

11 March 2009



Regeneris plc

("Regeneris" or "the Group")

Interim results for the six months ended 31 December 2008

Regeneris plc (LSE: "RGS"), a leading provider of after sales product support services to many of the world's premier technology brands, is pleased to announce interim results for the six months ended 31 December 2008.

Operational Highlights

- Strategic progress maintained; Regeneris' 'full service' proposition continues to build on established expertise in technical and environmental services
- Planned investment extends geographical reach
 - Technical Services Division is expanding to nine locations in Europe with the imminent opening of a second facility in Warsaw and a new joint venture in Moscow
 - Recently opened sites in Sommerda and Bucharest are now starting to generate a return on investment
 - Environmental Services Division has established a new processing centre in Lille
- Regeneris expands service capability with increasing focus on personal identity and data theft to complement acknowledged leadership in end-of-life environmental services

Financial Highlights

- Results in line with expectations
- Group revenue of £49.2 million (2007: £55 million) comparable with the preceding six months
- Headline operating profit £2.2 million (2007: £2.8 million) after start-up costs of £0.9 million and foreign exchange gains of £0.3 million
- Expenditure on planned investment totalled £1.8 million in the period
- Strengthened balance sheet, with net debt of £3.4 million (2007: £3.9 million)
- Headroom and covenant position remains strong with available loan and overdraft facilities totalling £15.25 million

Reflecting on the results, Regeneris' Non-Executive Chairman, Jeff Hewitt commented:

"In what has been a turbulent period for the consumer technology markets as a whole Regeneris has performed well in the first half. The planned investments have enhanced our capabilities and the benefits of both the broader geographic balance and increased service offering are beginning to come through.

The Group remains committed to its strategy of building its pan-European 'full service' proposition and capitalising on its core technical and environmental expertise. With continued progress being made the Group is more resilient although, as with all consumer facing businesses, we expect that the coming months will remain challenging. However, the Group has positioned itself well to weather the storm, has a solid balance sheet and is well placed to benefit from its investment programme and to deliver on many of the opportunities that the Group has identified"

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Operating Review

Overview

In what has been a very turbulent period for the technology markets in which we operate, we are pleased to report that in the six months to 31 December 2008 Regeneris has performed well. As planned, the Group has continued to invest in its facilities and service capabilities with the benefits of both a broader geographic balance and increased service offering starting to become evident.

Having successfully completed the restructuring programme commenced in 2007, the Group is now fully focused on its strategic direction and the creation of a leadership position in the growing reverse logistics market. This is a market that we firmly believe has good, long-term prospects and one in which we can be successful.

The Market

As we are all aware, the reporting period coincided with the most dramatic fall in consumer confidence and economic prospects for many years, following the autumn banking crises around the globe. It is therefore clear that the prospects for most consumer focused businesses have worsened as unemployment mounts, the availability of credit reduces and discretionary spending slows.

In the technology sector expectations have been adjusted downwards with lower sales predicted for all the main categories and an even more difficult outlook; for example in the mobile phone market Gartner and Nokia estimate global handset sales will decline in 2009 by as much as 5% and 10% respectively and Vodafone recently announced that its sales of handsets in Europe had declined by 17%.

As a leading provider of after sales product support services to many of the World's premier technology brands the market back-drop for Regeneris has been and remains challenging; however, there are substantial opportunities even in such difficult conditions.

In the mobile phone sector we are seeing a far greater emphasis on more sophisticated smart phones and the development of fourth generation (4G) technology. Similarly increased demand for mobile connectivity continues to drive sales of notebooks and has given rise to a new category of netbooks. The market for digital television has expanded dramatically and with it the demand for delivery systems such as set top boxes remains strong. Meanwhile, with the major mobile phone manufacturers announcing their intention to withdraw from production of low cost, entry level phones the market demand for quality assured second life handsets— an important market for Regeneris – is expected to increase.

Across all sectors our clients are looking to improve the consistency and quality of service delivery as they look to the defensive qualities of their brands; building loyalty and retaining customers.

The current economic climate is forcing our clients to invest in their product support services including a greater focus on the effectiveness of their reverse logistics supply chain. Accordingly we anticipate both new business opportunities and challenges in the coming months as the manufacturers and brands focus more on the capability of their service partners. With our unique offering in this field Regeneris is well positioned to continue its progress.

Results

Against the back drop of such a difficult market we are pleased to report that in the six months to 31 December 2008 the Group has performed well.

Sales for the six months to 31 December 2008 were £49.2 million and were comparable to those recorded in the preceding six months to 30 June 2008. Sales in the six months to 31 December 2007 were higher at £55 million, however, this period benefited from the stock clearance programme in Environmental Services that eventually led to the sale of over one million handsets in the course of 2007.

The Group has continued its programme of investment during the period with the further development of sites in Nottingham, Somerda and Bucharest. In addition a new processing centre for Environmental services has been established in Lille and work has commenced on new facilities in Warsaw and Moscow. As expected these new investments have had a considerable short term adverse impact on both headline operating profit and operating cash flow of £0.9 million and £1.8 million respectively.

As a result of this focused development programme headline operating profits of £2.2 million were achieved in the six months to 31 December 2008, compared to £2.8 million in the six months to 31 December 2007. However, adjusting for both the reduction in profit as a result of the investment programme and foreign exchange gains of £0.3 million in the period to 31 December 2008, the Group is operating at a level of profitability that is comparable with the previous year.

Financing costs were much reduced following the completion of the restructuring programme and after applying a tax rate of 30% (2007: 36%), the Headline earnings per share of 5.00 pence was 10% lower than the 5.58 pence reported for the first half of 2007. However, basic EPS of 4.18 pence was 16% higher than last year (2007: 3.61 pence).

With the significant cash inflows generated in the previous twelve months eliminating the substantial debt that accumulated following the CRC acquisition in 2007 the Group has planned for a period of investment. These investing activities which include the start-up costs, working capital and capital expenditure associated with new facilities amounted to approximately £1.8 million in the period. Having now peaked, the funding required for further investment is planned to reduce in the six months to 30 June 2009.

The increase in working capital for the six months to 31 December 2008 reflects the higher overall repair volumes and associated activity in the Technical Services Division. In addition there has been a partial reversal of the negative working capital implied in the Environmental Services business due to the timing of payments to clients following the sale of surplus inventories in the year to 30 June 2008 falling due in the six months to 31 December 2008.

Following the completion of the restructuring programme and the return to profitability, tax payments have increased. Previous years payments were substantially reduced by the utilisation of accumulated tax losses, however, these are now largely exhausted.

Due to the combination of these factors the Group has recorded a cash outflow of £4.1 million in the period to leave a net debt of £3.4 million at as 31 December 2008 (2007: £3.9 million).

The Board expects that cash outflows will be reduced in the second half as investment and working capital expenditure reduces, however, tax payments will increase as the Group is required to make payments on account for the current year profits.

The Group continues to operate well within its facilities and is financed to support its ongoing planned development programme. As at 31 December 2008 the Group has total loan and overdraft facilities at its disposal of £15.25 million and is operating well within its covenants.

Dividend

Having eliminated the accumulated losses on the profit and loss account the Group is, for the first time since 2006, eligible to consider the payment of a dividend. However, while remaining focused on the ongoing investment programme the Board has taken a prudent decision to conserve cash where possible and as such is not proposing the payment of a dividend at this time.

Business Review - Technical Services

The Technical Services Division has continued to make significant progress in the period. The total volume of products repaired by Regeneris increased by 14% compared to the previous year to almost 2 million. The main growth areas have been in mobile phones and set top boxes with demand particularly strong in Eastern Europe.

The Division will shortly operate from nine locations across Europe with the planned opening of a second facility in Warsaw and a new joint venture in Moscow. Having opened the Sommerda facility in autumn 2007 and the Bucharest facility in spring 2008 capacity in Eastern Europe has been increasing rapidly as we support our customers in new markets.

The Group continues to build on its excellent engineering and technical knowledge base and is actively developing Intellectual Property in each of its core markets. The Group sees competitive advantage in greater automation and the creation of barriers to entry that will advance its capabilities with both current and prospective clients. This rolling programme of development has already yielded positive gains in the market for set top boxes and the same attention is being paid to markets for mobile phones, notebooks, gaming consoles and transaction services (ATMs and Chip and Pin).

UK

In the UK the Group has service centres in Glenrothes, Nottingham and Huntingdon. Glenrothes is the Group's largest and most developed site and the centre for engineering and test development, specifically in the set top box, notebook and consumer goods markets. In each of these markets we are anticipating considerable change in the coming months and consequently see opportunities where new business is likely to come to market. In the period throughput increased substantially (just under 40%) as the site was able to clear backlogs for new clients; however, it is anticipated that activity will now fall back to more normal levels.

In the mobile market we continue to build on our good relationships with the major handset brands. Huntingdon has performed well and continues to make progress by developing its call centre and managed service activities. The Group has supported Nottingham during a difficult year and remains committed to rebuilding repair volumes and establishing a strong mobile repair proposition within the UK.

Germany

With the Sommerda facility now fully operational the Group has two key facilities in Germany.

The site in Paderborn continues to be the Group's main service centre for ATMs and supports the industry's major manufacturers. The protracted union negotiations over the terms of employment of the workforce in Paderborn were recently and successfully completed. As a consequence management have secured considerable cost savings that will help protect the competitive position of the business into the future.

The site at Sommerda is primarily focused on the 'Chip and Pin' market. Considerable investment has been made to ensure that the Group can support the industry security and technical standards, which are highest in the German market. Activity is now building from a low base and the site will start to make a contribution to the Group as we progress through 2009.

As a further sign of progress, within the last few weeks the site has been awarded a new contract with a leading service provider in the German Chip and Pin sector. The complete service model was transferred to Sommerda in under six weeks; the success of this project will lead to us making further inroads in this new and growing market.

Eastern Europe

Previous strong demand for our services in Eastern Europe has continued with increased activity driven through a combination of the local market and additional demand from Scandinavia and Central Europe.

The Group's mobile phone repair centre in Warsaw processed 11% more phones in the six months to 31 December 2008 than in the same period in 2007. To enable the Group to add more mobile phone capacity into the main Warsaw facility the decision was made to relocate the IT activities to a purpose built facility nearby. This second site will be fully operational by 30 June 2009 and will provide our clients with the capacity and expertise to enable us to grow this important market still further.

The facility in Bucharest, opened in April 2008, has made significant progress over the last twelve months. In that time we have recruited and trained nearly 200 technicians and support staff whilst at the same time introducing four new clients. This business, which has been loss making to date, now has the critical mass to make a growing profit contribution to the Group as we progress in 2009.

Most recently the Bucharest facility was awarded the largest single contract for mobile phone repair in the Romanian market with the first shipments processed within a month of the award. With the leadership position this contract delivers we are anticipating that further business will follow, both from within Romania as well as the surrounding territories.

Having been in negotiations for some time to establish capacity in Russia we have now concluded a joint venture arrangement with a local partner. This arrangement provides support from an accredited repair facility in Moscow and access to a national service network across the whole of Russia. The joint venture will trade under the Regeneris name and will be operational by 30 June 2009.

The potential in Russia is substantial and our initiative is well placed to bring a Western European service solution to our existing clients already operating in Russia. At this stage our financial commitment is limited; Regeneris' investment is primarily in existing customer relationships, technical expertise and operational support. Our partner will provide the local presence and facilities that is necessary to establish a credible presence in Russia.

Business Review - Environmental Services

Whilst activity levels have very substantially increased in the Technical Services Division, the Environmental Services Division has, as expected, seen a decline in handset volumes processed during the period. The distortion in the prior year comparison is primarily the result of the fact that in 2007 the Group cleared a total of one million surplus handsets from inventories that had accumulated over several years. As such the comparison of value and volume for the six months to 31 December 2007 and 2008 is not an accurate measure of underlying activity. Adjusting for the de-stocking that boosted revenues in 2007 the Environmental Services Division has remained broadly flat.

Much progress has been made in developing the service proposition for our customers. Regeneris established the market for end-of-life recovery of Waste Electrical and Electronic Equipment (WEEE), however, over recent years a number of new competitors have entered the market as the industry has matured. Generally our competitors are re-sellers of equipment that do not provide the environmental assurance that Regeneris has pioneered.

It has become evident that the market and our clients are not differentiating our more substantial proposition. Where clients do not use quality assured service providers such as Regeneris there is an increasing risk to their brand.

The exposure of malpractice in the collection and treatment of WEEE in the Press has been growing. There are regular reports of WEEE being dumped in emerging and third world economies. More recently attention has been turning to the added concerns of personal identity and data theft as a consequence of waste streams being mismanaged.

The heightened exposure of the implications for both the brand and the consumer provide an opportunity for Regeneris to demonstrate the added-value of its Environmental Services capabilities.

Regeneris has developed a 'full service' proposition that includes the collection, treatment, reuse and recycling of WEEE in partnership with its clients. Regeneris' end-to-end systems track and account for each unit processed. To our environmental licenses and Government approved Producer Compliance Scheme we have added improved data cleansing processes to ensure personal identity and data protection.

For a considerable time, but accelerated in the last six months we have been consulting with our clients, as well as government, NGOs and environmental bodies to establish the framework for a robust industry standard. The first stage of this consultation recently concluded with our publishing a white paper; the objective of which is to promote the creation of quality assured industry standards and differentiate these from the discredited grey market. This process will continue in the coming

months, however, Regeneris aims to lead the development of the industry and position the Group as the partner of choice for these quality assured and value added services.

Strategy

Regeneris is the only integrated product lifecycle support services provider currently operating across the whole of the European consumer technology market. Regeneris is positioning itself at the forefront of growth markets within the reverse logistics sector.

The Group has clearly established objectives for each business unit and these underpin its future growth plans. The assumptions on growth plans for the Group are supported by the belief that there are emerging trends that will be to the benefit of Regeneris over the medium and longer terms, despite the inevitability of tougher markets in the short term:

- The reverse logistics supply chain is relatively under developed and fragmented. As clients look for greater value, procurement processes will mature and the reverse logistics supply chain will start to consolidate around fewer, better able and resourced suppliers. Regeneris is well placed to provide multi locational solutions and benefit from supply chain consolidation.
- Competitive pressures between technology brands and higher consumer expectations will drive the requirement for a better quality of service which in turn will require innovation and investment. The same pressures will drive the need for greater consistency of service across markets; Regeneris is seen as a proactive and innovative partner able to support these aims.
- The trend for outsourcing will continue and the added challenges of the current economic climate will accelerate moves to divest non-core activities and as such will increase the size of the addressable market.
- The financial strength of the industry will be tested in the current market and it's reasonable to assume that there may be a contraction in the supply base. A net reduction in capacity will be to the longer term benefit of the industry.

With the rate of technology development and product launches continuing to accelerate and with product life cycles shortening the need for integrated and sophisticated service solutions is set to increase. Regeneris has now established a stable and successful base from which to drive future organic growth. By investing in its technological and environmental excellence the Group is well positioned to take a leadership position in these growth markets.

It should also be recognised that because of the state of the financial markets, there are likely to be opportunities to grow the Group and consolidate its strategic development through both well planned organic growth and selective acquisitions. The Board recognises that scale is an important success factor in this market and acquisitions have a role in ensuring Regeneris builds on its competitive position. The Board will therefore consider selective acquisition opportunities where they meet the Group's strict criteria.

Investment

As previously reported Regeneris has been actively investing in its portfolio of services and facilities. These plans include the development of automation and diagnostics testing in the Technical Services Division. In Environmental Services the processing centre in Thurrock has been expanded to upgrade its data cleansing capabilities and a second processing centre has been opened in Lille to service the market in Continental Europe.

The development of Lille reflects the growing need for 'in-country' solutions that are close to market as clients have an increasing desire to reduce the carbon footprint by not shipping product before testing. It represents another brake on the exporting of waste as all products that are beyond economic recovery are visibly treated by Regeneris at source.

In line with our strategy the new sites in Sommerda and Bucharest are both progressing quickly and will contribute to the future prosperity of the Group. As anticipated the costs of start up are significant investments for us and have a short term impact on profitability. The costs of establishing these businesses include trading losses in the start up phase as well as working capital and capital investment. Costs incurred to date on these two sites are estimated at £1.2 million.

Likewise the Group has supported the mobile phone repair activities in Nottingham in the expectation that its future could be secured with sufficient volumes.

The planned second site in Warsaw and the new joint venture in Moscow will be fully operational by the end of the current financial year. Investment at these sites has been minimal in the six months to 31 December 2008; with an expected investment £0.5 million required by 30 June 2009.

In the half year, the Group has invested approximately £0.9 million in foregone profits in developing its service portfolio and operational footprint. The investment will be lower in the second half as the business start-ups are expected to make a positive contribution to profits and much of the capital expenditure and working capital investment is complete.

Board

As previously announced Gordon Shields, founder and former Chairman of Fonebak retired from the Group at the Annual General Meeting in November. The Board wishes Gordon well for the future and thanks him for his leadership and commitment to the business over many years.

In January of this year the Board was pleased to secure the appointment of David Gilbert as a non-executive director. David brings with him considerable experience in the retail sector having previously spent 20 years with DSGi, including responsibility for the Currys and Dixons brands as well as the international development of the Group. David's experience will bring valuable insight to the Board as we move forward with our strategy.

Outlook

In Technical Services volumes are holding up well. The sites in Sommerda, Warsaw and Bucharest all expect to see more activity in the coming months as start-up programmes gain momentum. New business has been secured for these sites and all are expected to make a meaningful contribution to the Group. We will start to see a return on our investment as planned.

In the more mature businesses in the UK and Germany the challenges on volumes and margins will be greater, however, we anticipate some significant business coming to market in the near future and this is the focus of much of our current development activity.

For Environmental Services we expect the market will continue to be difficult in the short term due to the strong correlation between high street sales promotions and the volume of end-of-life returns. However, with the very real prospect of more significant business opportunities across Europe and with a highly differentiated and value added service model this remains an attractive market for us to develop.

Overall the Board is committed to its strategy and is building a pan-European 'full service' proposition to capitalise on its core technical and environmental expertise. With continued progress being made the Group is more resilient although, as with all consumer facing businesses, we expect that the coming months will remain challenging. However, the Group has positioned itself well to weather the storm, has a solid balance sheet and is well placed to benefit from its investment programme and to deliver on many of the opportunities that the Group has identified.

Regeneris plc
Consolidated Income Statement
For the six months ended 31 December 2008

	Note	Six months ended 31 December 2008 (unaudited) £'000	Six months ended 31 December 2007 (unaudited) £'000	Year ended 30 June 2008 £'000
Revenue		49,158	54,990	104,962
Headline operating profit		2,173	2,845	5,781
Exceptional restructuring costs	2	-	(34)	(360)
Amortisation of acquired intangible asset	2	(205)	(205)	(410)
Share-based payment	2	(27)	(46)	(60)
Operating profit		1,941	2,560	4,951
Net financing cost		(253)	(556)	(660)
Exceptional finance charge	3	-	(406)	(406)
Total finance charge		(253)	(962)	(1,066)
Profit before tax		1,688	1,598	3,885
Taxation	4	(503)	(576)	(612)
Profit for the period		1,185	1,022	3,273
Earnings per share				
Basic	5	4.18p	3.61p	11.55p
Diluted	5	4.18p	3.61p	11.55p
Headline earnings per share – basic	5	5.00p	5.58p	15.10p
Headline earnings per share - diluted	5	5.00p	5.58p	15.10p

Regeneris plc
Consolidated statement of recognised income and expense
For the six months ended 31 December 2008

	Six month ended 31 December 2008 (unaudited) £'000	Six month ended 31 December 2007 (unaudited) £'000	Year ended 30 June 2008 £'000
Exchange adjustment	403	584	1,191
Cash flow hedge net of tax	-	(197)	(197)
Net income recognised directly to equity	403	387	994
Profit for the period	1,185	1,022	3,273
Total recognised income and expenses relating to the period	1,588	1,409	4,267

Regeneris plc
Consolidated Balance Sheet
As at 31 December 2008

	Note	31 December 2008 (unaudited) £'000	31 December 2007 (unaudited) £'000	30 June 2008 £'000
Assets				
Non-current assets				
Goodwill		23,978	23,978	23,978
Other intangible assets		1,523	1,981	1,683
Property, plant and equipment		3,167	2,429	2,813
Deferred tax		994	744	938
		29,662	29,132	29,412
Current assets				
Inventory		5,427	3,471	4,705
Trade and other receivables		14,762	11,566	13,245
Current tax asset		-	727	-
Cash and cash equivalents	7	3,534	6,101	4,163
		23,723	21,865	22,113
Total assets		53,385	50,997	51,525
Current liabilities				
Borrowings	7	(386)	-	(423)
Current tax liability		(545)	-	(598)
Trade and other payables		(24,908)	(24,456)	(28,077)
		(25,839)	(24,456)	(29,098)
Non-current liabilities				
Borrowings	7	(6,500)	(10,000)	(3,000)
Total liabilities		(32,339)	(34,456)	(32,098)
Net assets		21,046	16,541	19,427
Equity				
Ordinary share capital		566	566	566
Share premium	8	16,753	25,304	16,753
Translation reserve		1,594	584	1,191
Retained earnings		2,133	(9,913)	917
Total equity		21,046	16,541	19,427

Regeneris plc
Consolidated Cash Flow Statement
For the six months ended 31 December 2008

	Six months ended 31 December 2008 (unaudited) £'000	Six months ended 31 December 2007 (unaudited) £'000	Year ended 30 June 2008 £'000
Profit for the period	1,185	1,022	3,273
Adjustments for:			
Net finance charges	253	556	660
Exceptional finance charge	-	406	406
Tax expense	503	492	612
Depreciation on property, plant and equipment	457	723	1,402
Amortisation of intangible assets	55	106	120
Amortisation of acquired intangible assets	205	205	410
Loss on disposal of property, plant and equipment	68	-	12
Loss on disposal of intangible assets	8	26	26
Share-based payment expense	27	46	60
Operating cash flows before movement in working capital	2,761	3,582	6,981
(Increase)/decrease in inventories	(425)	2,764	1,680
(Increase)/decrease in receivables	(1,075)	4,879	4,031
(Decrease)/increase in payables	(3,632)	(3,228)	341
Cash flows from operating activities	(2,371)	7,997	13,033
Interest received	-	84	387
Interest paid	(253)	(374)	(1,147)
Tax (paid)/received	(622)	(77)	1,088
Net cash (outflow)/inflow from operating activities	(3,246)	7,630	13,361
Cash flows from investing activities			
Purchase of property, plant and equipment	(720)	(727)	(1,574)
Purchase of intangible assets	(49)	(197)	(187)
Deferred consideration in respect of previous acquisition	-	-	(153)
Net cash used in investing activities	(769)	(924)	(1,914)
Cash flows from financing activities			
Drawdown/(repayment) of borrowings	3,500	(9,500)	(16,500)
Repayment of finance leases	-	-	(8)
Net cash used from/(in) financing activities	3,500	(9,500)	(16,508)
Net decrease in cash and cash equivalents	(515)	(2,794)	(5,061)
Other non cash movements – exchange rate changes	(77)	257	163
Cash and cash equivalents at the beginning of period	3,740	8,638	8,638
Cash and cash equivalents at end of period	3,148	6,101	3,740
Cash at bank	3,534	6,101	4,163
Overdrafts	(386)	-	(423)
Cash and cash equivalents at end of period	3,148	6,101	3,740

Regeneris plc
Notes to the Interim Report
For the six months ended 31 December 2008

1. Basis of preparation

This interim report has been prepared on the basis of the accounting policies expected to be adopted for the year ended 30 June 2009. These are anticipated to be in accordance with the Group's accounting policies as set out in the latest annual financial statements for the year ended 30 June 2008. The Group's accounting policies can also be found on the Group's website.

All International Financial Reporting Standards ('IFRS'), International Accounting Standards ('IAS') and interpretations currently endorsed by the International Accounting Standards Board ('IASB') and its committees as adopted by the EU and as required to be adopted by AIM listed companies have been applied. AIM-listed companies are not required to comply with IAS 34 'Interim Financial Reporting' and accordingly the Company has taken advantage of this exemption.

The financial information in this interim report does not constitute statutory accounts for the six months ended 31 December 2008 and should be read in conjunction with the Group's annual financial statements for the year ended 30 June 2008. Financial information for the year ended 30 June 2008 has been derived from the consolidated audited accounts for that period which were unqualified.

The condensed consolidated interim financial statements for the six months to 31 December 2008 have not been audited or reviewed by auditors pursuant to the Auditing Practices Board guidance on Review of Interim Financial Information.

This unaudited interim report was approved by the Board of Directors on 11 March 2009.

2. Headline operating profit

'Headline operating profit' is the key profit measure used by the Board to assess the underlying financial performance of the operating divisions and the Group as a whole. 'Headline operating profit' is stated before amortisation of acquired intangible assets, goodwill impairment charges, exceptional restructuring costs and share-based payments.

The amortisation charge on the acquired intangible assets arose following the acquisition of CRC Group in January 2007. A separately identifiable intangible asset has been recognised relating to customer contracts which is being amortised over 5 years. An amortisation charge of £205,000 has been recognised in the 6 months to 31 December 2008.

Exceptional costs during the year ended 30 June 2008 of £360,000 arise from the closure and restructuring programme which commenced in the year to 30 June 2007.

3. Exceptional finance charge

The exceptional finance charge of £406,000 arising in the previous financial year is in respect of loan fees connected with the acquisition of CRC Group plc in January 2007. On completion of the Group's new banking facilities in September 2007 the costs previously carried forward were written off in full.

4. Taxation

The tax charge for the six months to 31 December 2008 is based on the estimated tax rate for the full year in each jurisdiction.

5. Earnings per share

	Six months ended 31 December 2008 (unaudited) Pence	Six months ended 31 December 2007 (unaudited) Pence	Year ended 30 June 2008 Pence
Basic earnings per share	4.18p	3.61p	11.55p
Diluted earnings per share	4.18p	3.61p	11.55p
Headline earnings per share	5.00p	5.58p	15.10p

	Six months ended 31 December 2008 (unaudited) £'000	Six months ended 31 December 2007 (unaudited) £'000	Year ended 30 June 2008 £'000	Six months ended 31 December 2008 (unaudited) Pence	Six months ended 31 December 2007 (unaudited) Pence	Year ended 30 June 2008 Pence
Profit for the period	1,185	1,022	3,273	4.18p	3.61p	11.55p
Reconciliation to adjusted profit:						
Intangible asset amortisation	205	205	410	0.72p	0.72p	1.45p
Exceptional finance charge (net of tax)	-	284	284	-	1.00p	1.00p
Exceptional restructuring costs (net of tax)	-	24	252	-	0.09p	0.89p
Share based payments	27	46	60	0.10p	0.16p	0.21p
Adjusted profit	1,417	1,581	4,279	5.00p	5.58p	15.10p

An adjusted measure of 'Headline profit per share' has also been presented, which the Board considers gives a useful additional indication of the Group's performance.

The number of shares used to calculate basic, diluted and headline earnings per share as at 31 December 2008 is 28,342,577 (as at 31 December 2007 and as at 30 June 2008: 28,342,577 shares).

The 2,150,000 shares issued to the Employee Benefit Trust on 26 June 2007 are included in the basic earnings per share calculation. Excluding these shares from the calculation, the basic EPS for the six months to 31 December 2008 would be 4.52 pence (six months to 31 December 2007: 3.90 pence, 12 months to 30 June 2008: 12.50 pence).

6. Dividends

No interim dividend is proposed in respect of the six months to 31 December 2008.

7. Net (debt)/cash

	31 December 2008 (unaudited) £'000	31 December 2007 (unaudited) £'000	30 June 2008 £'000
Cash and cash equivalents	3,534	6,101	4,163
Overdrafts	(386)	-	(423)
Bank borrowings – non-current	(6,500)	(10,000)	(3,000)
Net debt/(cash)	(3,352)	(3,899)	740

As at 31 December 2008 the Group's main bank facility totalled £14.25 million (30 June 2008: £16 million). In addition the Group has access to further overdraft facilities totalling £1 million.

The total facilities available to the Group are due to reduce by £1.75 million on 31 March and 30 September each year.

8. Company share premium cancellation

On 26 June 2008 the High Court approved the special resolution to reduce the Company's share premium account by £8,551,000 and thereby eliminate the deficit on the Company's profit and loss account. This transaction is reflected in the Company accounts as at 30 June 2008.

9. Copies of the interim report

Further copies of the interim report are available from the registered office, 4 Elm Place, Old Witney Road, Eynsham, Oxford, OX29 4BD or on the Company's website – www.regenersisplc.com.

10. Cautionary statement

This document contains certain forward-looking statements with respect of the financial condition, results, operations and businesses of Regenersis plc. These statement and forecasts involve risk and uncertainty because they relate to events and depend on circumstances that will occur in the future. There are a number of factors that could cause the actual result or developments to differ materially from those expressed or implied by these forward looking statements and forecasts. Nothing in this document should be constructed as a profit forecast.