



20 March 2006

**REGUS GROUP PLC
PRELIMINARY RESULTS FOR THE YEAR ENDED 31 DECEMBER 2005**

FINANCIAL HIGHLIGHTS

- Revenues up by 48% to £463.3m (2004: £312.2m)
 - Like for like growth of 13%
- Centre contribution up 147% to £117.2m (2004: £47.4m)
 - Centre contribution margins (before non-recurring items) increased to 25% (2004: 17%)
- Profit from operations up by £46.1m to £47.3m (2004: £1.2m)
 - Profit from operations margin increased to 10.2% (2004: 0.4%)
- Profit before tax up by £43.6m to £38.7m (2004: *loss of £4.9m*)
- Basic EPS increased by 4.8p to 4.5p (2004: 0.3p loss)
- Cash from operations up by £57.1m to £78.1m (2004: £21.0m)

OPERATIONAL HIGHLIGHTS

- Average available workstations increased by 32% to 78,657 (2004: 59,451)
- Average occupancy increased to 78% (2004: 75%)
- Average revenue per available workstation (REVPAW) increased 12% from £5,251 to £5,890

Commenting on today's announcement Mark Dixon, Chief Executive of Regus Group plc, said:

"It has been an outstanding year for Regus with a strong financial performance that stemmed from our continued investment in growing our existing businesses and our ability to identify and exploit new opportunities through both organic growth and acquisitions.

"Our strategy is one of profitable growth through continuing to open new centres, increasing our market penetration around the world and delivering improved services, products and capabilities to our customers as we benefit from our size and reach."

For further information, please contact:

Regus Group plc Tel: + 44 (0) 1932 895135
Mark Dixon, Chief Executive Officer
Stephen Gleadle, Chief Financial Officer

Brunswick Tel: + 44 (0) 20 7404 5959
Simon Sporborg / Paul Scott / Robert Gardener

A presentation for analysts will be held at City Point, Ropemaker Street, London, EC2 at 09:30GMT today, 20 March 2006.

The preliminary announcement contains certain forward looking statements with respect to the operations of Regus. These statements and forecasts involve risk and uncertainty because they relate to events and depend upon circumstances that may or may not occur in the future. There are a number of factors that could cause actual results or developments to differ materially from those expressed or implied by these forward looking statements and forecasts. Nothing in this announcement should be construed as a profit forecast.

Chairman's Statement

2005 was an excellent year for Regus. We have delivered solid growth in revenues, profit from operations and earnings per share.

Strategy

Our strategy is one of profitable growth. We continue to drive revenue and profits from our existing portfolio through both price and occupancy gains. Our programme of new centre openings and acquisitions increases our market penetration around the world and delivers improved services and capabilities to our customers. In addition we have identified a number of future opportunities surrounding outsourcing and mobility. Our team continues to focus on capturing more revenue from existing customers as we increase awareness of the breadth and depth of our product offering.

To achieve our strategy, we will increase investment in our people and systems. Training and development, together with investment in technology and new systems, are core in enabling Regus to maximise the opportunities available.

Financial performance

Revenue increased by 48% to £463.3 million, including like-for-like growth of 13%. Profit from operations grew by £46.1 million to £47.3 million. Basic earnings per share increased by 4.8p to 4.5p from a loss of 0.3p in 2004. Shareholder funds increased from £93.7 million to £152.8 million illustrating the improved strength of the balance sheet at year-end. Average occupancy increased to 78% from 75% in 2004 and REVPAW increased 12% from £5,251 to £5,890.

Since the year-end we are pleased to have announced the signing of a new £100 million credit facility. The new facility, which is structured as a five-year revolving credit and letter of credit facility has been negotiated on significantly more favourable terms, reflecting the strong progress the business has made since the Group's purchase of HQ in 2004.

Dividend

The Board is not recommending the payment of a dividend for the year to 31 December 2005. However, the Board continues to keep its dividend policy under regular review.

The Board

Stephen Gleadle was appointed Chief Financial Officer on 31 October 2005. He has significant management experience gained during his time at Synstar plc. Stephen replaces Rudy Lobo who has taken on the role of Group Chief Operating Officer. Together with the Group's Chief Executive, Mark Dixon, Stephen and Rudy will work closely together and I am confident that as a team they will steer the Group through its next phase of growth.

Our team members

On behalf of the Board and our shareholders, I would like to thank our people for their substantial contributions. All successful businesses depend on the vision, skill, enthusiasm and commitment of their people and at Regus we are fortunate to have those in abundance.

Outlook

Growth in revenue and profitability across the Group has been substantial this year and we are confident that our expansion programme will continue to strengthen our competitive position. We are committed to developing a business that can continue to deliver attractive rates of profit growth and cash generation over the long term. This philosophy underpins our future capital expenditure and investment plans for the roll out of new centres. I look forward to reporting further progress in the year ahead.

John Matthews , Chairman
20 March 2006

Chief Executive Review

Overview

It has been an outstanding year for Regus. Our excellent financial performance stems from our continued investment in growing our existing businesses and our ability to identify and exploit new opportunities through both organic growth and acquisitions. During the course of the year we have continued to invest in all of our regions and they have all contributed to this strong set of results.

We are constantly looking for ways to expand the business responding to the ever-increasing trend towards outsourcing and the re-emergence of smaller companies, whose support needs are different from those of larger corporations. Demographics are also changing as we see a reduction in the number of prime age workers. We will constantly evaluate the needs of our customers and ensure we develop products to meet their requirements.

We continue to implement our disciplined expansion strategy, driving the performance of our mature business and opening new centres, which will increase our market penetration as we benefit from our size and reach.

Operational Review

Americas

The first full year of operations following the HQ acquisition in North America has been very successful. Average occupancy increased from 80% to 81% with growth across all countries. REVPAW grew by an average of 13% year-on-year to £5,529 and we have added a total of 31 new centres in the region. The average number of available workstations has increased by 72% to 47,311 (2004: 27,585), primarily reflecting the full year impact of the HQ acquisition in August 2004.

In terms of marketing, our most recent campaign "That works for me" has been targeted at both TV and Radio and has been launched to help increase customers awareness of the Regus offering.

EMEA

EMEA made strong progress in the year with average occupancy increasing from 68% in 2004 to 73% in December 2005. REVPAW improved 17% year-on-year to £6,397. The average number of available workstations has decreased by 6% to 25,871 (2004: 27,431) driven by the closure of underperforming workstations in 2004.

We have strengthened our EMEA management team through recruiting specialist individuals and restructuring the regional organisation.

Asia

Asia is our smallest region but continues to grow rapidly with a 33% increase in revenue, driven by strong pricing and occupancy in Japan, Hong Kong and Singapore. Average occupancy fell slightly from 76% to 75% driven by the impact of new centre openings with low starting occupancy. REVPAW grew by 8% year-on-year to £6,137 and we have added a total of 15 new centres. The average number of available workstations has increased by 23% to 5,475 (2004: 4,435).

New and innovative products

We are committed to broadening our product offering. During 2005 we launched Network Access which provides immediate, unlimited access to the Regus network of business lounges around the world. Pioneered by Regus, Network Access comprises a unique membership where members can enjoy access to the Regus global network of business centres.

In response to customer demand, we have created specific management services tailored to meet individual requirements. One such product is **Netspace**, a facilities management service designed to assist companies in setting up new sales operations or overseas offices. Through this service, Regus source, negotiate, acquire and lease the workspace, oversee the fit out and configure the workspace to the client's needs in addition to manage IT and telecoms procurement and installation.

Invest in systems and technology

The focus of the Regus IT strategy is to provide fast, effective, hassle free technology to ensure we as a business operate efficiently and our clients achieve business success. We take pride in developing home grown systems that are tailor made to the business requirements. Currently we are implementing new systems in the areas of inventory, reservations and billing, customer relationship management and financial reporting.

Implementing Operational Excellence

Sales and Marketing

The Group's marketing and advertising spend is focused geographically and by customer segment. Marketing is undertaken in regions and we use a number of channels to promote our offer. In November 2005 we signed a significant deal with Delta Airlines Crown Room members where 152,000 members have been provided with **Network Access** cards to utilise Regus facilities across the globe. The alliance has proved extremely popular with over 10% of members activating their cards and starting to use the Regus network in the first 2 months. We are in negotiations with a number of other airlines and look forward to signing further deals in the coming months.

Internet bookings

We have focused on search engine optimisation through the use of "key word searches" and as a result our internet channel is the primary way that enquiries are generated. We are developing end-to-end online reservation systems and are confident that real time availability through the internet will increase efficiency, reduce transaction costs and most importantly drive increases in bookings and revenue.

Brands

The Regus network has four brands – the flagship Regus brand, HQ, Stratis Business Centres and Business Meeting Places. Both location and a diverse product offering are the key attributes of all four brands. In 2005 Regus UK was awarded the coveted SuperBrand award, alongside household names such as Microsoft and IBM. The independently judged award is given as a tribute to companies that demonstrate exceptional brand discipline. Brand standards and superior service are vital to our success and during the year we have spent significant time and resources on training team members to instil an ethos of creating a consistent, high standard of service across all our centres.

We continue to expand the brand globally, particularly in emerging markets such as China and India. We are also focused on retaining the integrity of the brand through rolling maintenance of our sites.

Customer Loyalty

Our success is built on customer loyalty. We make a point of listening to our clients so we can add value by delivering products that meet their needs. We are focused on providing value added benefits to customers, such as utilizing our global buying power to secure exclusive deals and discounts for our customers and arranging local and global networking opportunities that facilitate our clients business growth. The latter is facilitated by Clientnet, an innovative online business portal and 24/7 global interface that provides our clients with the tools to help their businesses grow and network with other clients.

Our team members

Regus has a reputation for attracting and retaining exceptional people who are success orientated and driven to help others and themselves achieve more. As a consequence 98% of our customers rate the service we deliver as 'satisfactory' or higher. This has helped deliver today's results and I would like to thank the team and recognise the contribution they have made.

Mark Dixon, Chief Executive Officer

20 March 2006

Financial Review

Introduction

2005 saw strong profit growth driven by the full year impact of the HQ acquisition in 2004 and further strengthening of the underlying business.

The three key operational drivers all improved. The weighted average number of workstations increased by 32% to 78,657 (which includes the full year impact of HQ). At the same time average occupancy increased from 75% to 78% and average revenue per occupied workstation (REVPOW) increased by 8% from £7,001 to £7,551. This results in an increase in our key indicator REVPAW of 12% from £5,251 to £5,890.

Against a relatively fixed cost base these factors have contributed to a £46.1m increase in profit from operations from £1.2m in 2004 to £47.3m in 2005.

Revenue and Centre Contribution (before non-recurring costs)

Revenue for the Group rose 48% to £463.3 million (2004: £312.2 million) and centre contribution (before non recurring costs) increased 117% to £117.1m (2004: £54.0m)

This year-on-year movement can be analysed as follows

(£m)	Revenue	Centre Contribution	% of Revenue
2004	312.2	54.0	17%
Growth in mature ¹ business	31.9	31.3	
Full year impact of centres added in 2004 (principally HQ)	111.4	30.9	
Centres added in 2005	10.8	(0.1)	
Centres closed	(3.0)	1.0	
2005	463.3	117.1	25%

The mature business, defined as those centres owned and operated at least 12 months prior to the start of the financial year, increased revenue by £31.9m driven by occupancy and price. This revenue increase was almost completely reflected in contribution gains supported both by a fall in depreciation and the full year effect of cost savings achieved in the mature business following the integration of HQ.

Centres added in 2004 (principally the HQ acquisition) contributed a further £111.4m of revenue and £30.9m of contribution. This was due to both underlying improvements in the performance of these sites and the impact of accounting for them for a full 12 months. New centres added in 2005, both organic and by acquisition, contributed a further £10.8m of revenue and a small loss of contribution of £0.1m. This loss reflects start up costs and low rates of occupation when new centres are opened.

Taking all this together contribution margin improved from 17% to 25%.

Administration expenses (before non recurring items)

Administration expenses before non-recurring items have increased by £20.7 million to £64.9 million. The full year effect of HQ together with other acquisitions contributed £11.0m of the increase. A further £3.3m relates to the cost of enhancing our business support functions and £6.4m was spent on growth related activities.

¹ The mature business defined as those centres owned and operated at least 12 months prior to the start of the financial year

As a percentage of revenue administrative expenses (before non recurring items) have fallen slightly to 14.0% of revenue (2004: 14.2%).

Non-recurring items

Results for the year include net non recurring costs of £4.9 million (2004: £8.6m). In 2005 these costs primarily relate to the integration of HQ. In 2004 they primarily relate to impairment of fixed assets and provisions on onerous leases.

Profit from operations

Profit from operations was £47.3 million (2004: £1.2 million), representing a margin of 10.2% (2004: 0.3%).

Share of operating loss in joint ventures and associate

In the year ended 31 December 2005, the share of joint venture losses attributable to Regus reduced to £0.2 million (2004: £0.7 million) as they benefited from better trading conditions.

Our UK associate reported £0.5 million profit after tax (2004: £7.1million loss on a restated IFRS basis) in the 12 month period ended 31 December 2005. Our 42% shareholding resulted in a £0.2 million profit (2004: £3.0 million loss) being credited to our Group profit and loss account. Improved pricing and cost savings contributed to this performance.

Financing costs

Financing (or interest) costs can be summarised as follows:

(£m)	2005	2004
Interest payable	(5.6)	(2.9)
Interest receivable	2.2	1.3
Finance lease interest	(0.9)	(0.5)
Deferred financing fees	(4.3)	(0.3)
Total	(8.6)	(2.4)

Net interest payable has risen following the arrangement of a US\$155 million loan facility in August 2004 to fund the acquisition of HQ. This has been partially offset by increasing interest receivable following the Group's strong cash generation, which has driven the average cash balance up from £40m in 2004 to £55m in 2005.

Underlying finance lease costs have fallen year on year by £0.8m after taking account of a one-off adjustment of £1.2m in 2004. This is consistent with the net movement of finance leases.

Deferred financing fees relate to the loan arrangement costs with respect to the \$155 million facility mentioned above. Following the accelerated repayment of the loan and in anticipation of the repayment of the remainder early in 2006 the Group has written off the remaining deferred financing fees consistent with the effective rate method.

Taxation

As the business performance has strengthened, it has become necessary to recognise in the profit and loss account a greater proportion of the value of the tax losses that the Group holds. Accordingly in 2005, £15.0 million has been credited to the profit and loss account, which has correspondingly increased the deferred tax asset in the balance sheet. This has been partially offset by an £8.9 million (2004: £0.9 million) tax charge which resulted in a net tax credit of £6.1 million (2004: £2.6 million) to the profit and loss account. Therefore as a consequence, despite being profitable, the Group has a net tax credit for the year to 31 December 2005. However, on a cash tax basis the Group paid £2.6m of tax across a small number of countries. This represents approximately 7% of profit before tax.

As at 31 December 2005, the Group had £270.2 million of tax losses to carry forward against future overseas corporation tax liabilities, of which £172 million are in the US. Moving forward the cash tax rate will rise as losses across the Group are progressively utilised. The accounting rate will stay low or negative as tax losses are fully recognised through the profit and loss and then are expected to rise rapidly towards a normalised rate from fiscal year 2007/08.

Earnings

Basic earnings per share for the year rose to 4.5p (2004: 0.3p loss). This is based on weighted average number of shares of 984,792,040 (2004: 859,702,000).

Cashflow

Strong operating cash flow is a prime feature of the Group. Driven by the improvement in profit from operations, operating cash flow increased by £57.1m to £78.1m (2004: £21.0 m).

The Group's cash flow statement has been summarised below.

(£m)	2005	2004
Operating cash flow	78.1	21.0
Tax and net interest paid	(6.9)	(3.2)
Maintenance capex	(6.4)	(3.0)
Free cash flow	64.8	14.8
New centre openings	(11.1)	(2.3)
Acquisitions and investments	(16.8)	(162.9)
Financing	(47.5)	171.4
Other	2.4	(23.7)
Change in cash	(8.2)	(2.7)
Opening cash	82.3	85.0
Closing cash	74.1	82.3

The strong cash performance has enabled the Group both to invest in growth and repay debt early. Specifically, during the year 24 new centres were opened at a cost of £11.1 million. In addition a further 11 businesses (35 centres) were acquired for a total cash consideration of £16.8m. In addition £39.4 million of the term debt and £8.1m of debt associated with finance leases was repaid.

Following the above the Group's net cash position can be analysed as follows

(£m)	2005	2004
Cash balance	74.1	82.3
Term loan	(22.5)	(55.8)
Other loans and overdrafts	(7.4)	(8.3)
Finance leases	(8.2)	(13.2)
Net Funds	36.0	5.0

Of the cash balance, £19.1m in 2005 and £18.1m in 2004 has been used as deposits on leases or for similar purposes.

Stephen Gleadle, Chief Financial Officer
20 March 2006

Consolidated Income Statement

	Year ended 31 Dec 2005	Year ended 31 Dec 2004
	£m	£m
Revenue	463.3	312.2
Costs of sales before non recurring costs	(346.2)	(258.2)
Non recurring cost of sales	0.1	(6.6)
Cost of sales	(346.1)	(264.8)
Gross profit (centre contribution)	117.2	47.4
Administrative expenses before non-recurring expenses	(64.9)	(44.2)
Non recurring administration expenses	(5.0)	(2.0)
Administrative expenses	(69.9)	(46.2)
Profit from operations	47.3	1.2
Share of loss of joint ventures	(0.2)	(0.7)
Share of profit/(loss) of associate	0.2	(3.0)
Profit/(loss) before financing costs	47.3	(2.5)
Financial expense	(10.8)	(3.7)
Financial income	2.2	1.3
Profit/(loss) before tax	38.7	(4.9)
Tax - UK	(1.3)	0.5
Overseas	7.4	2.1
Profit/(loss) after tax	44.8	(2.3)
Attributable to:		
Equity shareholders	44.5	(2.4)
Minority interest	0.3	0.1
	44.8	(2.3)
Earnings/ (loss) per ordinary share (EPS):		
Basic EPS (p)	4.5	(0.3)
Diluted EPS (p)	4.5	(0.3)

Consolidated Balance Sheet

	31 Dec 2005	31 Dec 2004
	£m	£m
Non-current assets		
Goodwill	122.1	96.0
Other intangible assets	38.9	37.2
Property, plant and equipment	76.6	76.1
Deferred tax assets	21.9	6.2
	259.5	215.5
Current assets		
Trade and other receivables	99.6	76.0
Cash and cash equivalents	74.1	82.3
	173.7	158.3
Total assets	433.2	373.8
Current liabilities		
Trade and other payables	(73.8)	(64.1)
Customer deposits	(61.7)	(48.8)
Deferred income	(45.6)	(34.0)
Corporation tax	(12.3)	(6.9)
Obligations under finance leases	(4.8)	(7.3)
Bank overdrafts and loans	(24.5)	(8.3)
Provisions	(7.2)	(13.0)
	(229.9)	(182.4)
Net current liabilities	(56.2)	(24.1)
Total assets less current liabilities	203.3	191.4
Non-current liabilities		
Other payables	(27.9)	(21.3)
Obligations under finance leases	(3.4)	(5.9)
Loans	(5.4)	(55.8)
Provisions	(7.9)	(8.9)
Provision for deficit on joint ventures	(2.1)	(1.7)
Provision for deficit on associate	(3.8)	(4.1)
	(50.5)	(97.7)
Total liabilities	(280.4)	(280.1)
Net assets	152.8	93.7
Equity		
Share capital	49.2	49.3
Share premium account	153.5	153.5
Other reserves	(22.6)	(22.7)
Retained earnings	(27.3)	(85.8)
Equity attributable to equity holders of the parent	152.8	94.3
Minority interests	-	(0.6)
Total equity	152.8	93.7

Analysis of other reserves is included within the Statement of Changes in Equity
 Approved by the Board on 20 March 2006

Consolidated Cash Flow Statement

	2005	2004
	£m	£m
Profit before tax	38.7	(4.9)
<i>Adjustments for:</i>		
Net finance costs	8.6	2.4
Share of loss on joint ventures and associate	-	3.7
Depreciation charge	25.6	29.7
Loss on disposal of fixed assets	0.3	-
Amortisation of intangible assets	3.8	1.4
Impairment of fixed assets	-	3.2
Decrease in provisions	(5.7)	(5.6)
Operating cash flows before movements in working capital	71.3	29.9
Increase in trade and other receivables	(17.0)	(1.0)
Increase/ (decrease) in trade and other payables	23.8	(7.9)
Cash generated from operations	78.1	21.0
Interest paid on finance leases	(1.0)	(0.5)
Interest paid on credit facilities	(5.5)	(2.8)
Tax paid	(2.6)	(1.6)
Net cash flows from operation activities pre Chapter 11 payments	69.0	16.1
Chapter 11 payments	-	(27.8)
Net cash in/(out) flows from operating activities	69.0	(11.7)
Investing activities		
Purchase of subsidiary undertakings	(16.7)	(162.9)
Investment in joint venture	(0.1)	-
Sale of tangible fixed assets	0.2	0.6
Purchase of tangible fixed assets	(17.5)	(5.3)
Interest received	2.2	1.7
Cash outflows from investing activities	(31.9)	(165.9)
Financing activities		
Net proceeds from issue of loans	-	56.5
Repayment of loans	(39.4)	(1.6)
Payment of principal under finance leases	(8.1)	(7.7)
Net proceeds from issue of equity shares	-	122.2
Sale of own shares held by ESOP	-	2.0
Cash outflows from financing activities	(47.5)	171.4
Net decrease in cash and cash equivalents	(10.4)	(6.2)
Cash and cash equivalents at beginning of period	82.3	85.0
Effect of exchange rate fluctuations on cash held	2.2	3.5
Cash and cash equivalents at end of period	74.1	82.3

Consolidated Statement of Changes in Equity

	Attributable to equity holders of the Parent				Retained earnings	Minority interests	Total equity
	Share capital	Share premium account	Foreign currency translation reserve	Other non distributable reserves			
	£m	£m	£m	£m			
Balance at 1 January 2004	39.4	44.4	-	(22.7)	(77.4)	(0.6)	(16.9)
Loss attributable to equity holders	-	-	-	-	(2.4)	-	(2.4)
Profit attributable to minority interest	-	-	-	-	-	0.1	0.1
Currency translation differences	-	-	(8.3)	-	-	(0.1)	(8.4)
Sale of shares held in ESOP	-	-	-	-	2.1	-	2.1
Share based payments	-	-	-	-	0.2	-	0.2
Placing and Open Offer	9.9	112.7	-	-	-	-	122.6
Issue costs on Placing and Open Offer	-	(3.6)	-	-	-	-	(3.6)
Balance at 31 December 2004	49.3	153.5	(8.3)	(22.7)	(77.5)	(0.6)	93.7
Profit attributable to equity holders	-	-	-	-	44.5	-	44.5
Profit attributable to minority interest	-	-	-	-	-	0.3	0.3
Currency translation differences	-	-	13.3	-	-	(0.1)	13.2
Redemption of preference shares	(0.1)	-	-	0.1	(0.1)	-	(0.1)
Share based payments	-	-	-	-	0.8	-	0.8
Acquired in year (note 1)	-	-	-	-	-	(0.2)	(0.2)
Liquidation of subsidiary	-	-	-	-	-	0.6	0.6
Balance at 31 December 2005	49.2	153.5	5.0	(22.6)	(32.3)	-	152.8

Note 1: During the year the Group acquired the minority interest of subsidiaries in South Africa and Italy.

Other non distributable reserves includes £29.2m arising from the Scheme of Arrangement undertaken in 2003, partly offset by £6.5m relating to merger reserves and £0.1m to the redemption of preference shares.

Notes to the Preliminary Announcement

Basis of preparation and accounting policies

Regus Group plc is a public limited company incorporated and domiciled in the United Kingdom under the Companies Act 1985, whose shares are publicly traded on the London Stock Exchange.

The Group's financial statements have been prepared and approved by the directors in accordance with International Financial Reporting Standards as adopted by the EU ("IFRS").

The accounting policies are set out in full in the Annual Report, and have been applied consistently to all periods presented in these financial statements except where the policy is indicated as relating to the implementation of IAS39 which was adopted from 1 January 2005. The accounting policies have been applied consistently by group entities.

The financial statements were authorised by the directors on 20 March 2006.

Company information

The financial information set out above does not constitute the company's statutory accounts for the years ended 31 December 2005 or 2004 but is derived from the 2005 accounts. Statutory accounts for 2004, which were prepared under UK GAAP, have been delivered to the registrar of companies, and those for 2005, prepared under International Accounting Standards adopted by the EU, will be delivered in due course. The auditors have reported on those accounts; their reports were (i) unqualified, (ii) did not include references to any matters to which the auditors drew attention by way of emphasis without qualifying their reports and (iii) did not contain statements under section 237(2) or (3) of the Companies Act 1985.

Annual report

Copies of the annual report, which will be posted to shareholders at least 20 working days before the AGM on 22 May 2006, may be obtained from the registered office at 3000 Hillswood Drive, Chertsey, Surrey, KT16 0RS. The report will also be available on the company's website at www.regus.com.

Note 1 – Segmental reporting

	Americas		EMEA		Asia		Other		Total	
	2005	2004	2005	2004	2005	2004	2005	2004	2005	2004
Mature										
Workstations	17,826	17,986	25,299	26,464	4,056	4,114	0	0	47,181	48,564
Occupancy	83%	80%	73%	69%	80%	76%	-	-	78%	74%
Revenue	91.6	78.5	162.5	146.8	26.4	23.3	2.6	2.6	283.1	251.2
Contribution	20.3	7.0	43.2	29.5	9.2	4.9	2.6	2.6	75.3	44.0
2004 Expansions										
Workstations	28,431	9,468	0	0	351	152	0	0	28,782	9,620
Occupancy	80%	80%	-	-	72%	55%	-	-	80%	80%
Revenue	165.6	56.0	0.0	0.0	2.5	0.7	0.0	0.0	168.1	56.7
Contribution	40.8	10.8	0.0	0.0	1.0	0.1	0.0	0.0	41.8	10.9
2005 Expansions										
Workstations	1,054	0	450	0	935	0	0.0	0	2,439	0
Occupancy	70%	-	61%	-	50%	-	-	-	61%	-
Revenue	4.4	0.0	2.7	0.0	3.7	0.0	0.0	0.0	10.8	0.0
Contribution	0.4	0.0	0.0	0.0	(0.5)	0.0	0.0	0.0	(0.1)	0.0
Closures										
Workstations	0	131	122	967	133	169	0	0	255	1,267
Occupancy	-	29%	56%	43%	87%	89%	-	-	72%	48%
Revenue	0.0	0.3	0.3	2.8	1.0	1.2	0.0	0.0	1.3	4.3
Contribution	0.0	(0.1)	0.0	(0.9)	0.1	0.1	0.0	0.0	0.1	(0.9)
Total										
Workstations	47,311	27,585	25,871	27,431	5,475	4,435	0	0	78,657	59,451
Occupancy	81%	80%	73%	68%	75%	76%	-	-	78%	75%
Revenue	261.6	134.8	165.5	149.6	33.6	25.2	2.6	2.6	463.3	312.2
Contribution	61.5	17.7	43.2	28.6	9.8	5.1	2.6	2.6	117.1	54.0
REVPAW (£)	5,529	4,887	6,397	5,454	6,137	5,681	-	-	5,890	5,251

Notes:

- Workstation numbers are calculated as a weighted average for the year concerned
- The results above exclude non-recurring items which are analysed in note 3. Contribution after non-recurring items was £117.2 million in 2005 (2004: £47.4 million).

Note 2 – Reconciliation of Profit from operations (EBIT) to adjusted EBIT and EBITDA

	Americas		EMEA		Asia		Other		Total	
	2005	2004	2005	2004	2005	2004	2005	2004	2005	2004
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
Profit from operations	32.6	2.9	24.0	10.8	5.1	2.3	(14.4)	(14.8)	47.3	1.2
Non-recurring items	-	-	-	-	-	-	4.9	8.6	4.9	8.6
Adjusted EBIT	32.6	2.9	24.0	10.8	5.1	2.3	(9.5)	(6.2)	52.2	9.8
Depreciation/Amortisation	22.2	17.6	5.3	10.6	1.8	2.8	0.1	0.1	29.4	31.1
EBITDA	54.8	20.5	29.3	21.4	6.9	5.1	(9.4)	(6.1)	81.6	40.9

Note 3 Non-recurring items

Included in the results for the year to 31 December 2005 were non-recurring items amounting to £4.9m (2004: £8.6m)

	2005	2004
	£m	£m
Cost of sales:		
Onerous leases, related closure and restructuring costs	0.1	(3.4)
Write-down of property, plant and equipment	-	(3.2)
	0.1	(6.6)
Administration expenses:		
Costs relating to the integration of HQ	(4.7)	(2.5)
Severance pay	-	(0.3)
Onerous leases, fixed asset impairment and restructuring costs	-	0.3
Release of provisions relating to Chapter 11 and Scheme of Arrangement	1.5	0.5
Indemnity claim with landlord	(1.8)	-
	(5.0)	(2.0)
Non-recurring items	(4.9)	(8.6)

The above items have been reported as non recurring items and are disclosed separately as they are relevant to the understanding of the Group's financial performance.

Note 4 Analysis of net financial assets

	At 1 Jan 2005	Cash flow	Non-cash changes	Exchange movement	At 31 Dec 2005
	£m	£m	£m	£m	£m
Cash and cash equivalents	82.3	(10.4)	-	2.2	74.1
Debt due after one year	(55.8)	38.2	16.2	(4.0)	(5.4)
Debt due within one year	(8.3)	1.2	(16.5)	(0.9)	(24.5)
Unamortised portion of discount and financing fees	4.1	-	(4.3)	0.2	-
Finance leases due after one year	(5.9)	2.2	0.7	(0.4)	(3.4)
Finance leases due within one year	(7.3)	5.9	(2.9)	(0.5)	(4.8)
	(73.2)	47.5	(6.8)	(5.6)	(38.1)
Net financial assets	9.1	37.1	(6.8)	(3.4)	36.0

Cash and cash equivalents balances held by the Group that are not available for use amounted to £19.1 million in 2005 (2004: £18.1 million). This is because it serves as collateral against certain obligations of the Group.

END