares in the Company to Directors and employees of the Group. Options are granted at a fixed price equal to the market price of the shares under option at the date of grant. The contractual life of the option is 10 years. Awards under the scheme are generally reserved for employees at senior management level and above.

Between 2010 and 2016 the Company made grants of options to senior management and Directors, on which there are no performance conditions and which are exercisable within 0 – 10 years.

Options were valued using a stochastic model. The fair value per option and the assumptions used in the calculation for the options issued in 2015 and 2016 are as follows:

Grant date	**10 October 2016**	**8 September 2016**	**16 June 2016**	15 June 2015
Share price at grant date	337.0p	347.0p	311.0p	271.0p
Exercise price	337.0p	347.0p	311.0p	271.0p
Number of employees	2	1	1	1
Share options granted	150,000	300,000	250,000	100,000
Vesting period (years)	3	3	3	3
Expected volatility	30%	30%	30%	30%
Option life (years)	10	10	10	10
Expected life (years)	6	6	6	6
Risk free rate	1.5%	1.5%	1.5%	4.0%
Expected dividends expressed as a dividend yield	0%	0%	0%	0%
Fair value per option	94.3p	97.1p	87.1p	100.3p

The total fair value of options issued in the year was £0.7m (2015: £0.1m). The volatility is measured by calculating the standard deviation of the natural logarithm of share price movements.

A reconciliation of share option movements over the two years to 31 December 2016 is:

Grant date	**2016 Number**	**2016 Weighted average exercise price**	2015 Number	2015 Weighted average exercise price
Outstanding at 1 January	6,316,588	79.0p	7,036,588	73.1p
Granted	700,000	344.4p	100,000	271.0p
Exercised	(4,975,588)	62.4p	(820,000)	51.5p
Converted from EIP	4,690,860	0p	–	–
Outstanding at 31 December	6,731,860	63.8p	6,316,588	79.0p
Exercisable at 31 December	3,386,430	34.3p	5,366,588	60.9p

The 4,975,588 options exercised as shown in the table above were net-settled at the market price on the day of exercise and resulted in 3,969,087 ordinary shares being issued (note 23), (2015: 820,000 options exercised, 664,296 ordinary shares issued).

The exercisable options outstanding at 31 December 2016 had an exercise price of between 0p and 149.5p and a weighted average remaining contractual life of 7.7 years (2015: 5.9 years). The weighted average share price at exercise date for options exercised in the year was 320.0p.

Executive Incentive Plan (EIP)

The Director's interests in the performance units of the EIP is as follows:

	2016	2015
Charles Skinner	–	66,667
Adam Councell	–	16,667

No payment was made for the grant of these awards. Performance units converted into nil-cost options on 26 November 2016, being the end of the three year performance period, as the value created for shareholders was in excess of the threshold hurdle calculated by reference to 10% annualised growth in the market capitalisation of the Company plus dividend payments minus net shareholder investments, from the start of the performance period being 26 November 2013. The participants were entitled to receive in aggregate 10% of the value created for shareholders above the hurdle, 50% of the entitlement will vest at the end of the performance period with 25% at the end of each of the following two years.

On 26 November 2016 the performance conditions under the EIP were met and the performance units held by the Directors were converted into nil-cost options as set out in the table below. All of these options were held at 31 December 2016.

	Number of nil-cost options	Date from which exercisable	Expiry Date
Charles Skinner	1,759,073	5 December 2016	26 November 2023
Charles Skinner	879,536	26 November 2017	26 November 2023
Charles Skinner	879,536	26 November 2018	26 November 2023
Adam Councell	586,358	5 December 2016	26 November 2023
Adam Councell	293,179	26 November 2017	26 November 2023
Adam Councell	293,178	26 November 2018	26 November 2023

30. DIRECTORS AND EMPLOYEES

Staff costs during the year	**2016 £'m**	2015 £'m
Wages and salaries	36.2	24.4
Social security costs	3.5	2.4
Post employment benefits	0.9	0.6
Share-based payments charge	0.8	0.9
	41.4	28.3

Average monthly number of employees during the year	**Number**	Number
Directors	2	2
Management	300	169
Administration	101	82
Operatives	1,395	886
	1,798	1,139

Total amounts for Directors' remuneration and other benefits	**2016 £'m**	2015 £'m
Emoluments for Directors' services	11.1	0.8
Directors' remuneration shown above included the following amounts in respect of the highest paid Director:		
Salary and benefits	7.2	0.4

Directors exercised share options during the year as shown on page 35.

Key management compensation	**2016 £'m**	2015 £'m
Short-term employment benefits	2.4	1.9
Social security costs	2.0	0.3
Post employment benefits	0.2	0.1
Other benefits	0.1	–
Share-based payments charge	0.8	1.0
Long-term incentives vesting	11.9	–
	17.4	3.3

The key management of the Group are management attending divisional board meetings.

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31. LEASING COMMITMENTS

The Group leases various premises and assets under non-cancellable operating lease agreements of varying terms. The majority of the lease agreements are renewable at the end of the lease period at market rate.

	Land and buildings		Plant and machinery	
Future aggregate minimum lease payments under non-cancellable operating leases	**2016 £'m**	2015 £'m	**2016 £'m**	2015 £'m
– Within one year	12.1	9.4	1.8	1.1
– Within two to five years	42.8	28.8	5.6	2.0
– Over five years	44.6	48.9	0.7	0.2
	99.5	87.1	8.1	3.3

The operating leases represent rentals payable by the Group for certain properties, vehicles and equipment.

32. CAPITAL COMMITMENTS

Capital expenditure	**2016 £'m**	2015 £'m
Contracted for but not provided in the financial statements	0.3	–

33. CONTINGENT LIABILITIES

The Company has entered into a bank cross guarantee with its subsidiaries. The guarantee amounts to £72.3m at 31 December 2016 (2015: £60.6m). The assets of the Company and its subsidiaries are pledged as security for the bank borrowings, by way of a fixed and floating charge.

34. RELATED PARTY TRANSACTIONS AND CONTROLLING PARTY

The remuneration of key management personnel and details of the Directors' emoluments are shown in note 30. Dividends of £38,787, £12,445, £5,140, (2015: £14,077, £13,846, £nil) were paid to Charles Skinner, Sir William Wells and Adam Councell respectively.

The Directors exercised share options in the period, as disclosed within the Directors' remuneration report (page 35).

The Directors do not consider there to be a controlling party.

35. POST BALANCE SHEET EVENTS

On 9 January 2017 the Group completed the acquisition of the trade and assets of Reisswolf Wales, a secured shredding business based in Welshpool Wales for £0.8m. On 23 January 2017, this was complemented by the acquisition of Bedfordshire based ID Secured Limited, trading as Reisswolf London for £0.4m.

On 20 February 2017 the Company acquired The ITAD Works Limited for £1.9m, a Surrey based IT recycling company.

On 7 March 2017 the Group acquired the remaining 17% share in Relocom Limited for £0.4m.

The Group is still in the process of establishing the fair value of the assets and liabilities acquired in all of these acquisitions.

Company statement of changes in equity

For the year ended 31 December 2016

	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 2015	4.1	35.3	3.7	10.6	53.7
Loss for the year	–	–	–	(3.1)	(3.1)
Total comprehensive income for the year	–	–	–	(3.1)	(3.1)
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	–
Acquisition**	–	–	–	7.2	7.2
Share-based payments charge	–	–	0.9	–	0.9
Deferred tax on share-based payments	–	–	0.1	–	0.1
	0.7	32.2	0.9	5.1	38.9
Balance at 31 December 2015	4.8	67.5	4.6	12.6	89.5
Balance at 1 January 2016	4.8	67.5	4.6	12.6	89.5
Profit for the year	–	–	–	16.1	16.1
Total comprehensive income for the year	–	–	–	16.1	16.1
Transactions with owners					
Issue of shares during the year	0.8	34.6	–	–	35.4
Issue costs	–	(1.2)	–	–	(1.2)
Dividends	–	–	–	(3.7)	(3.7)
Transfers*	–	–	(0.9)	0.9	–
Acquisition**	–	–	–	1.0	1.0
Share-based payments charge	–	–	0.8	–	0.8
Deferred tax on share-based payments	–	–	(2.2)	–	(2.2)
	0.8	33.4	(2.3)	(1.8)	30.1
Balance at 31 December 2016	5.6	100.9	2.3	26.9	135.7

* A net amount of £0.9m has been reclassified from share-based payments reserve to retained earnings in respect of lapsed and exercised options (2015: £0.1m).

** As a result of hive-ups shown in note 36, retained earnings of £1.0m were transferred to the Company (2015: £7.2m).

Company statement of financial position

As at 31 December 2016

	Note	2016 £'m	2015 £'m
ASSETS			
Non-current assets			
Intangible assets	36	114.4	43.8
Property, plant and equipment	37	31.5	22.3
Investments	38	95.5	80.6
Deferred tax asset	46	0.2	2.3
		241.6	149.0
Current assets			
Inventories	40	0.3	0.2
Trade and other receivables	41	21.2	19.9
Cash and cash equivalents	45	6.0	3.9
		27.5	24.0
Assets held directly for sale	39	–	17.2
Total assets		269.1	190.2
LIABILITIES			
Current liabilities			
Trade and other payables	42	(16.1)	(12.5)
Financial liabilities – borrowings	43	(6.8)	(2.3)
Current tax liabilities		(0.2)	(2.1)
		(23.1)	(16.9)
Non-current liabilities			
Financial liabilities – borrowings	43	(78.4)	(65.4)
Other long term liabilities	44	(23.9)	(15.2)
Deferred tax liability	46	(8.0)	(3.1)
Provisions	47	–	(0.1)
		(110.3)	(83.8)
Total liabilities		(133.4)	(100.7)
Net assets		135.7	89.5
EQUITY			
Share capital	48	5.6	4.8
Share premium account		100.9	67.5
Other reserves		2.3	4.6
Retained earnings		26.9	12.6
Equity attributable to the owners of the parent		135.7	89.5

These financial statements were approved by the Board of Directors and authorised for issue on 22 March 2017 and were signed on its behalf by:

Charles Skinner
Chief Executive

Adam Councell
Group Finance Director

Company statement of cash flows

For the year ended 31 December 2016

	Note	Year ended 31 December 2016 £'m	Year ended 31 December 2015 £'m
Net cash generated from operations	49	14.4	11.8
Net finance costs		(1.7)	(1.1)
Income taxes paid		(0.3)	(0.8)
Net cash generated from operating activities		12.4	9.9
Cash flows from investing activities			
Purchase of property, plant and equipment and applications software		(2.9)	(2.3)
Purchase of subsidiary undertakings		(83.1)	(66.6)
Purchase of trade and assets		–	(2.0)
Sale of subsidiary	12	27.7	–
Cash flows used in investing activities		(58.3)	(70.9)
Cash flows from financing activities			
Net proceeds from share issues		34.2	32.9
Dividends paid		(3.7)	(2.2)
Repayment of bank borrowings		(2.5)	(47.0)
Drawdown of revolving credit facility		–	28.5
New bank loans raised		20.0	50.0
Net cash generated from financing activities		48.0	62.2
Net increase in cash and cash equivalents		2.1	1.2
Cash and cash equivalents at start of year		3.9	2.7
Cash and cash equivalents at end of year	45	6.0	3.9
Cash and cash equivalents shown above comprise:			
Cash at bank		6.0	3.9

Company accounting policies

These financial statements for the Company have been prepared under the historical cost convention and in accordance with the Companies Act 2006 and EU endorsed International Financial Reporting Standards (IFRS). The Directors consider that the accounting policies as shown on pages 43 to 50 are suitable, are supported by reasonable judgements and estimates and have been consistently applied except where stated below. A summary of the more important accounting policies is set out below.

GOING CONCERN

The going concern basis has been applied in these accounts on the basis that funds will be made available from other group companies.

The going concern position is discussed further in the consolidated financial statements of the Group on page 43 and applies to the Company.

COMPANY PROFIT AND LOSS ACCOUNT

In accordance with section 408 of the Companies Act 2006 the Company is exempt from the requirement to present its own profit and loss account. The results for the financial year of the Company are given on page 71 of the financial statements.

HIVE-UPS

The Company holds investments in trading subsidiaries, but has a policy of hiving-up the trade and assets of acquired subsidiaries within records management. During the year, the trade and assets of the records management business of Wincanton UK and PHS DS was hived-up to Restore plc. On hive-up, separable intangible assets recognised on the original acquisition are recognised within the Company statement of financial position together with other assets and liabilities. The previously recognised investment in the subsidiary is de-recognised and any balance is taken to goodwill.

Notes to the Company financial statements

For the year ended 31 December 2016

36. INTANGIBLE ASSETS

	Goodwill £'m	Customer relationships £'m	Applications software £'m	Total £'m
Cost				
1 January 2015	22.9	1.8	1.7	26.4
Additions – external	–	–	0.3	0.3
Transfer from subsidiaries	–	–	0.2	0.2
Disposals	–	–	(0.5)	(0.5)
Arising on acquisition	10.5	12.1	–	22.6
31 December 2015	33.4	13.9	1.7	49.0
1 January 2016	33.4	13.9	1.7	49.0
Additions – external	–	–	0.3	0.3
Arising on acquisition	32.1	40.8	–	72.9
31 December 2016	65.5	54.7	2.0	122.2
Accumulated amortisation and impairment				
1 January 2015	3.8	0.1	0.8	4.7
Charge for the year	–	0.5	0.3	0.8
Disposals	–	–	(0.3)	(0.3)
31 December 2015	3.8	0.6	0.8	5.2
1 January 2016	3.8	0.6	0.8	5.2
Charge for the year	–	2.2	0.4	2.6
31 December 2016	3.8	2.8	1.2	7.8
Carrying amount				
31 December 2016	61.7	51.9	0.8	114.4
31 December 2015	29.6	13.3	0.9	43.8
1 January 2015	19.1	1.7	0.9	21.7

Customer relationships have a life of 5-20 years. Amortisation is charged to profit or loss as an administrative expense.

Notes to the Company financial statements continued

For the year ended 31 December 2016

36. INTANGIBLE ASSETS CONTINUED

The changes to goodwill during the year were as follows:

	£'m
Cost	
1 January 2015	22.9
Acquired – Wansdyke Security	6.0
Acquired – Filebase	0.2
Acquired – Cintas UK	4.5
Acquired – DIAC	(0.2)
31 December 2015	33.4
Acquired – Wincanton UK	13.0
Acquired – PHS DS	19.1
31 December 2016	65.5
Accumulated impairment	
1 January 2015	3.8
31 December 2015	3.8
31 December 2016	3.8
Carrying amount at 31 December 2016	61.7
Carrying amount at 31 December 2015	29.6
Carrying amount 1 January 2015	19.1

During the year the trade and assets of the storage business of Wincanton UK and PHS DS was hived-up into the Company.

Annual test for impairment

The recoverable amount of the Company is determined from value-in-use calculations. The calculations use pre-tax cash flow projections based on financial budgets approved by the Directors for year one and cash flow projections for years two and three using growth rates that are considered to be in line with the general trends in which the Company operates. Terminal cash flows are based on these 3 year projections, assumed to grow perpetually at 1%. In accordance with IAS 36, the growth rates for beyond the forecasted three years do not exceed the long-term average growth rate for the industry. The key assumptions forming inputs to the cash flows are in revenues and margins. Revenues for 2017 have been assessed by reference to existing contracts and market volumes. Margins have been assumed to be consistent with those currently achieved in the Document Management division. The forecasts have been discounted at a pre-tax rate of 10.3% (2015: 12.3%). This discount rate was calculated using a pre-tax rate based on the weighted average cost of capital for the Company. This has changed during the year as a result of changes in both the cost of equity and cost of debt for the Company.

The key assumptions used for the value in use calculations are as follows:

	Document Management %
Revenue growth – average over 3 years	4
Revenue growth – remainder	1
Cost growth – employee/overheads, average over 3 years	4

Sensitivity

The Company has not identified any reasonable potential changes to key assumptions that would cause the carrying value of the remaining goodwill or intangibles to exceed its recoverable amount.

37. PROPERTY, PLANT AND EQUIPMENT

	Freehold and long leasehold land & buildings £'m	Leasehold improvements £'m	Racking plant & machinery £'m	Office equipment fixtures & fittings £'m	Motor vehicles £'m	Total £'m
Cost						
1 January 2015	5.3	1.7	7.0	0.5	0.1	14.6
Additions	0.4	0.5	0.9	0.2	–	2.0
Disposals	–	–	–	(0.1)	(0.1)	(0.2)
Acquisitions	–	3.8	5.0	0.2	0.1	9.1
31 December 2015	5.7	6.0	12.9	0.8	0.1	25.5
1 January 2016	5.7	6.0	12.9	0.8	0.1	25.5
Additions	0.5	0.5	1.3	0.3	–	2.6
Acquisitions	–	0.8	8.3	0.1	–	9.2
31 December 2016	6.2	7.3	22.5	1.2	0.1	37.3
Accumulated depreciation						
1 January 2015	0.1	0.3	0.9	0.2	–	1.5
Charge for the year	0.1	0.5	1.0	0.2	0.1	1.9
Disposals	–	–	–	(0.1)	(0.1)	(0.2)
31 December 2015	0.2	0.8	1.9	0.3	–	3.2
1 January 2016	0.2	0.8	1.9	0.3	–	3.2
Charge for the year	0.1	0.6	1.7	0.2	–	2.6
31 December 2016	0.3	1.4	3.6	0.5	–	5.8
Net book value						
31 December 2016	5.9	5.9	18.9	0.7	0.1	31.5
31 December 2015	5.5	5.2	11.0	0.5	0.1	22.3
1 January 2015	5.2	1.4	6.1	0.3	0.1	13.1

Capital expenditure contracted for but not provided in the financial statements is shown in note 53.

Depreciation is charged to profit or loss as an administrative expense. Assets with a net book value of £nil (2015: £nil) were held under finance leases.

Notes to the Company financial statements continued

For the year ended 31 December 2016

38. INVESTMENTS

Shares in subsidiary undertakings

	£'m
Cost	
1 January 2015	82.4
Adjusted – Shred	0.3
Acquired – ITP	7.7
Acquired – DIAC	0.7
Acquired – Wincanton	57.3
Acquired – Diamond	2.5
Capital contribution – subsidiary share-based payment	0.1
Transfer to intangible assets (less deferred tax)	(19.4)
Transferred to assets held for sale (note 39)	(17.2)
31 December 2015	114.4
1 January 2016	114.4
Adjusted – Diamond	(1.4)
Adjusted – ITP	(0.4)
Acquired – PHS DS	83.1
Capital contribution – subsidiary share-based payment	0.2
Transfer to intangible assets (less deferred tax)	(66.6)
31 December 2016	129.3
Provision for impairment	
1 January 2015	28.8
Charge for the year	5.0
31 December 2015 and **31 December 2016**	33.8
Net book value	
31 December 2016	95.5
31 December 2015	80.6
1 January 2015	53.6

At 31 December 2016 the Company held directly and indirectly equity and voting rights of the following undertakings:

Company	Class of holding	% held	Country of incorporation	Nature of business
Document Management Division				
All companies within this division are registered at The Databank, Unit 5 Redhill Distribution Centre, Salbrook Road, Redhill, Surrey RH1 5DY.				
*Restore (Spur) Limited**	Ordinary	100%	England and Wales	Records Management
*Restore Shred Limited**	Ordinary	100%	England and Wales	Shredding Services
*Data Solutions 2016 Limited**	Ordinary	100%	England and Wales	Shredding Services
*Restore Scan Limited**	Ordinary	100%	England and Wales	Document Scanning
*Stapledon Holdings Limited**	Ordinary	100%	England and Wales	Holding Company
*Wansdyke Security Limited	Ordinary	100%	England and Wales	Dormant
Document Control Services Limited	Ordinary	100%	England and Wales	Dormant
Crimson UK Limited	Ordinary	100%	England and Wales	Dormant
AARMS Limited	Ordinary	100%	England and Wales	Dormant
Relocation Division				
All UK companies within this division are registered at 2 Oriental Road, Silvertown, London E16 2BZ.				
*Harrow Green Limited	Ordinary	100%	England and Wales	Relocations
Relocom Limited**	Ordinary	83%	England and Wales	Relocations
*Diamond Relocations Limited**	Ordinary	100%	England and Wales	Relocations
*IT Efficient Limited**	Ordinary	100%	England and Wales	IT Asset Disposal
*ITP Group Holdings Limited**	Ordinary	100%	England and Wales	Holding Company
International Technology Products (UK) Limited**	Ordinary	100%	England and Wales	Printer Cartridge Recycling
International Technology Products GmbH***	Ordinary	100%	Germany	Printer Cartridge Recycling
Office Green Limited**	Ordinary	100%	England and Wales	Printer Cartridge Recycling
Takeback Limited**	Ordinary	100%	England and Wales	Printer Cartridge Recycling
*Sargents Trading Limited	Ordinary	100%	England and Wales	Dormant

* Held directly

** The Company has taken the exemption from audit under section 479A of the Companies Act 2006

*** The registered address of International Technology Products GmbH is Röntgenstraße 4, Hainburg, D-63512, Germany

Dormant companies are exempt from filing accounts under section 394 of the Companies Act 2006.

39. ASSETS CLASSIFIED AS HELD FOR SALE

In 2015 the assets of Restore Document Management Ireland Limited (previously Wincanton Ireland) were presented as held for sale and subsequently disposed of on 10 March 2016.

Assets classified as held for sale	**2016 £'m**	2015 £'m
Investments	–	17.2

40. INVENTORIES

	2016 £'m	2015 £'m
Finished goods and goods for resale	0.3	0.2

£0.1m (2015: £0.1m) of inventories were recognised as an expense in cost of sales in the year.

Notes to the Company financial statements continued

For the year ended 31 December 2016

41. TRADE AND OTHER RECEIVABLES

	2016 £'m	2015 £'m
Due in less than one year		
Trade receivables	11.3	8.4
Less: provision for impairment of trade receivables	(0.2)	(0.1)
Trade receivables – net	11.1	8.3
Amounts due from group undertakings	0.5	2.5
Other receivables	0.1	0.1
Prepayments and accrued income	4.6	4.9
	16.3	15.8
Due after more than one year		
Amounts due from group undertakings	4.9	4.1
	21.2	19.9

The average credit period is 57 days (2015: 62 days). No interest is charged on the trade receivables for the first 30 days from the date of the invoice. Thereafter, interest may be charged at 2% per annum on the outstanding balance.

Trade receivables are provided for based on estimated irrecoverable amounts, determined by reference to past payment history and the current financial status of the customers.

Movement in the allowance for impairment	2016 £'m	2015 £'m
1 January	0.1	0.1
Increase in amount recognised in profit or loss	0.1	–
31 December	0.2	0.1

In determining the recoverability of the trade receivables, the Company considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date. See note 45 for an analysis of trade receivables that were past due but not impaired.

42. TRADE AND OTHER PAYABLES

	2016 £'m	2015 £'m
Trade payables	4.9	4.9
Amount due to group undertakings	0.5	1.4
Other taxation and social security	2.1	1.3
Other payables	–	1.0
Accruals and deferred income	8.6	3.9
	16.1	12.5

The Company has financial risk management policies in place to ensure that all payables are paid within the credit time frame. Trade and other payables principally comprise amounts outstanding for trade purchases and ongoing costs. The average credit period for trade purchases is 62 days (2015: 70 days).

43. FINANCIAL LIABILITIES – BORROWINGS

	2016 £'m	2015 £'m
Current		
Bank loans and overdrafts due within one year		
Bank loans – secured	7.0	2.5
Deferred financing costs	(0.2)	(0.2)
	6.8	2.3
Non-current		
Bank loans – secured	79.0	66.0
Deferred financing costs	(0.6)	(0.6)
	78.4	65.4

The bank debt is due to The Royal Bank of Scotland plc and Barclays Bank plc and is secured by a fixed and floating charge over the assets of the Group. The interest rate profile and an analysis of borrowings is given in note 45. Under the bank facility the Group is required to meet quarterly covenant tests in respect of cashflow cover, interest cover and leverage. All tests were met during the year and the Directors expect to continue to meet these tests.

Analysis of net debt

	2016 £'m	2015 £'m
Cash at bank and in hand	6.0	3.9
Bank loans and overdrafts due within one year	(6.8)	(2.3)
Bank loans due after one year	(78.4)	(65.4)
	(79.2)	(63.8)

44. OTHER FINANCIAL LIABILITIES

	2016 £'m	2015 £'m
Amounts due to group undertakings	23.9	14.8
Other long term liabilities	–	0.4
	23.9	15.2

45. FINANCIAL INSTRUMENTS

The Company's financial instruments comprise cash, bank and various other receivable and payable balances that arise from its operations. The main purpose of these financial instruments is to finance the Company operations.

Cash and cash equivalents

	2016 £'m	2015 £'m
Cash at bank and in hand	6.0	3.9

As at 31 December 2016 trade receivables of £1.5m (2015: £1.3m) were past due but not impaired. These relate to a number of independent customers with no recent history of default. The ageing analysis of these trade receivables is as follows:

	2016 £'m	2015 £'m
60–90 days	1.1	0.5
Greater than 90 days	0.4	0.8

The main financial risks arising from the Company's financial instruments are interest rate risk and liquidity risk. The Directors review and agree policies for managing each of these risks. Interest rates are regularly reviewed to ensure competitive rates are paid. Detailed cash flows are produced on a regular basis to minimise liquidity risks.

Carrying value of financial assets and (liabilities) excluding cash and borrowings

	2016 £'m	2015 £'m
Loans and receivables	11.6	10.7
Financial liabilities measured at amortised cost	(13.8)	(11.2)

Notes to the Company financial statements continued

For the year ended 31 December 2016

45. FINANCIAL INSTRUMENTS CONTINUED

Currency and interest rate risk profile of financial liabilities

All bank borrowings are subject to floating interest rates, at LIBOR plus a margin of between 1.35% and 2.35%, depending on the leverage covenant.

The interest rate risk profile of the Company's gross borrowings for the year was:

Currency	Total £'m	Floating rate financial liabilities £'m	Subject to interest rate collar £'m	Weighted average interest rates %
Sterling at 31 December 2016	85.2	85.2	–	2.4
Sterling at 31 December 2015	67.7	64.2	3.5	2.7

The exposure of Company's borrowings to interest rate changes and contractual pricing dates at the end of the year are as follows:

	2016 £'m	2015 £'m
6 months or less	85.2	67.7

Interest rate sensitivity

At 31 December 2016, if interest rates had been 50 basis points higher and all other variables were held constant, it is estimated that the Company's profit before tax would be approximately £0.3m lower (2015: loss £0.2m higher). This is mainly attributable to the Company's exposure to interest rates on its variable rate borrowings and is based on the change taking place at the beginning of the financial year and held constant throughout the year.

The Company's sensitivity to future interest rates changes has increased during the current year due to the increased debt.

Financial assets recognised in the statement of financial position and interest rate profile

All financial assets are short-term receivables and cash at bank. The cash at bank earns interest based on the variable bank base rate and is held with Barclays Bank plc.

Maturity of financial liabilities

The maturity profile of the carrying amount of the Company's financial liabilities (including interest payments), other than short-term trade payables and accruals which are due within one year was as follows:

	Bank debt £'m	**Other financial liabilities* £'m**	**2016 Total £'m**	Bank debt £'m	Other financial liabilities* £'m	2015 Total £'m
Within one year, or on demand	6.8	–	6.8	2.3	1.1	3.4
Between one and two years	6.0	–	6.0	6.0	0.4	6.4
Between two and five years	72.4	23.9	96.3	59.4	14.8	74.2
	85.2	23.9	109.1	67.7	16.3	84.0

* Other financial liabilities include interest accruals, amounts owing under finance leases and contingent and deferred consideration.

Borrowing facilities

The Company has a finance facility with The Royal Bank of Scotland plc and Barclays Bank plc which expires on 4 November 2020. This facility in 2016 comprises term loans of £67.5m and a revolving credit facility (RCF) of £30.0m, which is partly reduced by an on demand net overdraft facility of £1.5m (2015: term loan £50.0m, RCF £30.0m and overdraft £1.5m). An offset facility is in place and on a gross basis, £7.5m of the overdraft facility was unutilised at 31 December 2016 (2015: £5.4m). Details of security are given in note 43. Committed but undrawn borrowing facilities as at 31 December 2016 amounted to £12.5m (2015: £10.0m).

All of the Company's borrowings are in sterling.

Fair values of financial assets and financial liabilities

The Company's financial assets and liabilities bear floating interest rates and are relatively short term in nature. In the opinion of the Directors the book values of the assets and liabilities equate to their fair value.

Interest rate management (see page 64)

46. DEFERRED TAX

Summary of balances	2016 £'m	2015 £'m
Deferred tax liabilities	(8.0)	(3.1)
Deferred tax asset	0.2	2.3
Net position at 31 December	(7.8)	(0.8)

The movement in the year in the Company's net deferred tax position is as follows:

	2016 £'m	2015 £'m
1 January	(0.8)	1.0
Credit to profit or loss for the year	1.6	0.2
Tax (charged)/credited directly to equity	(2.2)	0.1
Acquisitions	(6.4)	(2.1)
31 December	(7.8)	(0.8)

The following are the major deferred tax liabilities and assets recognised by the Company and the movements thereon during the year:

Deferred tax liabilities

	Accelerated capital allowances £'m	Intangible assets £'m	Total £'m
1 January 2015	(0.9)	(0.3)	(1.2)
Credit to income for the year	–	0.2	0.2
Acquisitions	(0.2)	(1.9)	(2.1)
31 December 2015	(1.1)	(2.0)	(3.1)
Credit to income for the year	0.4	1.1	1.5
Acquisitions	–	(6.4)	(6.4)
31 December 2016	(0.7)	(7.3)	(8.0)

Deferred tax assets

	Share-based payments £'m
1 January 2015	2.2
Transactions with owners	0.1
31 December 2015	2.3
Credit to income for the year	0.1
Transactions with owners	(2.2)
31 December 2016	0.2

A deferred tax asset has been recognised on the share-based payments charge. An amount of £2.2m (2015: £0.1m) has been taken directly to equity.

47. PROVISIONS

Onerous lease provision

	2016 £'m	2015 £'m
1 January	0.1	0.1
Used during the year	(0.1)	–
31 December	–	0.1

Notes to the Company financial statements continued

For the year ended 31 December 2016

47. PROVISIONS CONTINUED

Provisions are analysed as follows:

	2016 £'m	2015 £'m
Non–current	–	0.1
Total	–	0.1

48. SHARE CAPITAL

	2016 £'m	2015 £'m
Authorised:		
199,000,000 ordinary shares of 5p each	10.0	10.0
Allotted, issued and fully paid:		
112,067,479 (2015: 95,954,760) ordinary shares of 5p each	5.6	4.8

The issued ordinary share capital is as follows:

Date	Number of ordinary shares	Issue price
1 January 2015	82,213,540	
23 April 2015 – exercise of share options	372,541	5.0p
10 June 2015 – exercise of share options	256,016	5.0p
16 November 2015 – exercise of share options	35,739	5.0p
8 December 2015 – equity raised to acquire Wincanton	13,076,924	260.0p
31 December 2015	95,954,760	
11 May 2016 – exercise of share options	3,916,015	5.0p
9 June 2016 – exercise of share options	38,051	5.0p
26 August 2016 – equity raised to acquire PHS DS	12,143,632	290.0p
13 December 2016 – exercise of share options	15,021	5.0p
31 December 2016	112,067,479	

The 3,969,087 (2015: 664,296) ordinary shares shown as issued above as a result of the exercise of share options were net-settled at market price on the day of exercise (note 29).

49. CASH INFLOW FROM OPERATIONS

	2016 £'m	2015 £'m
Continuing operations		
Profit/(loss) before tax	5.1	(3.0)
Depreciation of property, plant and equipment	2.6	1.9
Amortisation of intangible assets	2.6	5.8
Net finance costs	1.7	1.6
Share-based payments charge	0.6	0.9
Increase in inventories	–	(0.1)
Decrease in trade and other receivables	4.9	2.9
(Decrease)/increase in trade and other payables	(3.1)	1.8
Net cash generated from continuing operations	14.4	11.8
Discontinued operations		
Profit before tax	7.9	–
Profit on disposal of available for sale assets	(7.9)	–
Net cash generated from discontinued operations	–	–
Net cash generated from operations	14.4	11.8

50. SHARE-BASED PAYMENTS

Details of the share-based payments can be found in note 29.

51. DIRECTORS AND EMPLOYEES

Staff costs during the year	**2016 £'m**	2015 £'m
Wages and salaries	12.6	9.6
Social security costs	1.2	0.9
Post employment benefits	0.3	0.2
Share-based payments charge	0.6	0.8
	14.7	11.5

Average monthly number of employees during the year	**Number**	Number
Directors	2	2
Management	64	46
Administration	53	53
Operatives	447	380
	566	481

Total amounts for Directors' remuneration and other benefits	**2016 £'m**	2015 £'m
Emoluments for Directors' services	11.1	0.8
Directors' remuneration shown above included the following amounts in respect of the highest paid Director:		
Salary and benefits	7.2	0.4

Directors exercised share options during the year as shown on page 35.

Key management compensation	**2016 £'m**	2015 £'m
Short-term employment benefits	1.3	1.2
Social security costs	1.4	0.2
Post employment benefits	0.1	0.1
Share-based payments charge	0.6	0.8
Long-term incentives vesting	11.4	–
	14.8	2.3

Notes to the Company financial statements continued

For the year ended 31 December 2016

52. LEASING COMMITMENTS

The Company leases various premises and assets under non-cancellable operating lease agreements of varying terms. The majority of the lease agreements are renewable at the end of the lease period at market rate.

	Land and buildings		Plant and machinery	
Future aggregate minimum lease payments under non-cancellable operating leases	**2016 £'m**	2015 £'m	**2016 £'m**	2015 £'m
– Within one year	10.8	7.9	0.7	0.4
– Within two to five years	39.2	25.5	1.0	0.4
– Over five years	37.3	28.1	–	–
	87.3	61.5	1.7	0.8

The operating leases represent rentals payable by the Company for certain properties, vehicles and equipment.

53. CAPITAL COMMITMENTS

Capital expenditure	**2016 £'m**	2015 £'m
Contracted for but not provided in the financial statements	0.2	–

54. CONTINGENT LIABILITIES

The Company has entered into a bank cross guarantee. The guarantee amounts to £72.3m at 31 December 2016 (2015: £60.6m). The assets of the Company are pledged as security for the bank borrowings, by way of a fixed and floating charge.

55. RELATED PARTY TRANSACTIONS AND CONTROLLING PARTY

Details of related party transactions can be found in note 34.

56. POST BALANCE SHEET EVENTS

On 23 January 2017 the Company acquired ID Secured Limited, a Bedfordshire based secure shredding company trading as Reisswolf London for £0.4m.

On 20 February 2017 the Company acquired The ITAD Works Limited for £1.9m, a Surrey based IT recycling company.

Notice of Annual General Meeting

RESTORE PLC

Notice is hereby given that the Annual General Meeting of Restore plc ('the Company') will be held in Rooms 1 and 2 at the offices of Cenkos Securities plc, 6.7.8 Tokenhouse Yard, London EC2R 7AS on 22 May 2017 at 2.00pm for the following purposes:

ORDINARY BUSINESS

1. To receive the Company's annual accounts for the financial year ended 31 December 2016, together with the Directors' report and the Auditor's report on those accounts.

2. To re-appoint RSM UK Audit LLP as auditors to the Company to hold office from the conclusion of the meeting until the conclusion of the next Annual General Meeting at which accounts are laid.

3. To authorise the Directors to set the auditors' remuneration.

4. To re-appoint Stephen James Davidson, who retires by rotation pursuant to the Company's Articles of Association, as a Director of the Company.

5. To declare a final dividend of 2.67 pence per ordinary share in respect of the year ended 31 December 2016. This dividend will be paid on 7 July 2017 to the holders of ordinary shares at 6pm on 9 June 2017 (the ex dividend date being 8 June 2017).

SPECIAL BUSINESS

As special business, to consider and, if thought fit, to pass the following resolutions which will be proposed as to resolution 6 as an ordinary resolution and as to resolutions 7 and 8 as special resolutions:

6. That the Directors be and they are hereby generally and unconditionally authorised in substitution for all existing authorities (but without prejudice to any allotment of shares or grant of rights already made, offered or agreed to be made pursuant to such authorities) to exercise all the powers of the Company to allot equity securities (as defined in section 560 of the Companies Act 2006 (the 'Act')) up to an aggregate nominal amount of £1,868,794.45 (being 37,375,889 ordinary shares of 5.0 pence each) provided that this authority shall, unless renewed, expire at the conclusion of the next Annual General Meeting of the Company after the passing of this resolution or if earlier on the date which is 15 months after the date of this Annual General Meeting, except that the Company may before such expiry make offers or agreements which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of any such offers agreements as if the authority conferred by this resolution had not expired.

7. That, subject to the passing of resolution number 6 above, the Directors be and they are hereby empowered, pursuant to section 570 of the Act, to allot equity securities (as defined in section 560 of the Act) for cash pursuant to the authority conferred by resolution number 6 or by way of a sale of treasury shares as if section 561 of the Act did not apply to any such allotment, provided that this power shall be limited to:

    7.1 the allotment of equity securities in connection with a rights issue or other pro-rata offer in favour of holders of equity securities where the equity securities respectively attributable to the interests of all those persons at such record dates as the Directors may determine are proportionate (as nearly as may be) to the respective numbers of equity securities held by them subject to such exclusions or other arrangements as the Directors may consider necessary or expedient to deal with treasury shares, fractional entitlements, record dates, practical or legal difficulties under the laws of any territory or the requirements of any regulatory body or stock exchange or by virtue of equity securities being represented by depositary receipts or any other matter whatsoever; and

    7.2 the allotment (otherwise than pursuant to paragraph 7.1 above) of equity securities up to an aggregate nominal amount of £560,638.33,

    and shall expire upon the expiry of the general authority conferred by resolution 6 above, except that the Company may before such expiry make offers or agreements which would or might require equity securities to be allotted and/or shares held by the Company in treasury to be sold or transferred after such expiry and the directors may allot equity securities and/or sell or transfer shares held by the Company in treasury in pursuance of such offers or agreements as if the power conferred by this resolution had not expired.

Notice of Annual General Meeting continued

SPECIAL BUSINESS CONTINUED

8. That the Company be and is hereby generally and unconditionally authorised, in accordance with section 701 of the Act, to make market purchases (within the meaning of section 693(4) of the Act) of ordinary shares of 5.0 pence each in the capital of the Company (ordinary shares) on such terms and in such manner as the directors may from time to time determine provided that:

   8.1 the maximum number of ordinary shares authorised to be purchased is 11,212,766;

   8.2 the minimum price which may be paid for each Ordinary Share is 5.0 pence (exclusive of expenses payable by the Company); and

   8.3 the maximum price which may be paid for each Ordinary Share (exclusive of expenses payable by the Company) cannot be more than 105 per cent of the average market value of an Ordinary Share for the five business days prior to the day on which the Ordinary Share is contracted to be purchased.

The authority conferred shall expire at the conclusion of the next annual general meeting of the Company or if earlier on the date which is 15 months after the date of this annual general meeting except that the Company may before such expiry make a contract to purchase its own shares which will or may be completed or executed wholly or partly after such expiry.

By order of the Board

Sarah Waudby
Company Secretary
22 March 2017

Registered Office

The Databank
Unit 5
Redhill Distribution Centre
Salbrook Road
Redhill
Surrey RH1 5DY

NOTES: THESE NOTES ARE IMPORTANT AND REQUIRE YOUR IMMEDIATE ATTENTION.

1. A Shareholder entitled to attend and vote at the Annual General Meeting is entitled to appoint another person of his/her choice as that Shareholder's proxy to exercise all or any of that Shareholder's rights to attend and to speak and vote at the meeting on his/her behalf. A Shareholder may appoint more than one proxy in relation to the meeting, provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that Shareholder. A proxy does not need to be a shareholder of the Company.

2. A Form of Proxy for use in connection with the meeting is enclosed with the document of which this notice forms part. Completion and return of a Form of Proxy will not prevent a Shareholder from attending and voting in person at the meeting. Addresses (including electronic addresses) in this document are included strictly for the purposes specified and not for any other purpose.

3. To appoint a proxy or proxies Shareholders must complete a Form of Proxy, sign it and return it, together with the power of attorney or, any other authority under which it is signed, or a notarially certified copy of such authority, to the Company's registrars, Capita Asset Services, PXS1, The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4ZF so that it is received no later than 2.00pm on 18 May 2017.

4. Only those members entered on the Register of Members of the Company at close of business on 18 May 2017 or, in the event that this meeting is adjourned, in the Register of Members as at close of business on the day two days before the date of any adjourned meeting, shall be entitled to attend and vote at the meeting in respect of the number of ordinary shares registered in their names at that time. Changes to the entries on the register of members by the close of business on 18 May 2017 or, in the event that this meeting is adjourned, in the register of members before the close of business on the day two days before the date of the adjourned meeting, shall be disregarded in determining the rights of any person to attend or vote at the meeting.

5. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the Annual General Meeting to be held at 2.00pm on 22 May 2017 and any adjournment(s) thereof by using the procedures described in the CREST Manual. CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider should refer to their CREST sponsors or voting service provider(s), who will be able to take the appropriate action on their behalf.

   In order for a proxy appointment or instruction made by means of CREST to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications and must contain the information required for such instructions, as described in the CREST Manual. The message must be transmitted so as to be received by the Company's agent, Capita Registrars Limited (CREST Participant ID: RA10), no later than 48 hours before the time appointed for the meeting. For this purpose, the time of receipt will be taken to be the time (as determined by the time stamp applied to the message by the CREST Application Host) from which the Company's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST.

   CREST members and, where applicable, their CREST sponsor or voting service provider should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider, to procure that his CREST sponsor or voting service provider takes) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsor or voting service provider are referred in particular to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

   The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

6. You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. In the event of a conflict between a blank proxy form and a proxy form which states the number of shares to which it applies, the specific proxy form shall be counted first, regardless of whether it was sent or received before or after the blank proxy form, and any remaining shares in respect of which you are the registered holder will be apportioned to the blank proxy form. You may not appoint more than one proxy to exercise rights attached to any one share. To appoint more than one proxy, you should contact Capita Asset Services, The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU.

7. Any corporation which is a member can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a member provided that they do not do so in relation to the same shares.

8. Copies of the following documents will be available for inspection at the Company's registered office during normal working hours on any week day (Saturdays, Sundays and public holidays excepted) from the date of this notice until the date of the Annual General Meeting and at the place of the Annual General Meeting for 15 minutes prior to and during the meeting:

   a. copies of all service agreements or letters of appointment under which the directors of the Company are employed by the Company.

9. Biographical details of each director who is being proposed for re-appointment or re-election by shareholders can be found by visiting the Company's website www.restoreplc.com.

Notice of Annual General Meeting continued

EXPLANATION OF RESOLUTIONS

Resolution 6 – authority to allot shares

At the last General Meeting of the Company held on 22 August 2016, the Directors were given authority to allot ordinary shares in the capital of the Company up to a maximum nominal amount of £547,331.25.

The Directors consider it appropriate that a further authority be granted to allot ordinary shares in the capital of the Company up to a maximum nominal amount of £1,868,794.45 representing approximately one third of the Company's issued ordinary share capital as at 17 March 2017 (the latest practicable date before publication of this document) during the shorter of the period up to the conclusion of the next Annual General Meeting in 2017 or 15 months.

As at the date of this notice the Company does not hold any ordinary shares in the capital of the Company in treasury.

Resolution 7 – disapplication of statutory pre-emption rights

Resolution 7 will empower the directors to allot ordinary shares in the capital of the Company for cash on a non-pre-emptive basis:

- in connection with a rights issue or other pro-rata offer to existing Shareholders; and
- (other than in connection with a rights issue or other pro-rata offer to existing Shareholders) up to a maximum nominal value of £560,638.33, representing approximately 10 per cent of the issued ordinary share capital of the Company as at 17 March 2017 (the latest practicable date before publication of this document).

Resolution 8 – authority to make market purchases of own shares

Resolution 8 gives the Company authority to buy back its own ordinary shares in the market as permitted by the Companies Act 2006. The authority limits the number of shares that could be purchased to a maximum of 11,212,766 (representing approximately 10 per cent. of the Company's issued ordinary share capital as at 17 March 2017 (the latest practicable date before publication of this document)), and sets minimum and maximum prices. This authority will expire at the conclusion of the next Annual General Meeting or, if earlier, 15 months after the resolution is passed.

The Directors have no present intention of exercising the authority to purchase the Company's ordinary shares but will keep the matter under review, taking into account the financial resources of the Company, the Company's share price and future funding opportunities. The authority will be exercised only if the directors believe that to do so would be in the best interest of Shareholders generally.

Companies purchasing their own shares are allowed to hold them in treasury as an alternative to cancelling them. No dividends are paid on shares whilst held in treasury and no voting rights attach to treasury shares.

RESTORE PLC
(the 'Company')
(registered in England – No. 5169780)

FORM OF PROXY FOR USE AT THE ANNUAL GENERAL MEETING TO BE HELD ON 22 MAY 2017 AT 2.00PM.

I/We

(Name in full in block capitals please)

of

being [a] member[s] of Restore plc appoint the Chairman of the meeting or

as my/our proxy to vote for me/us on my/our behalf at the annual general meeting of the Company to be held on 22 May 2017 at 2.00pm and at any adjournment of the meeting, on the resolutions listed below, as indicated by an 'X' in the appropriate box and, on any other resolutions, as he thinks fit.

Please tick here if this proxy appointment is one of multiple appointments being made

Resolution	Business	For	Against	Vote Withheld
Ordinary Resolutions				
1.	To receive the Company's annual accounts for the financial year ended 31 December 2016 together with the Directors' report and the Auditor's report on those accounts.			
2.	To re-appoint RSM UK Audit LLP as Auditors.			
3.	To authorise the Directors to set the Auditors' remuneration.			
4.	To re-appoint Stephen James Davidson as a Director of the Company.			
5.	To declare a dividend of 2.67 pence per ordinary share			
6.	To authorise the Directors to allot shares pursuant to section 551 Companies Act 2006.			
Special Resolutions				
7.	To disapply section 561 Companies Act 2006.			
8.	To authorise the Company to make market purchases of its own shares.			

Signature:

Date: 2017

To return your completed Proxy form
please use the reply paid envelope provided

Notice of Annual General Meeting continued

NOTES

1. A member who is entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend, speak and to vote instead of him/her provided each proxy is appointed to exercise rights in respect of different shares. To appoint more than one proxy (an) additional proxy form(s) may be obtained by contacting Capita Asset Services, PXS1, The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4ZF, or you may photocopy this page indicating on each copy the name of the proxy you wish to appoint and the number of shares in respect of which the proxy is appointed. All forms must be signed and should be returned to Capita Asset Services in the same envelope.

2. A proxy need not be a member of the Company but must attend the meeting to represent you. To appoint as your proxy a person other than the Chairman of the meeting, insert their full name in the space provided. If you sign and return this proxy form with no name inserted as such, the Chairman of the meeting will be deemed to be your proxy. Where you appoint as your proxy someone other than the Chairman, you are responsible for ensuring that they attend the meeting and are aware of your voting intentions.

3. If someone else signed the form on your behalf, you or that person must send the power of attorney or other written authority under which it is signed to the address detailed in Note 6 below.

4. In the case of joint holders, the vote of the senior member who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the votes of any other of the joint holders. For these purposes, seniority shall be determined by the order in which the names stand on the Register of Members.

5. In the case of a corporation, this Form of Proxy must be executed under its common seal or signed on its behalf by a duly authorised officer.

6. To be valid any proxy form or other instrument appointing a proxy must be:

    a. completed and signed;

    b. sent or delivered to Capita Asset Services, PXS1, The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4ZF; and

    c. received by Capita Asset Services no later than 2.00pm on 18 May 2017.

7. Completion of a Form of Proxy will not affect the right of a member to attend and vote at the Annual General Meeting.

8. To direct your proxy how to vote on the resolutions mark the appropriate box on your proxy form with an 'X'. To abstain from voting on a resolution, select the relevant "Vote withheld" box. A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against the resolution. If no voting indication is given, your proxy will vote or abstain from voting at his or her discretion. Your proxy will vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the meeting.

9. Shares held in uncertificated form (i.e. in CREST) may be voted through the CREST Proxy Voting Service in accordance with the procedures set out in the CREST Manual. The message must be transmitted so as to be received by the Company's agent, Capita Asset Services Limited (CREST Participant ID: RA10), no later than 48 hours before the time appointed for the meeting. For this purpose, the time of receipt will be taken to be the time (as determined by the time stamp applied to the message by the CREST Application Host) from which the Company's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST.

10. You may not use any electronic address provided either in this form of proxy or any related documents (including the notice of meeting) to communicate with the Company for any purposes other than those expressly stated.

Officers and advisers

COMPANY SECRETARY
Sarah Waudby

REGISTERED NUMBER AND OFFICE
05169780
The Databank
Unit 5 Redhill Distribution Centre
Salbrook Road
Redhill
Surrey
RH1 5DY

NOMINATED ADVISER & BROKER
Cenkos Securities plc
6.7.8 Tokenhouse Yard
London
EC2R 7AS

PUBLIC RELATIONS
FTI Consulting
200 Aldersgate
Aldersgate Street
London
EC1A 4HD

INVESTOR RELATIONS CONSULTANTS
Capital Access Group
Sky Light City Tower
50 Basinghall Street
London
EC2V 5DE

INDEPENDENT AUDITOR
RSM UK Audit LLP
Chartered Accountants
25 Farringdon Street
London
EC4A 4AB

SOLICITORS
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55 King Street
Manchester
M2 4LQ

BANKERS
Barclays Bank PLC
1 Churchill Place
London
E14 5HP

The Royal Bank of Scotland plc
Floor 9
280 Bishopsgate
London
EC2M 4RB

REGISTRARS
Capita Asset Services
The Registry
34 Beckenham Road
Beckenham Kent
BR3 4TU

Trading Record

Year ended 31 December	**2016 £'m**	2015 £'m	2014 £'m	2013 £'m	2012 £'m
Revenue	129.4	91.9	67.5	53.6	43.3
Adjusted profit before taxation*	23.0	16.3	12.0	10.0	6.2
Adjusted earnings per share*	17.9p	15.6p	12.3p	10.5p	7.4p
Net debt	72.3	60.6	30.9	16.0	17.8
Net assets	152.1	104.7	67.0	47.1	36.3

* Before discontinued operations, exceptional items (including exceptional finance costs), amortisation of intangible assets and share-based payments charge.

Financial calendar

Annual General Meeting	Held in May
Half year results	September
Financial year end	31 December
Full year results	March

Designed and produced by
ACCRUE FULTON
www.accruefulton.com

RESTORE PLC

LOCATIONS

Head Office
T: 020 7409 2420
E: info@restoreplc.com
W: www.restoreplc.com

66 Grosvenor Street, London W1K 3JL

Restore Records Management
T: 01293 446 270
E: admin@restore.co.uk
W: www.restore.co.uk

The Databank, Unit 5 Redhill Distribution Centre, Salbrook Road, Redhill, Surrey RH1 5DY

Restore Datashred
T: 0800 376 4422
E: customerhub@restore.co.uk
W: www.shredding.info

Unit Q1, Queen Elizabeth Distribution Centre, Purfleet, Essex RM19 1NA

Restore Scan
T: 0333 043 5643
E: enquiries@restorescan.co.uk
W: www.restore.co.uk/scan

Unit 4 Tally Way, Agecroft Commerce Park, Salford M27 8WJ

Harrow Green
T: 0345 603 8774
E: info@harrowgreen.com
W: www.harrowgreen.com

2 Oriental Road, Silvertown
London E16 2BZ

Relocom
T: 0345 313 1491
E: contactus@relocom.co.uk
W: www.relocom.co.uk

IT Efficient
T: 01462 813 132
E: ite@itefficient.com
W: www.restore.co.uk/it-disposal

Unit 4B-4F Shefford Industrial Park,
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T: 0118 943 8001
E: info@itp-group.com
W: www.itp-group.com

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