RESTORE PLC

Report & Financial Statements

For the year ended 31 December 2011

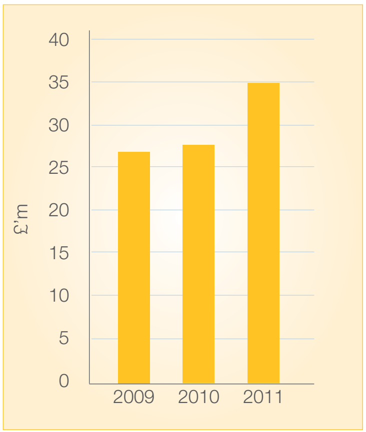
www.liambailey.com

Contents

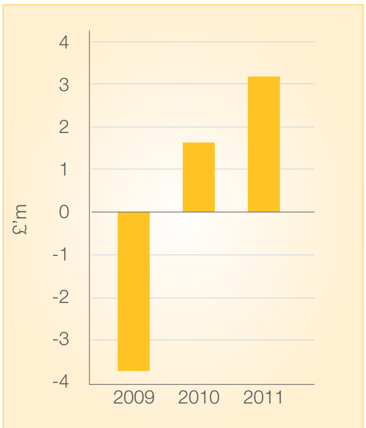
Two years of transformation

	Market Position March 2012	Coverage	Market Position March 2010	Coverage
Records Management	3	Mainland England	8	Southern England
Office Relocation	1	Mainland Britain	n/a	None
Scanning	>5	Nationwide	>5	Nationwide
Shredding	>5	Southern England	n/a	None
Peter Cox: Damp Proofing/Timber Treatment	1	Nationwide	1	Nationwide

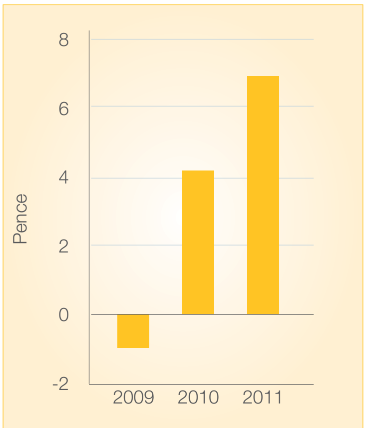
Turnover



Unadjusted operating profit



Adjusted earnings per share



Share price April 2010 to March 2012

Source: Digital Look

Directors

Sir William Wells
aged 72, 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. He was Managing Partner and then Chairman of Chesterton Chartered Surveyors for 34 years, where he oversaw their transition from a private partnership to a listed company. His other experience includes non-executive director roles with AMP (UK), Henderson Group plc and Exel plc. Sir William is Chairman of ADL plc, a care home provider, CMG plc, a specialist in the care of adults with learning difficulties, and Transform plc, the leading cosmetic surgery company in the UK. He was the Chairman of the Department of Health's Commercial Advisory Board and the NHS Appointments Commission.

Charles Skinner
aged 51, Chief Executive

Charles Skinner was appointed Chief Executive of the Group on 8 June 2009. Charles was previously Chief Executive of Johnson Services Group plc and Brandon Hire plc for nine years, prior to which he was at SG Warburg, 3i plc and editor of *Management Today*. Charles has considerable business-to-business services experience.

Harvey Samson, ACA, CTA
aged 54, Group Finance Director

Harvey Samson was appointed Group Finance Director on 3 May 2011. He is a Chartered Accountant and has held various CEO and Finance Director positions including Group Chief Executive of Latium Group, where he was also Managing Director of Ultraframe Limited. He was also Finance Director and subsequently Chief Executive of the Gardiner Group plc, the listed support services company.

Andrew Wilson, MBA, ACA, CTA
aged 51, Non-Executive Director

Andrew Wilson joined the Board on 8 June 2009 as a Non-Executive Director. Andrew is a Non-Executive Director of several listed companies: Impellam Group plc, GHP AB, Weare2020 plc, Dods plc, Shellproof Limited and Shellshock Limited. He is also a Non-Executive Director of a number of private companies, including Artefact Partners Limited, LTMS Limited, Pluto Capital Limited, Political Holdings Limited and SUSD Limited.

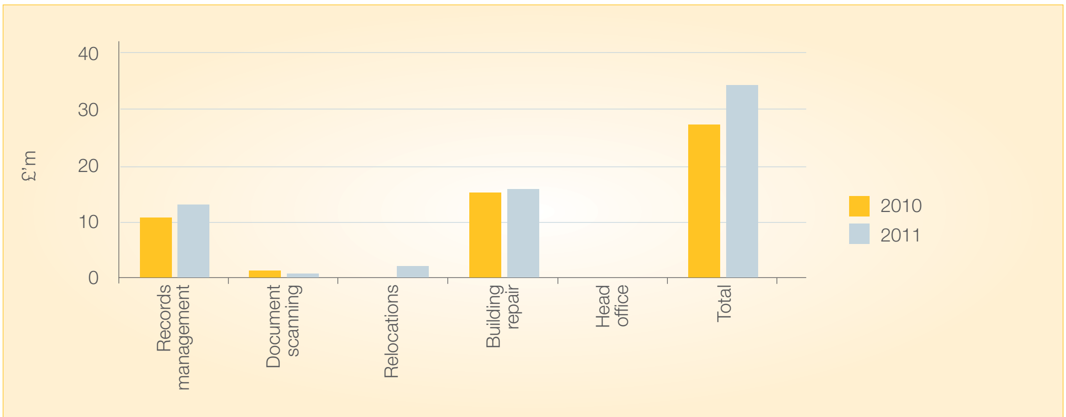
Dr John Forrest, CBE
aged 68, Non-Executive Director

Dr John Forrest joined the Board on 8 November 2010 as a Non-Executive Director. He has considerable public company Board experience and has held posts at Marconi Defence Systems and the Independent Broadcasting Authority, where he led their transformation into the major broadcast and cable communications company, NTL. He was a main Board director of 3i Group plc with focus on development of their international strategy. He has led both UK government and EU committees and now has a portfolio of activities as Chairman of Boards of high growth companies in the technology, renewable energy, security and IT sectors.

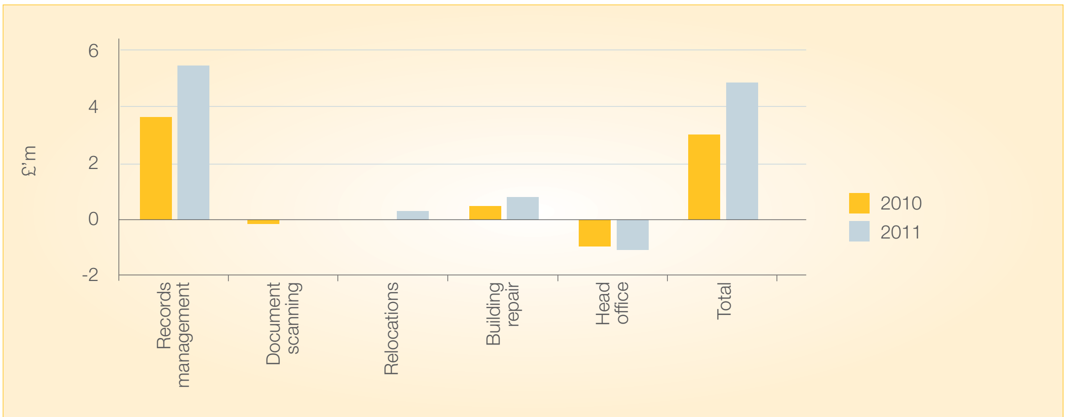
Financial highlights

Continuing operations	2011	2010
Unadjusted revenue	£34.8m	£27.7m
Adjusted* EBITDA	£5.9m	£3.9m
Adjusted* operating profit	£5.2m	£3.3m
Adjusted* profit before tax	£4.6m	£2.6m
Adjusted* earning per share**	6.9p	4.4p
Net debt	£11.6m	£12.3m
*before discontinued operations, exceptional items (including exceptional finance costs), amortisation and impairment of intangible assets, share based payments charge and other finance costs as detailed in note 7. The reconciliation of adjusted figures are shown on page 9. **calculated based on the shares in issue and a standard tax charge		
UNADJUSTED FINANCIAL HIGHLIGHTS		
Operating profit	£3.1m	£1.7m
Profit before tax	£2.0m	£0.6m
Earnings per share	4.0p	3.5p
Net debt	£11.6m	£12.3m

Turnover



Operating profit



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

Chairman's statement

Sir William Wells
Chairman

Results

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

Trading

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

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

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

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

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

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

Corporate transactions

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

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

Chairman's statement (continued)

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

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

Funding

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

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

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

Dividends

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

Board

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

People

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

Strategy

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

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

Chairman's statement (continued)

cycles. We intend to grow our existing businesses and to look at related markets where these market characteristics exist.

Outlook

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

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

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

Sir William Wells
Chairman

“ In line with our stated strategy, Restore is playing a key role in the consolidation of its sector and is now believed to be the third largest records management company in the UK by sales and the second by profitability ”

Business review

The Directors believe that an adjusted measure of profit before tax, operating profit and earnings per share provides shareholders with a more appropriate representation of the underlying earnings derived from the Restore Group's business.
The items adjusted for in arriving at that underlying adjusted profit before tax are and operating profit as follows:

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

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

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

Business review (continued)

Earnings per share (Eps)

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

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

Key Performance Figures

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

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

Business review (continued)

Charles Skinner
Chief Executive

Operations

RECORDS MANAGEMENT

Our document storage businesses trade primarily under the Restore brand and as Datacare in our specialist medical and pharmaceutical activities. The majority of Restore's sales derive from the storage and retrieval of hard copy documents, typically stored in cardboard boxes. Restore also stores and retrieves individual files, magnetic data (typically for emergency back-up), film and other materials and offers retrieval of documents by scanning. It derives additional service income from the reorganisation of customer documents, document restoration and the shredding of documents no longer required by customers. Additional products include file-tracking services that enable customers to locate documents within their own buildings. Restore Online, providing electronic data back-up, was launched successfully in 2011.

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

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

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

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

The acquisition of Harrow Green in February 2012 brings additional turnover of around £4.0 million per annum to our records management turnover. We intend to achieve similar operating margins on these sales as we do across the rest of the records management division.

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

DOCUMENT SCANNING

DCS is our Peterborough-based scanning business. Its main function is the conversion of hard-copy documents into electronic data. As part of this service, it organises and indexes the electronic versions, enabling its

Business review (continued)

customers to identify and locate their data more efficiently. DCS's origins lie in the engineering sector where it has many specialist products such as Pipetracker, its own technology for tracking materials used in the construction of oil pipelines. A large percentage of its customers are in the infrastructure sector, including Network Rail and the Highways Agency.

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

SECURE SHREDDING AND RECYCLING

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

OFFICE RELOCATION

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

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

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

BUILDING REPAIR

Peter Cox is the UK's leading provider of damp control, timber preservation and masonry services to private, public sector and commercial property, principally housing. It operates from 12 branches across the UK.

Unlike our document management activities, over a third of Peter Cox's business is outside the business-to-business service sector. Indeed, it is probably best-known for its services to home-owners for the last 50 years as the leading supplier of damp-proofing and timber preservation services, often used at the time of purchasing a new home. However, the bulk of its work is providing services to local authorities (often as a subcontractor to facilities managers who rely on Peter Cox for its specialist skills) and commercial developers.

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

INTEREST

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

TAXATION

UK Corporation Tax is calculated at 26% (2010: 28%) of the estimated assessable profit/(loss) for the year. The UK Corporation Tax rate will reduce on 1 April 2012; accordingly this rate reduction has been reflected in the

Business review (continued)

deferred tax balance which forms part of the statement of financial position.

PROFIT BEFORE TAX

Profit before tax for the year ended 31 December 2011 for continuing operations was £2.0 million (2010: £0.6 million).

STATEMENT OF FINANCIAL POSITION

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

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

CASH FLOW

The net cash generated from continuing operations was £1.9 million (2010: £1.6 million). Capital expenditure on the continuing business totalled £1.5 million (2010: £1.3 million) compared to depreciation of £0.7 million (2010: £0.6 million). Significant expenditure comprised the fitting out of empty space in the underground storage areas and installing new racking.

CUSTOMER RELATIONSHIPS

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

Charles Skinner
Chief Executive

"During 2011, Restore plc benefited from the underlying resilience of its core records management business while making four acquisitions that increased the scale of our operations and developed Restore plc into a much broader-based provider of UK office services"

Directors' report

The directors submit their report and the financial statements of Restore plc for the year ended 31 December 2011.

Restore plc is a public limited company quoted on AIM, incorporated and domiciled in England and has no branches outside the UK.

RESULTS

The profit before tax from continuing operations for the year ended 31 December 2011 was £2.0 million (2010: £0.6 million).

DIVIDENDS

The directors recommend a maiden dividend for the year of 1p per share payable on 31 July 2012 (2010: £Nil).

PRINCIPAL ACTIVITIES

The principal activities of the Group during the year were that of Records Management, Document Scanning, Office Relocations and Building Repair.

BUSINESS REVIEW AND FUTURE DEVELOPMENTS

This is dealt with in the Chairman's statement and in the Business Review on pages 5 to 13.

PRINCIPAL RISKS AND UNCERTAINTIES

The management of the business and the execution of the Group's strategies are subject to a number of risks. The key business risks affecting the Group are:

Risk Management

The significant financial risks the Group faces have been considered and policies have been implemented to best deal with each risk. The three most significant risks are considered to be liquidity risk, finance cost risk and customer relationship risk. The Group is wholly based in the United Kingdom so the direct exposure to exchange risk is considered to be small.

Liquidity risk

The year end net debt was £11.6 million (2010: £12.3m), which consisted of £14.5 million of interest bearing loans and borrowings less £2.9 million of cash and short term deposits (2010: £14.9 million of interest–bearing loans and borrowings less £2.6 million of cash and short term deposits). Net debt is monitored on a daily basis.

Finance cost risk

The Group pays finance costs on its bank facilities. The bank facilities finance cost is a variable cost linked to LIBOR plus a margin. Interest rates are managed through an interest rate collar. The average finance cost on bank facilities for the Group in 2011 was 3.5% (2010: 4.5%).

Management

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 planning is considered.

Legislative

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.

Directors' report (continued)

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 with operational management on a monthly basis. The board also relies on KPIs that focus on the financial performance of the Group.

The table below shows the main KPIs used to manage the Group's performance during the year.

Key Performance Indicator	2011 £'m	2010 £'m	Analysis
Group revenues	34.8	27.7	Year-on-year change in revenues analysed by segment (see page 42)
Adjusted operating profit	5.2	3.3	Year-on-year change in adjusted operating profit by segment (see page 9)
Operating cash flow generated before financing costs and tax	1.9	1.6	Generation of operating cash flow, in 2011 debtor days reduced although operating cash flow was worse than operating profits due to the exceptional items incurred.
Bank interest cost	0.6	0.7	Year-on-year change in cost of Group finance. Finance costs reduced as a result of an improvement in the average interest rate following the refinancing in the year.
Net debt	11.6	12.3	Year-on-year change in bank debt, management continues to focus on control of working capital, and draw on its facilities when required to fund acquisitions.

The non-financial indicators that are regularly monitored are customer satisfaction and retention and 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.

Directors' report (continued)

DIRECTORS

The following directors have held office during the year:

Sir William Wells (Chairman)
Charles Skinner (Chief Executive)
Andrew Wilson (Non-Executive Director)
Dr John Forrest (Non-Executive Director)

On 3 May 2011 the following director was appointed to the Board:
Harvey Samson (Group Finance Director)

Information on directors' remuneration, share options, long-term incentive plans, pension contributions and benefits is set out in the Remuneration Report on pages 21 to 23.

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 2 April 2012 the Company had been notified of the following interests amounting to 3% or more of the Company's issued share capital:

	Number of 0.1p ordinary shares	Percentage of issued share capital
Geraldton Services Inc	32,630,904	50.6
Legal & General	10,139,448	15.7
Hargreave Hale Limited	4,525,402	7.0
Cazenove	2,411,670	3.7

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 2011, for a number of 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 in which we operate. 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

Directors' report (continued)

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, each of our business segments has appointed Health and Safety Officers who report to their respective managing directors.

The Group's operational 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, including the policy for hedging each major type of forecasted transaction for which hedge accounting is used and the exposure of the Group to market risk, credit risk, liquidity risk and cash flow risk is contained in note 3.

PAYABLES PAYMENT POLICY

The Group policy for payment to suppliers is to delegate to individual business units the responsibility for agreeing the terms and conditions under which they conduct transactions with their suppliers. The creditor days were 38 at 31 December 2011 (2010: 57 days).

POLITICAL AND CHARITABLE DONATIONS

Donations made by the Group for charitable purposes amounted to £nil (2010: £nil). The Group does not make political donations.

POST BALANCE SHEET EVENTS

On 29 February 2012, the Company acquired Harrow Green Group Limited ("Harrow Green") for an initial consideration of £6.3 million, as detailed in note 35.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

The Directors in office on 10 April 2012 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 21 May 2012 is set out on pages 86 to 87.

Sarah Waudby

Sarah Waudby
Company Secretary
10 April 2012

Corporate governance statement

The policy of the Board is to manage the affairs of the Company having regard to the terms of the UK Corporate Governance Code. 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 a Board comprising two Executive Directors and three 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 2011 Total 10	Number of Audit Committee meetings attended during the year ended 31 December 2011 Total 2	Number of Remuneration Committee meetings attended during the year ended 31 December 2011 Total 1
Executive Directors			
Charles Skinner	10	2	1
Harvey Samson*	7	1	1
Non-Executive Directors			
Sir William Wells	10	2	1
Andy Wilson	10	2	1
Dr John Forrest	10	2	1

* Appointed 3 May 2011

DIRECTORS' REMUNERATION

The Company has an established Remuneration Committee.

Details of the remuneration of each director are set out in the Remuneration Report on page 21.

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 auditors.

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

Corporate governance statement (continued)

misstatement 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 Turnball 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.

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 options and other benefits of the other 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 will meet 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 Combined Code, they are to be terminable by the Company on one year's notice.

The Non-Executive Directors do not have service contracts but have letters of appointment for an initial period of one year, which may be renewed by mutual agreement.

Executive Directors	Date of contract	Notice period
Charles Skinner	8 June 2009	12 months
Harvey Samson	3 May 2011	6 months

Non–Executive Directors	Date of Letter	Notice period
Sir William Wells	8 June 2009	3 months
Andrew Wilson	8 June 2009	3 months
Dr John Forrest	8 November 2010	3 months

DIRECTORS' EMOLUMENTS (AUDITED)

The aggregate emoluments of the directors of the Company were:

£'000	Salary and fees	Benefits	Total 2011	2010 (ex. pension)	Pension costs	Total 2010
Executive Directors						
Charles Skinner	320	4	324	320	2	322
Harvey Samson*	120	–	120	–	–	–
Non–Executive Directors						
Sir William Wells	55	–	55	50	–	50
Andrew Wilson	33	–	33	30	–	30
Dr John Forrest	27	–	27	3	–	3
	555	4	559	403	2	405

* Appointed 3 May 2011

Remuneration report (continued)

DIRECTORS' INTERESTS IN SHARES AND OPTIONS

The beneficial interests of the Directors who were in office at 31 December 2011 in the shares of the Company, including family interests were as follows:

	Number of 5p ordinary shares 31 December 2011	Number of 5p ordinary shares 31 December 2010 (or date of appointment if later)
Charles Skinner	511,415	511,415
Harvey Samson	15,385	–
Sir William Wells	352,553	318,307
Andrew Wilson	46,461	46,461
Dr John Forrest	7,692	–

As at 10 April 2012 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 incentive arrangements which will reward the Directors when shareholder value is created, thereby aligning the interests of management directly with those of the shareholders.

RESTORE SHARE OPTION SCHEME – 2011 GRANTS

Employee Share Options

The following options have been granted to employees within the Group.

Date of grant	Granted	Number of ordinary shares of 5p each 31 December 2011	Exercise price	Date from which exercisable	Expiry date
3 May 2011	1,160,000	1,160,000	50p	3 May 2013	3 May 2021
30 July 2011	400,000	400,000	69.9p	30 July 2013	30 July 2021

Remuneration report (continued)

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

The closing price for Restore shares at 31 December 2011 was 75.5 pence. During the year the market price of the Company's ordinary shares ranged between 31.5 pence and 78.9 pence.

The directors' interests in the share option schemes are as follows:

	Number of ordinary shares of 5p each 31 December 2011	Number of ordinary shares of 5p each 31 December 2010
Charles Skinner	1,411,200	1,411,200
Sir William Wells	537,600	537,600
Harvey Samson	1,250,000	–

By order of the board

Sir William Wells
Chairman of the Remuneration Committee

Statement of directors' responsibilities

The directors are responsible for preparing 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 in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law).

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:

a. select suitable accounting policies and then apply them consistently;

b. make judgements and accounting estimates that are reasonable and prudent;

c. for the group financial statements, state whether they have been prepared in accordance with IFRSs adopted by the EU and for the company financial statements state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the company financial statements;

d. 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.

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

For the year ended 31 December 2011

We have audited the group and parent company financial statements ("the financial statements") on pages 26 to 82. The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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.

Respective responsibilities of directors and auditor

As more fully explained in the Statement of Directors' Responsibilities set out on page 24, 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.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/private.cfm.

Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2011 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 company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

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.

DAVID CLARK (Senior Statutory Auditor)
For and on behalf of BAKER TILLY UK AUDIT LLP,
Statutory Auditor
Chartered Accountants
25 Farringdon Street
London EC4A 4AB

10 April 2012

Consolidated statement of comprehensive income

For the year ended 31 December 2011

	Note	Year ended 31 December 2011			Year ended 31 December 2010		
		Before exceptional items £'m	Exceptional Items (note 5) £'m	After exceptional items £'m	Before exceptional items £'m Restated	Exceptional Items (note 5) £'m Restated	After exceptional items £'m
REVENUE	4	34.8	–	34.8	27.7	–	27.7
Cost of sales		(17.4)	–	(17.4)	(14.1)	–	(14.1)
Gross profit		17.4	–	17.4	13.6	–	13.6
Administrative expenses	4	(12.4)	(1.4)	(13.8)	(10.4)	(0.7)	(11.1)
Amortisation of intangible assets	12	(0.5)	–	(0.5)	(0.4)	–	(0.4)
Impairment of intangible assets	12	–	–	–	–	(0.4)	(0.4)
OPERATING PROFIT/(LOSS)	6	4.5	(1.4)	3.1	2.8	(1.1)	1.7
Finance costs	7	(0.9)	(0.2)	(1.1)	(1.1)	–	(1.1)
PROFIT/(LOSS) BEFORE TAX		3.6	(1.6)	2.0	1.7	(1.1)	0.6
Income tax (charge)/credit	8	(1.1)	1.1	–	–	0.3	0.3
PROFIT/(LOSS) FOR THE YEAR FROM CONTINUING OPERATIONS		2.5	(0.5)	2.0	1.7	(0.8)	0.9
Loss from discontinued operations	4	–	–	–	(0.1)	–	(0.1)
Profit/(loss) for the year attributable to owners of the parent		2.5	(0.5)	2.0	1.6	(0.8)	0.8
Other comprehensive income for the year net of tax		–	–	–	–	–	–
Total comprehensive income for the year attributable to owners of the parent		2.5	(0.5)	2.0	1.6	(0.8)	0.8
Earnings /(loss) per share (pence)	9						
- Basic		5.0p	(1.0)p	4.0p	6.2p	(3.1)p	3.1p
- Diluted		4.8p	(1.0)p	3.8p	6.2p	(3.1)p	3.1p
Earnings/(loss) per share from continuing operations (pence)	9						
- Basic		5.0p	(1.0)p	4.0p	6.6p	(3.1)p	3.5p
- Diluted		4.8p	(1.0)p	3.8p	6.6p	(3.1)p	3.5p
Loss per share from discontinued operations	9						
- Basic		–	–	–	(0.4)p	–	(0.4)p
- Diluted		–	–	–	(0.4)p	–	(0.4)p

Consolidated statement of changes in equity

For the year ended 31 December 2011

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

Balance at 1 January 2011	2.3	52.4	0.3	(38.3)	16.7
Profit for the year	–	–	–	2.0	2.0
Total comprehensive income for the year	–	–	–	2.0	2.0
Transactions with owners					
Issues of shares during the year	0.4	4.2	–	–	4.6
Issue costs	–	(0.2)	–	–	(0.2)
Capital Reduction	–	(52.3)	–	52.3	–
	0.4	(48.3)	–	52.3	4.4
Share based payments charge	–	–	0.2	–	0.2
Balance at 31 December 2011	2.7	4.1	0.5	16.0	23.3

Consolidated statement of financial position

As at 31 December 2011 Company registered no. 05169780

	Note	31 December 2011 £'m	31 December 2010 £'m
ASSETS			
NON–CURRENT ASSETS			
Intangible assets	12	22.1	19.8
Property, plant and equipment	13	13.6	12.3
Investment in joint venture	14	0.3	–
Deferred tax asset	22	1.0	0.5
		37.0	32.6
CURRENT ASSETS			
Inventories	15	0.2	0.1
Trade and other receivables	16	10.9	7.6
Cash and cash equivalents	20	3.5	2.6
		14.6	10.3
TOTAL ASSETS		51.6	42.9
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	17	(8.3)	(6.0)
Financial liabilities - borrowings	18	(4.4)	(10.6)
Other financial liabilities	19	(0.1)	–
Current tax liabilities		(0.5)	(0.2)
Provisions	21	(0.2)	(0.3)
		(13.5)	(17.1)
NON–CURRENT LIABILITIES			
Financial liabilities – borrowings	18	(10.1)	(4.3)
Deferred tax liability	22	(3.6)	(3.5)
Provisions	21	(1.1)	(1.3)
		(14.8)	(9.1)
TOTAL LIABILITIES		(28.3)	(26.2)
NET ASSETS		23.3	16.7
EQUITY			
Share capital	23	2.7	2.3
Share premium account	24	4.1	52.4
Share based payments reserve	25	0.5	0.3
Retained earnings/(deficit)	26	16.0	(38.3)
EQUITY ATTRIBUTABLE TO THE OWNERS OF THE PARENT		23.3	16.7

These financial statements were approved by the Board of directors and authorised for issue on 10 April 2012 and were signed on its behalf by:

Sir William Wells
Chairman

Charles Skinner
Chief Executive

Consolidated statement of cashflows

For the year ended 31 December 2011

	Note	Year ended 31 December 2011 £'m	Year ended 31 December 2010 £'m
NET CASH GENERATED FROM OPERATIONS	27	1.9	1.6
Net finance costs		(0.7)	(0.7)
Income taxes paid		(0.5)	–
NET CASH GENERATED FROM OPERATING ACTIVITIES		0.7	0.9
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of property, plant and equipment		(1.4)	(1.0)
Purchases of applications software		(0.1)	(0.3)
Purchase of subsidiary undertakings including acquisition costs, net of cash acquired	11	(2.7)	(1.8)
Investment in Joint Venture	14	(0.3)	–
CASH FLOWS USED IN INVESTING ACTIVITIES		(4.5)	(3.1)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from share issues		4.5	3.8
Repayment of bank borrowings		(12.0)	(4.0)
Drawdown of indebtedness		1.6	–
New bank loans raised		11.0	–
Increase in bank overdrafts		1.3	0.4
Repayment of other loans		(2.3)	–
NET CASH GENERATED FROM FINANCING ACTIVITIES		4.1	0.2
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		0.3	(2.0)
CASH AND CASH EQUIVALENTS AT START OF YEAR		2.6	4.6
CASH AND CASH EQUIVALENTS AT END OF YEAR	20	2.9	2.6
CASH AND CASH EQUIVALENTS SHOWN ABOVE COMPRISE:			
Cash at bank		3.5	2.6
Balance on invoice discounting facility		(0.6)	–
		2.9	2.6

Notes to the financial statements

For the year ended 31 December 2011

1 GENERAL INFORMATION

Restore plc and its subsidiaries specifically focus on Records Management, Document Scanning, Building Repair, Relocations and Building Services. The Group 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 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 10 April 2012.

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, and liquidity position are set out in the Business Review on pages 9 to 13. In addition, the Directors report details the principal risks and uncertainties affecting the business and note 3 to the financial statements includes the company's objectives, policies and processes for managing its capital; its financial risk management objectives; and its exposures to credit risk and liquidity risk.

The Group meets its day-to-day working capital requirements through its financing facilities which are due to expire between June 2014 and June 2016. Details of the Group's borrowing facilities are given in note 20 of the financial statements.

The Group's budgets for 2012 and forecasts for 2013, taking account of reasonably possible changes in trading performance, show that the Group should be able to operate within the level of its current facility.

The directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial 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.

Notes to the financial statements (continued)

For the year ended 31 December 2011

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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.

Other changes in contingent consideration are recognised through profit or loss, unless the contingent consideration is classified as equity. In such circumstances, changes are recognised within equity.

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 four segments, Records Management, Document Scanning, Building Repair and Relocations, whose reports are reviewed by the Board in order to allocate resources and assess performance. Segment revenue comprises sales to external customers all of whom are located in the UK. Services are provided 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 – Records 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.

Sale of services – Document Scanning

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

Notes to the financial statements (continued)

For the year ended 31 December 2011

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

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 – Building Repair

Revenue represents amounts in respect of the handling of insurance claims together with ancillary services including specialist training, subcontracting services, surveying and other services. Revenue is recognised when work has been carried out. Work completed but not yet invoiced is recognised as accrued income.

Sale of services – Relocations

Revenue represents amounts in respect of relocations and furniture storage. Revenue is recognised when a removal has been completed, and storage revenue is recognised on a per day basis for the furniture stored on behalf of its customers.

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.

DISCONTINUED OPERATIONS

Discontinued operations represent cash generating units or groups of cash generating units that have either been disposed of or classified as held for sale, and represent a separate major line of business or are part of a single co-ordinated plan to dispose of a separate major line of business. Cash generating units forming part of a single co-ordinated plan to dispose of a separate major line of business are classified within continuing operations until they meet the criteria to be held for sale.

The post–tax profit or loss of the discontinued operation is classified as a single line on the face of the Consolidated Statement of Comprehensive Income, together with any post-tax gain or loss recognised on the re-measurement of non–current assets or disposal groups on classification as held for sale to the lower of carrying amount and fair value less costs to sell or on the disposal of the assets or disposal group constituting the discontinued operation.

On changes to the composition of groups of units comprising discontinued operations, the presentation of discontinued operations within prior periods is restated to reflect consistent classification of discontinued operations across all periods presented.

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 and other restructuring costs, provisions made in respect of onerous leases and acquisition costs relating to business combinations.

Notes to the financial statements (continued)

For the year ended 31 December 2011

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

GOODWILL

Goodwill arising on consolidation represents the excess of the costs 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.

INTANGIBLE ASSETS

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.

Intangible assets that are regarded as having indefinite useful lives are not amortised. Intangible assets that are regarded as having limited useful lives are amortised on a straight-line basis over those lives. Assets with indefinite lives are reviewed for impairment annually and other assets are reviewed for impairment whenever events or circumstances indicate that the carrying amount may not be recoverable. The recoverable amount is the higher of value in use or fair value less cost to sell. Amortisation and any impairment write downs are recognised immediately in profit or loss.

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. Customer relationship assets are being written off on a straight line basis over a remaining life of 6 to 11.5 years, except where the relationships have been assessed as having an indefinite life. These relationships are considered indefinite due to the business having a strong relationship and low attrition rates with its customers. 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 and valued by a third party valuer. The life of the trade name is assessed annually. Trade names are being written off on a straight line basis over 10 years, except where the trade names are assessed as having an indefinite life due to the history of trading and the Group being a market leader in the services provided.

Application software and IT

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).

Notes to the financial statements (continued)

For the year ended 31 December 2011

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

	% per annum
Freehold and long leasehold buildings	2–5%
Long leasehold land	over the remaining life of the lease
Leasehold improvements	over the life of the lease
Plant and machinery	5–50%
Racking	12.5%
Office equipment, fixtures and fittings	10–40%
Motor vehicles	20–25%

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

Loan notes are loans and receivables and 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

Notes to the financial statements (continued)

For the year ended 31 December 2011

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

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 ACCOUNTED FOR USING THE EQUITY METHOD

Investments which are held for the long term, and in which the Group has a participating interest and exercises joint control with one or more other parties under a contractual arrangement, are treated as joint ventures and accounted for by the equity method. The Group's share of the results of investments is included in the Consolidated Income Statement and the Group's share of net assets is included in investments in the Statement of Financial Position.

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.

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.

Notes to the financial statements (continued)

For the year ended 31 December 2011

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

Notes to the financial statements (continued)

For the year ended 31 December 2011

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

PENSIONS

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

EQUITY INSTRUMENTS

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

SHARE OPTION SCHEMES

The Group has applied the requirements of IFRS 2 Share-based Payment. In accordance with the transitional provisions, IFRS 2 has been applied to all grants of equity instruments on or after 7 November 2002 that were unvested as of 1 January 2006.

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 or retained earnings if the option has vested.

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 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.

Notes to the financial statements (continued)

For the year ended 31 December 2011

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

Income taxes

The Group is subject to income taxes in the UK. Judgement is required in determining the provision for income taxes. The Group recognises liabilities for anticipated tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

Deferred tax is measured on a non-discounted basis at tax rates that are expected to apply in the periods in which the temporary differences reverse based on tax rates in place at the Balance Sheet date. Deferred tax assets are recognised where their recovery is considered more likely than not in the expectation that there will be suitable taxable profits from which the future reversal of underlying temporary differences can be deducted. This assessment is inherently judgemental. Details of the amounts of deferred tax assets recognised and not recognised are given in note 22.

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 and other indefinite life intangibles are 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 12.

Valuation of seperable intangibles on acquisition

When valuing the intangibles acquired in a business combination, management estimate the expected future cash flows from the asset and choose 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 £1.1m (2010: £1.2m) as detailed further in notes 11 and 12.

Share-based payments

The Group measures the cost of equity–settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value requires determining the most appropriate valuation model for a grant of equity instruments, which is dependent on the terms and conditions of the grant. This also requires determining the most appropriate inputs to the valuation model including the expected life of the option, volatility and dividend yield and making assumptions about them. The assumptions and models used are disclosed in note 29.

Notes to the financial statements (continued)

For the year ended 31 December 2011

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue

Revenue recognised on partially completed projects is calculated by estimating the percentage of completion.

Provisions

In the building repair business, provision is made for the cost of remedial works necessitated by customer claims for further or corrective work to be carried out without further charge under the company's terms of business. This provision is calculated based on historical data over the period of the guarantees issued by the company.

Other provisions for onerous leases/dilapidations are made when the Group has a present legal or constructive obligation and based on the directors' best estimate of the amount and timing of future cash flows. Details of the provisions made are given in note 21.

ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS ('IFRS')

(a) New and amended standards adopted by the Group

The following new standards and amendments to standards are mandatory for the first time for the financial year beginning 1 January 2011.

- IFRIC 19 "Extinguishing Financial Liabilities with Equity Instruments" is effective after the first annual reporting period beginning on or after 1 July 2010.
- IAS 24 "Related Party Disclosures (revised)" is effective after the first annual reporting period beginning on or after 1 January 2011.
- "Annual Improvements to IFRS"

(b) New standards, amendments and interpretations issued but not effective for the financial year beginning 1 January 2011 and not early adopted.

- IAS 8 Accounting Policies
- IFRS 9 Financial Instruments
- IFRS 10 Consolidated Financial Statements
- IFRS 11 Joint Arrangements
- IFRS 12 Disclosure of Interests in Other Entities
- IFRS 13 Fair Value Measurement

3 FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks: market risk (including fair value interest rate risk and cash flow interest rate risk), credit risk and liquidity 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.

Notes to the financial statements (continued)

For the year ended 31 December 2011

3 FINANCIAL RISK MANAGEMENT (continued)

(a) Market risk

(i) Foreign exchange risk:
The Group operates in the UK and is not exposed to foreign exchange risk.

(ii) 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 2011 and 2010, the Group's borrowings at variable rates were denominated in the UK pound. 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 collars. Such interest rate collars have the economic effect of converting borrowings from floating rates to fixed rates at a certain level. The interest rate collar is 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.

(b) 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 clients before standard payment and 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 Group's exposure to bad debts is not significant. 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.

(c) 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 (e.g. accounts receivables, other financial assets) 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 management

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, retained earnings and net debt as noted below. Net debt includes short and long term borrowings (including overdrafts and lease obligations) net of cash and cash equivalents.

No changes were made in the objectives, policies or processes during the years ending 31 December 2011 and 31 December 2010.

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

Notes to the financial statements (continued)

For the year ended 31 December 2011

3 FINANCIAL RISK MANAGEMENT (continued)

Debt to Capital Ratio	2011 £'m	2010 £'m
Total debt	14.5	14.9
Less cash and cash equivalents (note 20)	(2.9)	(2.6)
Net debt	11.6	12.3
Total equity	23.7	16.7
Debt to capital ratio	0.5	0.7

The decrease is gearing during 2011 resulted primarily from the conversion of the suborinated debt (note 34).

The Group does not have any externally imposed capital requirements.

Fair value estimation

The fair value of financial instruments is market value.

4 SEGMENTAL ANALYSIS

The Group is organised into four main operating segments, Records Management, Document Scanning, Relocations and Building Repair, and operates one service per segment as described in the business review. All trading of the Group is undertaken within the United Kingdom and the Company has no foreign operations. Segment assets include intangibles, property, plant and equipment, inventories, receivables and operating cash. Central assets include deferred tax and head office assets. Segment liabilities comprise operating liabilities. Central liabilities include income tax and deferred tax, corporate borrowings and head office liabilities. Capital expenditure comprises additions to computer software, property, plant and equipment and includes additions resulting from acquisitions through business combinations. Segment assets and liabilities are allocated between segments on an actual basis.

Notes to the financial statements (continued)

For the year ended 31 December 2011

4 SEGMENTAL ANALYSIS (continued)

REVENUE

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

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

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

Notes to the financial statements (continued)

For the year ended 31 December 2011

4 SEGMENTAL ANALYSIS (continued)

MAJOR CUSTOMERS

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

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

The insurance-related operations of Ansa Building Services Limited (ABS) were terminated on 31 December 2009. The loss before tax in 2010 related to the run off costs of the ABS operations. Cash flows arising from discontinued operations are given in note 27.

5 EXCEPTIONAL ITEMS – CONTINUING OPERATIONS

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

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

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

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

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

The figures for the year ended 31 December 2010 have been restated for £0.1m credit to onerous leases which were previously classified in administration expenses. There was no overall impact on the profit for the year.

Notes to the financial statements (continued)

For the year ended 31 December 2011

6 OPERATING PROFIT/(LOSS)

	Year ended 31 December 2011 £'m	Year ended 31 December 2010 £'m
The following items have been included in arriving at operating profit/(loss):		
Amortisation of intangible assets	0.5	0.4
Depreciation of property, plant and equipment	0.7	0.6
Impairment of intangible assets	–	0.4
Share based payments charge	0.2	0.1
Operating leases – plant and machinery	0.7	0.9
Operating leases – land and buildings	0.7	1.6
Auditor's remuneration:		
– Parent and consolidated financial statements	–	–
– Audit of company's subsidiaries pursuant to legislation	0.1	0.1
Tax services	0.1	0.1
Expenses by function:		
Staff costs (note 30)	14.6	11.8
Depreciation, amortisation and impairment	1.2	1.4
Premises costs	4.2	2.9
Materials	2.2	1.8
Subcontractors	2.7	2.0
Selling and distribution expenses	1.1	1.0
Computer costs	0.3	0.3
Audit, other and tax services	0.2	0.1
Legal and professional	0.3	0.3
Telecommunication costs	0.3	0.3
Exceptional items	1.4	0.7
Other expenses	3.2	3.4
Total cost of sales and administrative expenses	31.7	26.0

Notes to the financial statements (continued)

For the year ended 31 December 2011

7 FINANCE COSTS

	Year ended 31 December 2011 £'m	Year ended 31 December 2010 £'m
Interest on bank loans and overdrafts	0.6	0.7
Interest on loan from ultimate parent company	0.1	0.4
Interest rate collar	0.2	–
	0.9	1.1
Exceptional finance costs	0.2	–
Total	1.1	1.1

The exceptional costs shown above relate to costs associated with the change in borrowing facilities.

8 TAXATION

	Year ended 31 December 2011 £'m	Year ended 31 December 2010 £'m
Current tax:		
UK corporation tax on profit for the year	0.6	0.3
Adjustments in respect of previous periods	0.1	0.1
Total current tax	0.7	0.4
Deferred tax: (note 22)		
Current year	(0.9)	(0.3)
Adjustments in respect of previous periods	0.2	(0.4)
Total deferred tax	(0.7)	(0.7)
Total tax credit	–	(0.3)

Notes to the financial statements (continued)

For the year ended 31 December 2011

8 TAXATION (continued)

The credit for the year can be reconciled to the profit per the Consolidated Statement of Comprehensive Income as follows:

	Year ended 31 December 2011 £'m	Year ended 31 December 2010 £'m
Profit before tax – continuing operations	2.0	0.6
Profit before tax multiplied by the rate of corporation tax of 26% (2010: 28%)	0.5	0.2
Effects of:		
Expenses not deductible for tax purposes	0.2	0.1
Losses previously not recognised for deferred tax	(0.8)	–
Tax losses utilised	–	(0.1)
Effect of change in rate used for deferred tax	(0.2)	(0.1)
Adjustments in respect of current income tax of previous years	0.1	0.1
Adjustments in respect of deferred income tax of previous years	0.2	(0.5)
Tax credit	–	(0.3)

As announced on 21 March 2012, the UK Corporation Tax rate will reduce to 24% on 1 April 2012. This rate reduction has not been reflected in the deferred tax calculation which forms part of the calculation above. Deferred tax has been calculated at a rate of 25%, being the rate that was substantively enacted as at 31 December 2011.

The impact of this rate change on the deferred tax as at 31 December 2011 would not have been material.

Notes to the financial statements (continued)

For the year ended 31 December 2011

9 EARNINGS PER ORDINARY SHARE

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

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

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

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

Notes to the financial statements (continued)

For the year ended 31 December 2011

9 EARNINGS PER ORDINARY SHARE (continued)

ADJUSTED EARNINGS PER SHARE

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

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

As disclosed in note 35, on 1 March 2012, 11,333,334 new shares were issued.

10 DIVIDENDS

In respect of the current year, the directors propose, 1 pence per share will be paid to ordinary shareholders on 31 July 2012. 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.

The proposed dividend for 2011 is payable to all shareholders on the Register of Members on 6 July 2012. The total estimated dividend to be paid is £0.5m.

11 BUSINESS COMBINATIONS

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

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

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

The intangibles capitalised represent £130,000 in respect of customer relationships and £130,000 in respect of the trade name. Deferred tax at 25% has been provided on the value of intangible assets (note 22). Acquisition costs of £87,000 were incurred and have been charged to profit or loss.

Notes to the financial statements (continued)

For the year ended 31 December 2011

11 BUSINESS COMBINATIONS (continued)

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

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

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

The intangibles capitalised represent £215,000 in respect of customer relationships and £24,000 in respect of the trade name. Deferred tax at 25% has been provided on the value of intangible assets (note 22). Acquisition costs of £47,000 were incurred and have been charged to profit or loss.

On 31 August 2011, the business and assets of Paterson Data Management Limited, a Records Management business, was acquired for cash of £0.6m and shares with a fair value of £30,000 (note 23).

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

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

Notes to the financial statements (continued)

For the year ended 31 December 2011

11 BUSINESS COMBINATIONS (continued)

The intangibles capitalised represent £262,000 in respect of customer relationships and £19,000 in respect of the trade name. Deferred tax at 25% has been provided on the value of intangible assets (note 22). Acquisition costs of £75,000 were incurred and have been charged to profit or loss.

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

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

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

The intangibles capitalised represent £238,000 in respect of customer relationships and £27,000 in respect of the trade name. Deferred tax at 25% has been provided on the value of intangible assets (note 22). Acquisition costs of £38,000 were incurred and have been charged to profit or loss.

POST ACQUISITION RESULTS

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

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

Notes to the financial statements (continued)

For the year ended 31 December 2011

11 BUSINESS COMBINATIONS (continued)

In respect of the acquisitions made during the year the following amounts were paid/acquired.

	£'m
Total consideration paid	3.0
Total cash consideration paid	3.0
Total cash and cash equivalents acquired	0.3
Total assets acquired	2.3
Total liabilities acquired	0.9
Total acquisition costs included in exceptional administrative expenses	0.2

The amount of goodwill that is expected to be deducted for tax purposes is £0.7m.

The acquisitions of the Records Management businesses were made to provide national coverage and increase the Group's market share. The acquisition of Sargents expanded our presence in the UK office services market.

Notes to the financial statements (continued)

For the year ended 31 December 2011

12 INTANGIBLE ASSETS

	Goodwill £'m	Customer relationships £'m	Trade names £'m	Applications software and IT £'m	Total £'m
Cost					
1 January 2010	25.2	8.6	1.2	1.2	36.2
Additions	0.5	1.1	0.1	0.3	2.0
Acquired with subsidiary	–	–	–	0.1	0.1
31 December 2010	25.7	9.7	1.3	1.6	38.3
Cost					
1 January 2011	25.7	9.7	1.3	1.6	38.3
Additions – external	–	–	–	0.1	0.1
Arising on acquisition of subsidiary	1.6	0.9	0.2	–	2.7
Adjustments	(2.9)	(3.1)	–	–	(6.0)
31 December 2011	24.4	7.5	1.5	1.7	35.1
Accumulated amortisation and impairment					
1 January 2010	13.5	3.6	–	0.5	17.6
Impairment	–	0.4	–	–	0.4
Charge for the year	–	0.2	–	0.2	0.4
Acquired with subsidiary	–	–	–	0.1	0.1
31 December 2010	13.5	4.2	–	0.8	18.5
Accumulated amortisation and impairment					
1 January 2011	13.5	4.2	–	0.8	18.5
Charge for the year	–	0.3	–	0.2	0.5
Adjustments	(2.9)	(3.1)	–	–	(6.0)
31 December 2011	10.6	1.4	–	1.0	13.0
Carrying amount					
31 December 2011	13.8	6.1	1.5	0.7	22.1
31 December 2010	12.2	5.5	1.3	0.8	19.8
1 January 2010	11.7	5.0	1.2	0.7	18.6

The adjustments shown above relate to fully amortised intangibles disposed of in previous years but not eliminated. They have been included in the current year as the directors do not believe that the net impact is material to the financial statements.

Customer relationships include assets which are considered to have an indefinite life due to the business having a strong relationship and low attrition rates with its customer groups. The carrying amount of these assets is £2.9m

Notes to the financial statements (continued)

For the year ended 31 December 2011

12 INTANGIBLE ASSETS (continued)

(2010: £2.9m). The remaining relationships have a remaining life of 6 – 11.5 years. Trade names include assets considered to have an indefinite life due to the history of trading and the Group being a market leader in the services provided. The carrying amount of these assets is £1.0m (2010: £1.0m). The remaining trade names are being written off over 10 years.

The changes to goodwill during the year were as follows:

	£'m
Cost	
1 January 2010	25.2
Acquired – Datacare Business Systems Limited	0.1
Acquired – Formsafe	0.4
31 December 2010 and 1 January 2011	25.7
Acquired – Sargents	0.3
Acquired – Management Archives	0.6
Acquired – Paterson	0.2
Acquired – Brunswick	0.5
31 December 2011	27.3
Accumulated impairment	
1 January 2010, 31 December 2010 and 31 December 2011	13.5
Carrying amount at 31 December 2011	13.8
Carrying amount at 31 December 2010	12.2
Carrying amount at 1 January 2010	11.7

Notes to the financial statements (continued)

For the year ended 31 December 2011

12 INTANGIBLE ASSETS (continued)

Allocation of goodwill to cash–generating units

Goodwill and indefinite life intangible assets has been allocated for impairment testing purposes to the following cash–generating units.

The carrying is as follows:

	Goodwill		Indefinite life intangibles	
	2011 £'m	2010 £'m	2011 £'m	2010 £'m
Records Management	12.5	11.2	2.9	2.9
Document Scanning	0.6	0.6	0.2	0.2
Building Repair	0.4	0.4	1.0	1.0
Relocations	0.3	–	–	–
	13.8	12.2	4.1	4.1

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 is determined from value-in-use calculations, which used budgeted cash flows for year one and cash flow projections for years two and three. 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 2012 have been assessed by reference to existing contracts and market volumes. Margins have been assumed to increase from those achieved in 2011 due to a reduction in operating costs as a result of synergies and overhead savings that have been implemented. The forecasts have been discounted at a pre-tax rate of 8.3% (2010: 8.5%).

In 2010, as a result of the review of the DCS business, the carrying amount of goodwill and other intangibles was assessed at 31 December 2010 and an impairment of £0.4 million was made to the value of the customer relationships to reflect the decline in sales to key customers in respect of this business. In 2011, management considered the further impact, if revenues and margins did not improve from 2011 and an increased discount factor of up to 10.6% was used and were satisfied that this would not result in a further impairment of goodwill.

Notes to the financial statements (continued)

For the year ended 31 December 2011

13 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 2010	9.3	0.4	4.4	1.3	0.5	15.9
Additions	0.5	–	0.3	0.1	0.1	1.0
Disposals	–	–	–	–	–	–
Acquisitions	–	–	–	0.4	–	0.4
Reclassification	–	–	(0.1)	–	0.1	–
31 December 2010	9.8	0.4	4.6	1.8	0.7	17.3
At 1 January 2011	9.8	0.4	4.6	1.8	0.7	17.3
Additions	0.6	0.1	0.5	0.2	–	1.4
Acquisitions	–	–	0.1	0.4	0.1	0.6
31 December 2011	10.4	0.5	5.2	2.4	0.8	19.3
Accumulated Depreciation						
1 January 2010	0.5	0.2	2.5	1.1	0.1	4.4
Charged in the year	0.1	–	0.3	0.1	0.1	0.6
Disposals	–	–	–	–	–	–
Reclassification	–	–	–	–	–	–
31 December 2010	0.6	0.2	2.8	1.2	0.2	5.0
At 1 January 2011	0.6	0.2	2.8	1.2	0.2	5.0
Charged in the year	0.1	–	0.4	0.2	–	0.7
Acquisitions	–	–	–	–	–	–
31 December 2011	0.7	0.2	3.2	1.4	0.2	5.7
Net book value						
31 December 2011	9.7	0.3	2.0	1.0	0.6	13.6
31 December 2010	9.2	0.2	1.8	0.6	0.5	12.3
1 January 2010	8.8	0.2	1.9	0.2	0.4	11.5

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.

£67,500 of motor vehicles are held under a finance lease.

Notes to the financial statements (continued)

For the year ended 31 December 2011

14 JOINT VENTURES

On 10 October 2011, the group invested £0.3m in a 50% interest in Restore Shred Limited, a company set up to provide secure shredding services. The share of results from this joint venture were £14,000 loss for the year ended 31 December 2011.

Interest in joint ventures	2011 £'m	2010 £'m
At 31 December	0.3	–
Represented by:		
Property, plant and equipment	0.2	–
Current assets	0.2	–
Current liabilities	(0.1)	–
Share of net assets	0.3	–

15 INVENTORIES

	2011 £'m	2010 £'m
Finished goods and goods for resale	0.2	0.1

£0.1m (2010:£nil) of inventories were recognised as an expense in cost of sales in the year.

16 TRADE AND OTHER RECEIVABLES

	2011 £'m	2010 £'m
Trade receivables	7.8	5.7
Less: provision for impairment of trade receivables	(0.1)	(0.1)
Trade receivables – net	7.7	5.6
Other receivables	0.5	0.2
Prepayments and accrued income	2.7	1.8
	10.9	7.6

The average credit period on sales of services is 67 days (2010: 75 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.

Notes to the financial statements (continued)

For the year ended 31 December 2011

16 TRADE AND OTHER RECEIVABLES (continued)

Movement in the allowance for impairment	2011 £'m	2010 £'m
Balance at beginning of the year	0.1	0.3
Decrease in amount recognised in profit or loss	–	(0.2)
Balance at end of year	0.1	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

	2011 £'m	2010 £'m
Trade payables	3.0	1.8
Other taxation and social security	1.7	1.2
Other payables	1.6	0.8
Accruals and deferred income	2.0	2.2
	8.3	6.0

Other payables includes the fair value of the interest rate cap and collar of £244,000 (2010: £90,000), see note 20.

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 38 days (2010: 57 days).

Notes to the financial statements (continued)

For the year ended 31 December 2011

18 LOANS AND OVERDRAFTS

	2011 £'m	2010 £'m
Current		
Bank loans and overdrafts due within one year		
Overdrafts on demand	1.9	1.1
Bank loans – secured	2.5	9.5
	4.4	10.6
Non–current		
Bank loans – secured	10.1	2.0
Loan from ultimate parent	–	2.3
	10.1	4.3

The bank debt is due to 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.

The subordinated loan from ultimate parent attracted interest at 10% which is compounded annually. See note 34, Related Party Transactions for further details.

Analysis of net debt

	2011 £'m	2010 £'m
Cash at bank and in hand	3.5	2.6
Balance on confidential invoice discounting facility	(0.6)	–
Bank loans and overdrafts due within one year	(4.4)	(10.6)
Bank loans due after one year	(10.1)	(2.0)
Loan from ultimate parent	–	(2.3)
	(11.6)	(12.3)

19 OTHER FINANCIAL LIABILITIES

	2011 £'m	2010 £'m
Obligations under finance leases	0.1	–
	0.1	–
Repayable by instalments:		
In less than one year	0.1	–

Notes to the financial statements (continued)

For the year ended 31 December 2011

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 NET OF INVOICE DISCOUNTING

	2011 £'m	2010 £'m
Cash at bank and in hand	3.5	2.6
Invoice discounting facility	(0.6)	–
	2.9	2.6

As at 31 December 2011 trade receivables of £2.3m (2010: £1.5m) 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:

	2011 £'m	2010 £'m
60–90 days	1.1	0.7
Greater than 90 days	1.2	0.8

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 flows are produced on a regular basis to minimise liquidity risks.

CARRYING VALUE OF FINANCIAL ASSETS AND LIABILITIES EXCLUDING CASH AND BORROWINGS

	2011 £'m	2010 £'m
Loans and receivables	8.2	5.8
Derivatives used for hedging	0.2	0.1
Financial liabilities measured at amortised cost	5.5	3.7

CURRENCY AND INTEREST RATE RISK PROFILE OF FINANCIAL LIABILITIES

All bank borrowings are subject to floating interest rates, at LIBOR plus a margin of 2.85% on the term loan, 3.5% on the RCF and 3.5% on the overdraft.

Notes to the financial statements (continued)

For the year ended 31 December 2011

20 FINANCIAL INSTRUMENTS (continued)

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

	Total £'m	Fixed rate financial liabilities £'m	Floating rate financial liabilities £'m	Subject to interest rate collar £'m	Weighted average interest rates %
Currency					
Sterling at 31 December 2011	14.5	–	9.0	5.5	3.5
Sterling at 31 December 2010	14.9	2.3	6.4	6.2	4.5

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

	2011 £'m	2010 £'m
6 months or less	14.5	14.9

INTEREST RATE SENSITIVITY

At 31 December 2011 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 £36,000 (2010:£42,000) 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 interest rates has reduced during the current year mainly due to the reduction in the average rate incurred.

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

All financial assets are short term receivables and cash in hand. The cash in hand 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 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	2011 Total £'m	Bank debt £'m	Other financial liabilities £'m	2010 Total £'m
Within one year, or on demand	5.1	–	5.1	11.0	0.4	11.4
Between one and two years	1.3	–	1.3	2.2	2.3	4.5
Between two and five years	10.9	–	10.9	–	–	–
	17.3	–	17.3	13.2	2.7	15.9

Notes to the financial statements (continued)

For the year ended 31 December 2011

20 FINANCIAL INSTRUMENTS (continued)

BORROWING FACILITIES

On 29 June 2011, the Group entered into a new finance facility with Barclays Bank plc. This new facility comprises a 5 year Term loan of £11 million expiring on 30 June 2016, a 3 year revolving credit facility (RCF) of £3 million, an on demand overdraft facility of £1.5 million and an invoice discounting facility of £1.0m (2010: a term facility of £6 million and RCF of £6 million expiring on 30 June 2014 and an overdraft of £1.5 million, with Lloyds Bank plc). An offset facility is in place and as a net basis, £nil of the overdraft was utilised at 31 December 2011. Details of security are given in note 18. Committed but undrawn borrowing facilities as at 31 December 2011 amounted to £2.9m.

All of the Group's borrowings are in Sterling.

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 holds an interest rate collar and an interest rate cap. The Group exchanges the difference between fixed and floating rate interest amounts calculated on agreed notional principal amounts. Such contracts enable the Group to mitigate the risk of changing interest rates on the issued variable rate debt held. The fair value of the interest rate collar at the year end is as follows:

	Average contracted fixed interest rate		Notional principal amount		Fair value	
	2011 %	2010 %	2011 £'m	2010 £'m	2011 £'m	2010 £'m
1 to 2 years	2–4	2–4	4.6	6.2	–	(0.1)
2 to 5 years	2–4	–	0.9	–	(0.2)	–

The interest rate collar settles on a quarterly basis. The interest rate cap is for £4.6 million amortising on a straight line basis to £3.8 million on 30 July 2012. The floor rate is 2% and the cap rate 4% and expires on 30 July 2012. The interest rate swap of 2.80% was entered into on 13 July 2011, expires on 30 June 2016 and settles on a quarterly basis. The swap is for £0.9m and increases/decreases on a straight line basis so that the total of the collar and cap total 50 % of the term loan facility. As the hedge was not designated as effective on inception the movement in fair value has been taken to profit or loss (see note 7). The valuation of derivatives is within level 2 of the fair value hierarchy as the significant inputs to the valuation are observable.

Notes to the financial statements (continued)

For the year ended 31 December 2011

21 PROVISIONS

	Onerous lease provision £'m	Remedial provision £'m	Total £'m
1 January 2011	1.1	0.5	1.6
Used during the year	(0.3)	–	(0.3)
31 December 2011	0.8	0.5	1.3

The onerous leases provision relates to future payments on onerous leases as required in the lease agreements. £0.2m of costs are expected to be incurred within one year and the balance over the next 6 years.

The remedial provision relates to 25 year guarantees that Peter Cox has issued to its customers in respect of damp proofing work. The amount of the provision has been calculated on the level of customer claims made on a historic basis.

Provisions are analysed as follows:

	2011 £'m	2010 £'m
Current	0.2	0.3
Non–current	1.1	1.3
Total	1.3	1.6

The impact of discounting these provisions is not material.

22 DEFERRED TAX

	2011 £'m	2010 £'m
Summary of balances:		
Deferred tax liabilities	(3.6)	(3.5)
Deferred tax asset	1.0	0.5
Net position at 31 December	(2.6)	(3.0)

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

	2011 £'m	2010 £'m
1 January	(3.0)	(3.4)
Credit to profit or loss for the year	0.7	0.7
Acquisitions	(0.3)	(0.3)
31 December	(2.6)	(3.0)

Notes to the financial statements (continued)

For the year ended 31 December 2011

22 DEFERRED TAX (continued)

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	On intangible assets £'m	Properties £'m	Total £'m
1 January 2010	(0.5)	(1.8)	(1.4)	(3.7)
Charge to income for the year	0.1	0.3	0.1	0.5
Acquisitions	–	(0.3)	–	(0.3)
31 December 2010	(0.4)	(1.8)	(1.3)	(3.5)
Charge to income for the year	–	0.2	–	0.2
Acquisitions	–	(0.3)	–	(0.3)
31 December 2011	(0.4)	(1.9)	(1.3)	(3.6)

DEFERRED TAX ASSETS

	Losses £'m	Depreciation in excess of capital allowances £'m	Temporary differences £'m	Total £'m
1 January 2010	–	0.3	–	0.3
Credit to income for the year	–	0.2	–	0.2
31 December 2010	–	0.5	–	0.5
Credit/(charge) to income for the year	0.8	(0.3)	–	0.5
31 December 2011	0.8	0.2	–	1.0

A deferred tax asset of £0.8m has been recognised on a proportion of brought forward tax losses due to greater certainty over recoverability of the asset. No deferred tax asset has been recognised as at 31 December 2011 in relation to the balance of these losses due to continued uncertainty over when they will be relieved. The unrecognised deferred tax asset amounts to £0.5m (2010: £1.4m) on tax losses of £1.9m (2010: £5.1m).

Notes to the financial statements (continued)

For the year ended 31 December 2011

23 CALLED UP SHARE CAPITAL

	2011 £'m	2010 £'m
Authorised:		
199,000,000 ordinary shares of 5p each	9.9	9.9
50,000,000 deferred shares of 0.1p each	0.1	0.1
	10.0	10.0
Allotted, issued and fully paid:		
53,099,791(2010: 46,043,372) ordinary shares of 5p each	2.7	2.3
50,000,000 (2010: 50,000,000) deferred shares of 0.1p each	-	-
	2.7	2.3

The issued ordinary share capital is as follows:

Date	Number of ordinary shares	Issue price
1 January 2011	46,043,372	
2 August 2011 – equity raised to repay Geraldton subordinated debt	7,010,123	65.0p
6 September 2011 – equity issue regarding Paterson Data Management Limited	46,296	64.0p
Total shares issued in 2011	7,056,419	
31 December 2011	53,099,791	

24 SHARE PREMIUM ACCOUNT

	2011 £'m	2010 £'m
1 January	52.4	42.4
Premium on shares issued during the year	4.2	10.2
Share issue costs	(0.2)	(0.2)
Capital reduction	(52.3)	–
31 December	4.1	52.4

The Company may use the reserve to reduce a deficit in the Profit and Loss account 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.

The company undertook a capital reduction of £52.3m during the year which became effective on 7 October 2011.

Notes to the financial statements (continued)

For the year ended 31 December 2011

25 SHARE BASED PAYMENTS RESERVE

	2011 £'m	2010 £'m
1 January	0.3	0.2
Charge for the year	0.2	0.1
31 December	0.5	0.3

Since 30 June 2005, the share based payments reserve comprises charges made to the income statement in respect of share-based payments under the Group's equity compensation scheme.

26 RETAINED EARNINGS/(DEFICIT)

	2011 £'m	2010 £'m
1 January	(38.3)	(39.1)
Profit for the year	2.0	0.8
Capital reduction	52.3	–
31 December	16.0	(38.3)

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

Notes to the financial statements (continued)

For the year ended 31 December 2011

27 CASH INFLOW FROM OPERATIONS

	Year ended 31 December 2011 £'m	Year ended 31 December 2010 £'m
Continuing operations		
Profit before tax	2.0	0.6
Depreciation of property, plant and equipment	0.7	0.6
Amortisation of intangible assets	0.5	0.4
Impairment of intangible assets	–	0.4
Net finance costs	1.1	1.1
Share based payments charge	0.2	0.1
Exceptional items	–	0.3
Movements in working capital		
Increase in inventories	(0.1)	–
(Increase)/decrease in trade and other receivables	(3.0)	0.2
Increase/(decrease) in trade and other payables	0.5	(1.9)
CASH GENERATED FROM CONTINUING OPERATIONS	1.9	1.8
Discontinued operations		
Loss for the year	–	(0.1)
Finance costs	–	0.1
Income tax credit	–	(0.1)
Movements in working capital		
Decrease in trade and other receivables	–	0.4
Decrease in trade and other payables	–	(0.5)
CASH USED IN DISCONTINUED OPERATIONS	–	(0.2)
NET CASH GENERATED FROM OPERATIONS	1.9	1.6

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 income of £0.1m (2010: £0.1m) represents contributions payable to these schemes by the Group at rates specified in the rules of the plan.

29 SHARE BASED PAYMENT

Share option 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.

Notes to the financial statements (continued)

For the year ended 31 December 2011

29 SHARE BASED PAYMENT (continued)

On 30 July 2011, 3 May 2011 and on 16 April 2010 the Company made a grant of options to senior management and directors, on which there are no performance conditions and which are exercisable within 2 – 10 years. Prior to this the Company made five grants. The share options issued prior to 2010 have all been cancelled in 2011.

Options were valued using a stochastic model. The fair value per option granted during 2010 and the assumptions used in the calculation are as follows:

Grant date	30 July 2011	3 May 2011	16 April 2010
Share price at grant date	60.0p	53.0p	41.0p
Exercise price	69.5p	50.0p	32.5p
Number of employees	1	4	7
Share options granted	400,000	1,160,000	3,360,000
Vesting period (years)	2	2	2
Expected volatility	30%	30%	30%
Option life (years)	10	10	10
Expected life (years)	6	6	6
Risk free rate	4.0%	4.0%	5.6%
Expected dividends expressed as a dividend yield	0%	0%	0%
Fair value per option	18.9p	21.0p	5.0p

The total fair value of options issued in the year was £319,200 (2010: £168,000). 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 2011 is:

Grant date	Number	2011 Weighted average exercise price	Number	2010 Weighted average exercise price
Outstanding at 1 January	3,431,062	834p	82,859	829p
Granted	1,560,000	55p	3,360,000	33p
Cancelled	(71,062)	849p	(11,797)	802p
Outstanding at 31 December	4,920,000	40p	3,431,062	834p
Exercisable at 31 December	–	–	27,019	39p

The options outstanding at 31 December 2011 had an exercise price of between 32.5p and 69.5p and a weighted average remaining contractual life of 8.6 years.

LONG TERM INCENTIVE PLAN

The Restore Long Term Incentive Plan ("LTIP") was introduced in May 2005. Awards under the LTIP comprise options to acquire ordinary shares at nominal value which will be subject to performance targets. All existing LTIP awards have been cancelled in 2011.

Notes to the financial statements (continued)

For the year ended 31 December 2011

29 SHARE BASED PAYMENT (continued)

A reconciliation of LTIP movements over the two years to 31 December 2011 are:

	Number	2011 Weighted average exercise price	Number	2010 Weighted average exercise price
Outstanding at 1 January	1,800	5p	1,800	5p
Cancelled	(1,800)	5p	–	5p
Outstanding at 31 December	–	–	1,800	5p
Exercisable at 31 December	–	–	–	–

30 DIRECTORS AND EMPLOYEES

	2011 £'m	2010 £'m
Staff costs during the year were as follows:		
Wages and salaries	13.0	10.5
Social security costs	1.3	1.1
Pension costs	0.1	0.1
Share based payments charge	0.2	0.1
	14.6	11.8

	Number	Number
The average monthly number of employees during the year was:		
Directors	5	3
Administration	197	156
Operatives	334	288
	536	447

	2011 £'m	2010 £'m
The total amounts for directors' remuneration and other benefits was as follows:		
Emoluments for directors' services	0.6	0.4
Pension Directors' remuneration shown above included the following amounts in respect of the highest paid director		
Salary	0.3	0.3

Notes to the financial statements (continued)

For the year ended 31 December 2011

30 DIRECTORS AND EMPLOYEES (continued)

	2011 £'m	2010 £'m
Key management compensation		
Short–term employment benefits	1.4	1.2
Termination benefits	0.2	–
Other benefits	0.1	–
Share based payments	0.2	0.1
	1.9	1.3

In addition to the table above, £30,000 (2010: £27,000) was paid to key management in respect of post employment benefits. The key management of the Group are management attending board meetings within each division.

31 LEASING COMMITMENTS

The Group leases various premises 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.

	2011 £'m	2010 £'m
The future aggregate minimum lease payments under non–cancellable operating leases were as follows		
Operating leases which expire:		
– within one year	0.3	2.1
– within two to five years	1.5	5.6
– over five years	11.9	4.8
	13.7	12.5

32 CAPITAL COMMITMENTS

	2011 £'m	2010 £'m
Capital expenditure		
Contracted for but not provided in the financial statements	–	–

Notes to the financial statements (continued)

For the year ended 31 December 2011

33 CONTINGENT LIABILITIES

The Company has entered into a bank cross guarantee with its subsidiaries. The guarantee amounts to £12.0m at 31 December 2011 (2010: £10.9m). 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.

The Directors consider Geraldton Services Inc to be the parent party. Geraldton Services Inc is incorporated in the British Virgin Islands. On 2 August 2011, the balance of £2.3 million of the loan facility of £10 million provided by Geraldton in 2009 was converted into equity as detailed in note 23. Interest was charged at 10%, and compounded on an annual basis. The charge to profit or loss amounted to £0.1m (2010: £0.4m). Lord Ashcroft is the beneficial owner of Geraldton and the ultimate controlling party.

35 POST BALANCE SHEET EVENTS

On 29 February 2012, the Company acquired 100% of Harrow Green Group Limited ("Harrow Green") for an initial cash consideration of £6.3m. The Group will assume Harrow Green's net debt of £5.6m and pay an additional amount of up to £1.0m in 2015 depending on Harrow Green's performance in 2014.

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

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

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

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

Due to the limited time available between the acquisition and the approval of these financial statements, the Group is still in the process of establishing the fair value of the assets and liabilities acquired but it is anticipated that the fair value of the consideration paid over the book value of the net assets aquired will comprise customer relationships, trade names and goodwill representing the value attributable to new business and the assembled and trained workforce. As of 31 March 2011, Harrow Green had net assets of £2.3m at book value under its previous accounting policies. For the 12 months to 31 March 2012, Harrow Green is expected to record EBITDA from continuing operations of £1.4m on a turnover of £29.1m.

Company balance sheet

At December 2011

Company registered no. 05169780

	Note	2011 £'m	2010 £'m
FIXED ASSETS			
Intangible assets	36	11.3	–
Tangible fixed assets	37	6.3	–
Investments	38	19.8	30.0
		37.4	30.0
CURRENT ASSETS			
DEBTORS: Due within one year	39	4.6	2.5
DEBTORS: Due after more than one year	39	2.8	–
Cash at bank		1.5	–
		8.9	2.5
CREDITORS: Amounts falling due within one year	40	(7.5)	(14.3)
NET CURRENT ASSETS/(LIABILITIES)		1.4	(11.8)
TOTAL ASSETS LESS CURRENT LIABILITIES		38.8	18.2
CREDITORS: Due after more than one year	41	(20.4)	(4.3)
PROVISIONS FOR LIABILITIES	43	(0.6)	(0.7)
NET ASSETS		17.8	13.2
CAPITAL AND RESERVES			
Called up share capital	44	2.7	2.3
Share premium account	45	4.1	52.4
Share based payments reserve	46	0.5	0.3
Profit and loss account	47	10.5	(41.8)
EQUITY SHAREHOLDERS' FUNDS	48	17.8	13.2

These financial statements were approved by the board of directors and authorised for issue on 10 April 2012 and were signed on its behalf by:

Sir William Wells
Chairman

Charles Skinner
Chief Executive

Company accounting policies

For the year ended 31 December 2011

These Financial Statements for the Company have been prepared under the historical cost convention subject to the revaluation of certain financial instruments and in accordance with the Companies Act 2006 and applicable Accounting Standards in the United Kingdom (UK GAAP). The Directors consider that the accounting policies set out below 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 30 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 result for the financial year of the Company is disclosed in note 47 to these Financial Statements.

DIVIDEND INCOME

In the Company's financial statements, dividends received and receivable are recognised when the right to receive payment is established.

INVESTMENTS

The Company's investment in shares in Group companies are stated at cost less provision for impairment plus capital contributions in respect of share based payments.

TANGIBLE FIXED ASSETS

The costs of tangible fixed assets are stated at their purchase price, together with any incidental expenses of acquisition. Depreciation is provided on a straight line basis on all property, plant and equipment, except freehold land.

	% per annum
Freehold and long leasehold buildings	2–5%
Long leasehold land	over the remaining life of the lease
Leasehold improvements	over the life of the lease
Plant and machinery	5–50%
Racking	12.5%
Office equipment, fixtures and fittings	10–40%
Motor vehicles	20–25%

Company accounting policies (continued)

For the year ended 31 December 2011

DEFERRED TAXATION

Deferred taxation is recognised in respect of timing differences which have originated but not reversed at the balance sheet date based on tax rates enacted or substantively enacted. Deferred tax assets are recognised when their recovery is assessed as more likely than not. Deferred tax assets and liabilities are not discounted.

BORROWINGS

All borrowings are initially stated at the fair value of the consideration received after deduction of issue costs. Issue costs together with other finance costs are charged to the profit and loss account over the period of the term of the borrowings at a constant rate. Accrued finance charges are added to and issue costs are deducted from the carrying value of those borrowings.

FINANCIAL INSTRUMENTS

The Company has periodically used derivative instruments to manage its interest rate exposure. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re–measured at fair value. The resulting gain or loss is recognised in profit or loss.

SHARE OPTION SCHEMES

The fair value of share based payments granted to employees is charged over the vesting period of the related share options or share allocations. The charge is based on the fair value of the options and shares allocated determined using a stochastic pricing model, which is appropriate given the vesting and other conditions attached to the options. The value of the charge is adjusted at each balance sheet date to reflect expected and actual levels of vesting.

PROVISIONS

Provisions are recognised when the Company 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.

GOODWILL

Purchased goodwill representing the excess of the fair value of the consideration given over the fair values of the identifiable net assets acquired, is capitalised and is amortised on a straight line basis over its useful economic life of 10 years.

On 31 December 2011, as a result of a group reorganisation, the trade and assets of certain subsidiary companies as shown in note 36 were transferred to the company at net asset value. The carrying value of these investments in the company's balance sheet prior to the transfers was £10.4m. Following the reorganisation, this carrying value was impaired and hence a provision would normally have been made in accordance with the Companies Act 2006. However, the directors consider that such a provision would fail to give a true and fair view and instead have reallocated the carrying value of £10.4m to goodwill. A further £0.9m of goodwill was transferred to the company as a result of the hive up of the trade and assets. Further details are set out in note 36.

Notes to the company financial statements

For the year ended 31 December 2011

36 INTANGIBLE ASSETS

The changes to the goodwill during the year were as follows:

	£'m
Cost	
1 January 2011	–
Restore (Wansdyke) Ltd	7.6
Datacare Business Systems Ltd	0.7
Formsafe Ltd	0.8
Brunswick Document Management Ltd	0.8
Restore (Scotland) Ltd	0.5
	10.4
Goodwill transferred from subsidiary on group reorganisation	0.9
31 December 2011	11.3

On 31 December 2011, as a result of a group reorganisation, the trade and assets of the subsidiary companies shown in the table above were transferred to the Company at net asset value. The reorganisation was accounted for in accordance with the accounting policy set out on page 73.

37 TANGIBLE FIXED ASSETS

	Freehold and long leasehold and buildings £'m	Leasehold improvements £'m	Racking plant and machinery £'m	Office equipment fixtures and fittings £'m	Motor vehicles £'m	Software £'m	Total £'m
Cost							
1 January 2011	–	–	–	–	–	–	–
Transferred from subsidiaries	4.2	0.2	0.5	0.9	0.1	0.4	6.3
31 December 2011	4.2	0.2	0.5	0.9	0.1	0.4	6.3
Accumulated depreciation							
1 January 2011	–	–	–	–	–	–	–
Charged in the year	–	–	–	–	–	–	–
31 December 2011	–	–	–	–	–	–	–
Net book value							
31 December 2011	4.2	0.2	0.5	0.9	0.1	0.4	6.3
31 December 2010	–	–	–	–	–	–	–

Notes to the company financial statements

(continued)

For the year ended 31 December 2011

38 INVESTMENTS

	Shares in joint venture £'m	Shares in subsidiary undertakings £'m	Total £'m
1 January 2011	–	55.4	55.4
Additions			
Restore (Scotland) Ltd	–	0.7	0.7
Brunswick Document Management Ltd	–	1.2	1.2
Restore Shred Ltd	0.3	–	0.3
Transfer to goodwill	–	(10.4)	(10.4)
31 December 2011	0.3	46.9	47.2
Impairment			
1 January 2011	–	25.4	25.4
Charged in the year	–	2.0	2.0
31 December 2011	–	27.4	27.4
Net book value			
31 December 2011	0.3	19.5	19.8
31 December 2010	–	30.0	30.0

On 31 December 2011, the trade and assets of Restore (Wansdyke) Ltd, Datacare Business Systems Ltd, Formsafe Ltd, Brunswick Document Management Ltd and Restore (Scotland) Ltd were transferred to the Company.

Notes to the company financial statements

(continued)

For the year ended 31 December 2011

38 INVESTMENTS (continued)

At 31 December 2011 the Company held directly and indirectly equity and voting rights of the following undertakings:

SUBSIDIARY UNDERTAKINGS

Company	Class of holding	% held	Country of incorporation	Nature of business
Records Management division				
*Restore Group Holdings Limited	Ordinary	100%	England and Wales	Records Management
*Restore (Wansdyke) Limited	Ordinary	100%	England and Wales	Records Management
*Restore (Scotland) Limited	Ordinary	100%	Scotland	Records Management
*Datacare Business Systems Limited	Ordinary	100%	England and Wales	Records Management
*Formsafe Limited	Ordinary	100%	England and Wales	Records Management
*Brunswick Document Management Limited	Ordinary	100%	England and Wales	Records Management
*Wansdyke Security Limited	Ordinary	100%	England and Wales	Records Management
Wansdyke 1 Limited	Ordinary	100%	England and Wales	Dormant
Wansdyke 2 Limited	Ordinary	100%	England and Wales	Dormant
Document Storage division				
Document Control Services Limited	Ordinary	100%	England and Wales	Provision of value added scanning
*Stapledon Holdings Limited	Ordinary	100%	England and Wales	Holding company
Relocations division				
*Sargents Trading Limited	Ordinary	100%	England and Wales	Relocations
Building Services division				
*Ansa Building Services Limited	Ordinary	100%	England and Wales	Dormant
*Peter Cox Limited	Ordinary	100%	England and Wales	Building Services
*Peter Cox Renewables Limited	Ordinary	51%	England and Wales	Building Services
Joint Ventures				
Shredding				
*Restore Shred Limited	Ordinary	50%	England and Wales	Provision of shredding services

* = Held directly

Notes to the company financial statements
(continued)

For the year ended 31 December 2011

39 DEBTORS

	2011 £'m	2010 £'m
Trade debtors	0.2	–
Amounts due from Group undertakings	2.3	2.4
Other debtors	–	0.1
Prepayments and accrued income	1.3	–
Deferred tax asset	0.8	–
	4.6	2.5
Due after more than one year:		
Amounts due from Group undertakings	2.8	–
Total	7.4	2.5

A deferred tax asset has been recognised on a proportion of brought forward tax losses (note 22).

40 CREDITORS

Amounts falling due within one year

	2011 £'m	2010 £'m
Bank overdraft	1.2	0.6
Bank loans	2.5	9.5
Trade creditors	1.2	0.1
Amounts due to Group undertakings	0.2	3.1
Other taxation and social security	0.4	–
Other creditors	0.9	0.3
Accruals and deferred income	0.9	0.4
Provisions (note 21)	0.2	0.3
	7.5	14.3

Notes to the company financial statements

(continued)

For the year ended 31 December 2011

40 CREDITORS (continued)

Bank overdrafts and loans are classified as follows:

	2011 £'m	2010 £'m
Current		
Bank loans and overdrafts due within one year		
Overdrafts on demand	1.2	0.6
Bank loans – secured	2.5	9.5
	3.7	10.1
Non–current (Note 41)		
Bank loans – secured	10.1	2.0

41 CREDITORS

Amounts falling due after more than one year

	2011 £'m	2010 £'m
Bank loans	10.1	2.0
Loan from ultimate parent	–	2.3
Amounts due to group undertakings	10.3	–
	20.4	4.3
Amounts falling due:		
After one and within two years	1.2	2.0
Between two years and five years	19.2	2.3
	20.4	4.3

The bank debt is due to Barclays bank plc and is secured by a fixed and floating charge over the assets of the Group. The interest rate applied to the loan was 3.25% above base rate until 27 June 2011, 3.74% to 27 September 2011, 3.86% to 27 December 2011 and 3.99% above base rate therafter. An analysis of borrowings is given in note 18.

The loan from Geraldton Services Inc. (ultimate parent) attracted interest at 10% which was compounded annually.

The company holds an interest rate collar (see note 20).

Notes to the company financial statements

(continued)

For the year ended 31 December 2011

42 DEBT

Analysis of net debt

	At 1 January 2011 £'m	Cash flow £'m	At 31 December 2011 £'m
Bank loans and overdrafts due within one year	(10.1)	6.4	(3.7)
Bank loans due after one year	(2.0)	(8.1)	(10.1)
Loan from ultimate parent	(2.3)	2.3	–
	(14.4)	0.6	(13.8)

43 PROVISIONS FOR LIABILITIES

	Property provision £'m	Deferred tax £'m	Total £'m
1 January 2011	0.7	–	0.7
Transfer from profit and loss	–	0.1	0.1
Transfer to provision due in less than one year	(0.2)	–	(0.2)
31 December 2011	0.5	0.1	0.6

44 SHARE CAPITAL

	2011 £'m	2010 £'m
Authorised:		
199,000,000 ordinary shares of 5p each	9.9	9.9
50,000,000 deferred shares of 0.1p each	0.1	0.1
	10.0	10.0
Allotted, issued and fully paid:		
53,099,791 (2010: 46,043,372) ordinary shares of 5p each	2.7	2.3
50,000,000 (2010: 50,000,000) deferred shares of 0.1p each	-	-
	2.7	2.3

Notes to the company financial statements

(continued)

For the year ended 31 December 2011

44 SHARE CAPITAL (continued)

The issued ordinary share capital is as follows:

Date	Number of ordinary shares	Issue price
1 January 2011	46,043,372	
2 August 2011 – conversion of Geraldton subordinated debt	7,010,123	65.0p
6 September 2011 – equity raised re Restore (Scotland) Ltd	46,296	64.6p
Total shares issued in 2011	7,056,419	
31 December 2011	53,099,791	

45 SHARE PREMIUM ACCOUNT

	2011 £'m	2010 £'m
1 January	52.4	42.4
Premium on shares issued during the year	4.2	10.2
Share issue costs	(0.2)	(0.2)
Capital Reduction	(52.3)	–
31 December	4.1	52.4

The company undertook a capital reduction of £52.3m during the year which became effective on 7 October 2011.

46 SHARE BASED PAYMENTS RESERVE

	2011 £'m	2010 £'m
1 January	0.3	0.2
Charge for the year	0.2	0.1
31 December	0.5	0.3

Details of the share options issued are shown in note 29.

Notes to the company financial statements

(continued)

For the year ended 31 December 2011

47 PROFIT AND LOSS ACCOUNT

	2011 £'m	2010 £'m
1 January	(41.8)	(39.7)
Reduction of share capital	52.3	–
Profit/(loss) for the year	–	(2.1)
31 December	10.5	(41.8)

The Company has taken advantage of section 408 of the Companies Act 2006 and has not included its own profit and loss account in these financial statements. The Company's profit for the financial year was £43,500 (2010: loss £2,089,000).

48 RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	2011 £'m	2010 £'m
Profit/(loss) for the financial year	–	(2.1)
Issue of shares	4.6	12.0
Issue costs	(0.2)	(0.2)
Share based payments charge	0.2	0.1
Net addition to shareholders' funds	4.6	9.8
Opening shareholders' funds	13.2	3.4
Closing shareholders' funds	17.8	13.2

49 LEASING COMMITMENTS

	2011 £'m	2010 £'m
The annual commitment under non–cancellable operating leases was as follows:		
Operating leases which expire:		
Within one year	0.2	–
In two to five years	0.5	0.2
In more than five years	1.3	0.1

Notes to the company financial statements

(continued)

For the year ended 31 December 2011

50 CONTINGENT LIABILITIES

The Company has entered into a bank cross guarantee with its subsidiaries. The guarantee amounts to £12,013,000 at 31 December 2011 (2010: £10,860,000). The assets of the Company and its subsidiaries are pledged as security for the bank borrowings by way of a fixed and floating charge.

51 ULTIMATE PARENT UNDERTAKING & CONTROLLING PARTY

The Directors consider Geraldton Services Inc to be the parent party. Geraldton Services Inc is incorporated in the British Virgin Islands. On 2 August 2011, the balance of £2.3 million of the loan facility of £10 million provided by Geraldton in 2009 was converted into equity as detailed in note 23. Interest was charged at 10%, and compounded on an annual basis. The charge to profit or loss amounted to £0.1m (2010: £0.4m). Lord Ashcroft is the beneficial owner of Geraldton and the ultimate controlling party.

Trading record

For the year ended 31 December 2011

Year ended 31 December	2011 £'m	2010 £'m	2009 £'m	2008 £'m	2007[1] £'m
Revenue	34.8	27.7	27.0	31.5	23.2
Adjusted profit/(loss) before taxation*	4.6	2.6	(0.1)	0.9	3.7
Profit/(loss) before taxation	2.0	0.6	(7.8)	(3.9)	(0.6)
Basic earnings/(loss) per share	4.0p	3.5p	(107.6p)	(376.0p)	(15.5p)
Net debt	(11.6)	(12.3)	(21.6)	(35.1)	(30.9)
Net assets	23.3	16.7	4.0	15.2	50.6

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

1 = Not restated for continuing operations

Officers and advisers

COMPANY SECRETARY
Sarah Waudby

NOMINATED ADVISER & BROKER
Cenkos Securities plc
6–8 Tokenhouse Yard
London
EC2R 7AS

SOLICITORS
Brabners Chaffe Street LLP
55 King Street
Manchester
M2 4LQ

REGISTRARS
Capita Registrars
The Registry
34 Beckenham Road
Beckenham
Kent
BR3 4TU

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

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

BANKERS
Barclays Bank plc
1 Churchill Place
London
E14 5HP

Company information

Websites:

www.restoreplc.com
Restore plc website providing comprehensive Group information, investor relations information and links to its subsidiaries' websites which give full details of services provided.

www.petercox.com
Peter Cox's website providing details about the company and services offered.

www.restore.co.uk
Restore's website providing details about the company and services offered.

www.restoreshred.co.uk
Restore Shred's website providing details about the company and services offered.

www.documentcontrolservices.co.uk
Document Control Service's website providing details about the company and services offered.

www.sargents.co.uk
Sargents' website providing details about the company and services offered.

www.londonstockexchange.com
The website for the London Stock Exchange. This will provide the latest stock price and company announcements under the Restore stock code, RST.

Restore plc
Notice of Annual General Meeting

Notice is hereby given that the Annual General Meeting of Restore plc ("the Company") will be held at First Floor, Marble Arch Tower, 55 Bryanston Street, London W1H 7AA on 21 May 2012 at 10am for the following purposes:

Ordinary Business

1. To receive the Company's annual accounts for the financial year ended 31 December 2011, together with the directors' report and the auditors' report on those accounts.
2. To re-appoint Baker Tilly 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 Harvey Samson, who has been appointed by the Board since the last Annual General Meeting, as a director of the Company.
5. To re-appoint Charles Skinner, who retires by rotation pursuant to the Company's articles of association, as a director of the Company.
6. To re-appoint Sir William Wells, who retires by rotation pursuant to the Company's articles of association, as a director of the Company.
7. To re-appoint Andrew Wilson, who retires by rotation pursuant to the Company's articles of association, as a director of the Company.
8. To declare a final dividend of 1 pence per ordinary share in respect of the year ended 31 December 2011. This dividend will be paid on 31 July 2012 to the holders of ordinary shares at 6pm on 6 July 2012 (the ex dividend date being 4 July 2012).

Special Business

As special business, to consider and, if thought fit, to pass the following resolutions which will be proposed as to resolution 9 as an ordinary resolution and as to resolutions 10, 11 and 12 as special resolutions:

9. 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 £1,073,885.40 (being 21,477,708 ordinary shares of 5 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.
10. That, subject to the passing of resolution number 9 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 9 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:

    10.1 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

    10.2 the allotment (otherwise than pursuant to paragraph 9.1 above) of equity securities up to an aggregate nominal amount of £322,165.00,

    and shall expire upon the expiry of the general authority conferred by resolution 9 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.

Restore plc
Notice of Annual General Meeting

11. 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 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:

    11.1 the maximum number of Ordinary Shares authorised to be purchased is 6,443,300;

    11.2 the minimum price which may be paid for each Ordinary Share is 5 pence (exclusive of expenses payable by the Company);

    11.3 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.

12. That the draft regulations produced to the meeting and, for the purposes of identification, initialled by the Chairman be adopted as the articles of association of the Company in substitution for, and to the exclusion of, the existing articles of association.

By order of the Board

Sarah Waudby

Sarah Waudby
Company Secretary
10 April 2012

Registered Office

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

Restore plc
Notice of Annual General Meeting

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 Registrars, PXS, The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU so that it is received no later than 10am on 19 May 2012.
4. Only those members entered on the register of members of the Company at 6.00 p.m. on 19 May 2012 or, in the event that this meeting is adjourned, in the register of members as at 6.00 p.m. 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 19 May 2012 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 10am on 21 May 2012 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 Registrars, PXS, 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; and
   b. articles of association proposed to be adopted 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

Restore plc
Notice of Annual General Meeting

EXPLANATION OF RESOLUTIONS

Resolution 9 – authority to allot shares

At the last AGM of the Company held on 3 May 2011, the directors were given authority to allot ordinary shares in the capital of the Company up to a maximum nominal amount of £767,389.50 representing approximately one third of the Company's then issued ordinary share capital.

The directors consider it appropriate that a further similar authority be granted to allot ordinary shares in the capital of the Company up to a maximum nominal amount of £1,073,885.40 representing approximately one third of the Company's issued ordinary share capital as at 3 April 2012 (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 2012 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 10 – disapplication of statutory pre-emption rights

Resolution 10 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
- (otherwise than in connection with a rights issue or other pro-rata offer to existing shareholders) up to a maximum nominal value of £322,165.00, representing approximately 10 per cent of the issued ordinary share capital of the Company as at 3 April 2012 (the latest practicable date before publication of this document).

Resolution 11 – authority to make market purchases of own shares

Resolution 11 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 6,443,300 (representing approximately 10 per cent. of the Company's issued ordinary share capital as at 3 April 2012 (the latest practicable date before publication of this letter), 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 alterative to cancelling them. No dividends are paid on shares whilst held in treasury and no voting rights attach to treasury shares.

Resolution 12 – adopting new articles of association

Resolution 12 adopts new articles of association of the Company. The only changes being made are to:

- remove the references to the A Shares and Deferred Shares that were formerly part of the capital of the Company;
- reflect the share consolidation that took place in 2010; and
- reflect the change of name of the Company that took place in 2010.

Restore plc

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 Registrars, PXS, The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU, 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 Registrars 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 overleaf.
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 Registrars, PXS, The Registry, 34 Beckenham, Kent, BR3 4TU; and
    c. received by Capita Registrars no later than 10am on 19 May 2012
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 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.
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.

Restore plc

(the "Company")

(registered in England – No. 5169780)

FORM OF PROXY FOR USE AT THE ANNUAL GENERAL MEETING TO BE HELD ON 21 MAY 2012 AT 10AM.

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 21 May 2012 at 10am 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 2011 together with the directors' report and the auditor's report on those accounts.			
2.	To re-appoint Baker Tilly UK Audit LLP as auditors.			
3.	To authorise the directors to set the auditors' remuneration.			
4.	To re-appoint Harvey Samson as a director of the Company.			
5.	To re-appoint Charles Skinner as a director of the Company.			
6.	To re-appoint Sir William Wells as a director of the Company.			
7.	To re-appoint Andrew Wilson as a director of the Company.			
8.	To declare a dividend of 1 pence per Ordinary Share			
9.	To authorise the directors to allot shares pursuant to section 551 Companies Act 2006.			
SPECIAL RESOLUTIONS				
10.	To disapply section 561 Companies Act 2006.			
11.	To authorise the Company to make market purchases of its own shares.			
12.	To adopt new articles of association.			

Signature: ______________________________ Date: ________________ 2012

Please use the reply paid envelope provided

Financial Calendar

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

RESTORE
PLC

LOCATIONS

Restore plc
Sixth Floor
Marble Arch Tower
55 Bryanston Street
London
W1H 7AA
T: 020 7868 8950
F: 020 7868 8600
E: info@restoreplc.com
W: www.restoreplc.com

Restore Limited
The Databank
Unit 5
Redhill Distribution Centre
Salbrook Road
Redhill
Surrey
RH1 5DY
T: 01293 446270
F: 01293 446276
E: info@restore.co.uk
W: www.restore.co.uk

Restore Shred Limited
208b Westminster Industrial Estate
Warspite Road
Woolwich
SE18 5NU
T: 0845 603 5616
www.restoreshred.co.uk

Document Control Services Limited
10 Stapleton Road
Orton Southgate
Peterborough
PE2 6TB
T: 01733 366800
F: 01733 366801
E: enquiries@documentcontrolservices.co.uk
W: www.documentcontrolservices.co.uk

Sargents Limited
Fordgate Business Park
Crabtree Manorwaty North
Belvedere
Kent
DA17 6AS
T: 020 8312 4545
F: 020 8312 0486
E: enquiries@sargents.co.uk
W: www.sargents.co.uk

Peter Cox Limited
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Chadderton
Manchester
OL9 9XA
T: 0845 222 0404
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W: www.petercox.com