

16 September 2009

Regeneris plc

(“Regeneris” or “the Group”)

Preliminary results for the twelve months ended 30 June 2009

Regeneris plc (LSE: “RGS”), a leading provider of product lifecycle management services to the consumer and commercial technology markets, is pleased to announce preliminary results for the twelve months ended 30 June 2009.

Operational Highlights

- Investment programme in Eastern Europe now complete
 - Lower-cost operations approaching 40% of Group repair activity
 - Volumes in eastern Germany, Poland and Romania up 55%
- Acquisition of Total Repair Solutions (“TRS”) completed on 1 September 2009; significantly strengthening our Technical Services offering
 - Highly complementary to Regeneris’ service business strategy
 - Acquired at an enterprise value of £6.25 million; no additional debt
 - Blue-chip customer relationships and sector-leading efficiencies and practices

Financial Highlights

- Group revenue of £98.3 million (FY08: £105.0 million)
 - Changing business mix; Technical Services exceeds 70% of Group revenue
 - Environmental Services suffers increased competition; handling fewer, more valuable handsets
- Headline operating profit* of £5.2 million (FY08: £5.8 million)
 - Margins remain stable following continued focus on tight cost control
 - Improved second half reflecting contribution from investment in Eastern Europe
- Net debt increased to £4.3 million (FY08: net cash £0.7 million)
 - Working capital increases reflect significant changes in business mix
 - Cash outflows reduced as investment programme completes
- Banking facilities successfully renegotiated as part of the TRS transaction
 - £12.5 million of facilities available to the Group; agreement in place to March 2013
 - Additional £3.5 million headroom to fund integration and growth
 - Group remains comfortably within its banking covenants

*Headline operating profit excludes exceptional restructuring costs, amortisation and share-based payments

Commenting on the results, Regeneris’ Non-Executive Chairman, Jeff Hewitt commented:

“The progress the Group has made in the last year; building additional capacity in Eastern Europe, lowering the cost base, strengthening of the finances and the recent acquisition of TRS collectively establishes Regeneris’ competitive position and ensures that it is well placed in its key target markets. The integration of TRS will provide opportunities to improve performance and attract new business. The Board believes that Regeneris has better prospects and will profit further from industry consolidation with a well financed and sustainable business model.”

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About Regeneris

Regeneris (LSE: RGS) is a leading provider of after sales product support services to many of the World's leading technology brands. The Company is listed on the Alternative Investment Market (AIM) of the London Stock Exchange and has operations across Europe.

Chairman's Statement

Continued progress

The past year has seen the most difficult economic conditions for many years. Inevitably the consumer markets which Regeneris serves have been adversely impacted by the slowdown in personal spending. All the major European economies have been affected and sales of mass market electronic devices such as mobile phones have been well below previous levels.

However, despite this more difficult trading environment, Regeneris has continued to make good progress. With the completion of the restructuring programme following the integration of Fonebak and CRC, the Group has been increasing its capacity in low cost locations in Eastern Europe. The previously reported investment programme to support this has established substantial lower cost operations in eastern Germany, Poland and Romania. These sites are now fully operational and contributing to the profitability of the Group.

As at the year end the Group operated from eleven repair and recycling facilities spread across Europe and is able to optimise customer service by combining high quality and fast turnaround services delivered in western Europe with less time sensitive, more cost effective services delivered from our increased eastern European capacity.

In addition Regeneris has, post year end, completed the acquisition of Total Repair Solutions ("TRS") to consolidate the Group's position in the UK mobile market. As will be explained in the Business and Financial Review, the acquisition brings with it complementary business that will enable the Group to improve its positioning with key clients as well as strengthening our overall service offering and operational base.

Regeneris should increasingly benefit from the consolidation required by the major manufacturers and customers to improve the efficiency and cost effectiveness of their supply chain. The trend to outsourcing non-core services such as after-sales product support is increasingly focused around fewer, better invested and more sustainable business partnerships. Price pressure is inevitable given current market conditions, but higher volumes are available to compensate those businesses able to demonstrate their ability to invest and add value to the benefit of both parties.

Results overview

Revenue for the year was £98.3 million (2008: £105.0 million) and headline operating profit, excluding exceptional restructuring costs, amortisation and share-based payments was £5.2 million (2008: £5.8 million). Margins held steady, despite the fall in revenues, due to tight control of costs and an increase in volumes processed through our lower cost Eastern European facilities following the previously announced investment in additional capacity.

Headline earnings per share were 12.79 pence (2008: 15.10 pence per share) and basic earnings per share were 8.75 pence per share (2008: 11.55 pence per share).

As explained in the Business and Financial Review, net debt increased by £5.0 million to £4.3 million at the year end. Following a significant change in business mix a much greater proportion of revenues and profits have been generated from Technical Services with implicit changes to the working capital demands of the Group.

Cash outflows slowed considerably in the second half reflecting the improved profitability of the Group and the end of the investment phase as the new facilities became productive.

In support of the TRS acquisition the Group recently completed a placing to raise £3.3 million (before expenses) of new funds. Additionally the Group has strengthened its banking relationships by renegotiating the terms of its existing lending facilities and remains comfortably within its banking covenants.

Board and employees

As previously reported the original founder of Fonebak, Gordon Shields stood down from the Board in the first half of this year and David Gilbert was subsequently appointed as an Independent Non-Executive Director. The Board now includes three Independent Non-Executive Directors; a majority of all Board members.

The progress of Regeneris in very difficult market conditions reflects the quality and skills of the entire management and workforce. As such, the Board extends its thanks and gratitude for the support of its employees over the last twelve months.

Dividend

The Board is mindful of the ongoing financing needs of the enlarged Group including restructuring costs associated with the integration of TRS, as well as further investment requirements to support ongoing business development. For these reasons, and consistent with the comments made at the time of the interim results, the Board does not propose the payment of a dividend for the past year.

Having eliminated the deficit on distributable reserves in the last year the Board does anticipate a return to sustainable dividend payments once it is prudent to do so.

Outlook

Current market indicators give cause for cautious optimism that the economic outlook may be stabilising and, indeed, moderately improving in certain markets. Nonetheless the Board expects sales of consumer technology products to remain below previous peaks and consequently expects the number of product failures and related service events, in the market as a whole, to reflect this. However, there is evidence that clients are migrating to creative, value-added and financially robust partners, such as Regeneris, and such organisations will consequently be rewarded with more business.

The progress the Group has made in the last year; building additional capacity in Eastern Europe, lowering the cost base, strengthening of the finances and the recent acquisition of TRS collectively establishes Regeneris' competitive position and ensures that it is well placed in its key target markets. The integration of TRS will provide opportunities to improve performance and attract new business. The Board believes that Regeneris has better prospects and will profit further from industry consolidation with a well financed and sustainable business model.

Jeff Hewitt

Non-Executive Chairman

16 September 2009

Business and Financial Review

A year of challenges

As our Chairman summarised, the past year has been very challenging with reduced sales of consumer electronic devices leading to a corresponding reduction in the global volume of products for service providers such as Regeneris to process and repair.

However, whilst overall consumer sales have been significantly down, in certain mass market product categories, changing personal needs and technology convergence have resulted in strong growth and new opportunities in specific markets. Notebook sales, for example, are already significantly outstripping the sale of traditional desktops as preferences for mobile computing accelerate. This trend is leading to the rapid emergence of a new generation of more affordable and portable products such as netbooks. Likewise, in the home, the cable and satellite markets are also holding up well as consumers upgrade to new technologies in High Definition ("HD") and Personal Video Recorders ("PVR"). A third example would be the rapid growth of the market for 'smart phones' and the associated increase in functionality and applications that are driving sales of such convergent devices.

Regeneris is actively investing in these technologies and therefore stands to benefit from early investment in markets with such growth potential.

Moving with our markets

The emergence of new technologies and products, however, are only one part of the changes we are witnessing. Our customers, the technology producers, are also expecting businesses like ours to adapt and refine the value-add we provide as they themselves seek to improve the consumer's experience in a more competitive and service driven environment.

At this time, our markets are highly fragmented, with a large number of tightly defined businesses catering to the needs of one or perhaps two end product segments. These businesses, generally, are too small or inadequately financed to be able to invest in the multiple technologies and services our clients require as they look to improve efficiency and consolidate their supply chains. In our view, businesses like ours will need to increase both the scale of operations and the scope of the services they offer to benefit from these trends. Those companies that can achieve these aims will not only realise the short term benefits of greater efficiencies and reduced costs, but will also be better aligned with their customers' long term needs.

Acquisition of Total Repair Solutions – a significant strategic step

Consistent with this, and following significant work over the past eighteen months to inject greater efficiency and focus into the business, in September we took a first step in the second part of our strategy: namely to grow, where appropriate, through the acquisition of synergistic businesses that augment our scale and expertise whilst increasing our value to and traction with key clients. With these objectives in mind on 1 September 2009 we completed our acquisition of TRS.

Based in Inchinnan, near Glasgow, TRS is complementary to our own business and is similarly engaged in the repair, refurbishment and recycling of consumer electronic devices. The primary rationale for the transaction is to consolidate Regeneris' position in the UK mobile phone market where TRS is particularly strong.

TRS not only provides Regeneris with additional product return and repair volumes and operational scale, but also improves our access to technology 'know-how', to blue chip and longstanding clients and to a skilled and experienced management team. Each of these factors will enable the enlarged Group to develop more quickly and compete more effectively. The combination of the two businesses will also create an opportunity to integrate operational and support activities and drive cost and efficiency savings in addition to unlocking potential new commercial opportunities.

In the twelve months to 31 March 2009 TRS reported sales of £22.5 million (2008: £18.3 million) and earnings before interest, tax, depreciation and amortisation ("EBITDA") of £1.4 million (2008: £1.1 million), excluding non-recurring management fees of £0.2 million.

The results and financial impact of the TRS acquisition will be consolidated into the Group with effect from completion on 1 September 2009. Given that the transaction has effectively been wholly financed through the issue of new equity the transaction is expected to be earnings dilutive in the first year.

Following the acquisition Richard Emanuel, previously the ultimate beneficial owner of TRS, has become a significant shareholder in Regeneris, with an 18.1% interest.

Significant changes to business mix

Group revenues for the year were £98.3 million (2008: £105.0 million), an overall decline of £6.7 million. This fall in revenues nevertheless masks a very strong performance from the Technical Services division where revenues increased by £7.8 million. At constant exchange rates revenue increases would have been £2.6 million lower from repair related activities; leaving an underlying increase of 8%. Conversely the Environmental Services division has borne the brunt of the tougher and changing market conditions that include the emergence of new direct-to-consumer competitors. Consequently revenues from the Environmental Services have reduced in total by £14.5 million compared to the previous year.

With a strong sales performance and improved margins from Technical Services only partially compensating the lower trading in Environmental Services, headline operating profit reduced to £5.2 million (2008: £5.8 million). At constant exchange rates operating profits have benefited by £0.1 million.

	2009	2008
	£'000	£'000
Revenue		
Technical Services	69,439	61,628
Environmental Services	28,869	43,334
	98,308	104,962
Headline Operating Profit		
Technical Services	4,028	2,950
Environmental Services	1,127	2,831
	5,155	5,781

In Technical Services the increased capacity and prior investment in lower cost Eastern European facilities led to repair and service related volumes increasing by 19%. Margins have increased despite average unit sales prices falling as more repairs were processed through the increased capacity in these new, lower cost facilities. Although both volumes and revenues increased significantly, total direct labour cost increases were kept to 1%; further demonstrating the tight level of control we continue to apply to the cost base and the continued lowering of our average unit labour costs.

The significant decline of 33% in Environmental Service revenues partly reflects the year-on-year impact of the stock clearance programme in the previous year. In total 761,000 mobile phones were sold from aged stock (representing 95% of the total number of aged handsets held) in the previous year. Revenues generated from the sale of these old handsets totalled £6.6 million which represents an underlying reduction in sales revenues of 22%.

However, the most significant factor in our underlying performance is the lower total volume and value of mobile phones being recovered from consumers and corporate clients by network operators. This reflects reduced promotional marketing by the network operators themselves, the impact of the adjustment to longer term airtime contracts and lower sales of new handsets. This effect is compounded by the rapid growth of competitors focusing on a direct-to-consumer buy back model where handsets are directly traded to secondary users and therefore bypassing our main corporate clients.

Technical Services – a successful year

The Technical Services Division, as a whole, has enjoyed a strong year. Overall volume growth has outstripped the reduction in average repair sales value and, with labour costs, effectively static the overall profitability of the division has improved to £4.0 million (2008: £3.0 million).

The key market for the Group has been Eastern Europe where additional capacity has been brought on stream and volumes have consequently grown. In addition to the ongoing development of our original facility in Warsaw a further £3.6 million has been invested over the last two years in the facilities established in Sommerda (eastern Germany), Razsyn (Poland) and Bucharest (Romania). In addition we have now established the joint venture in Moscow and are working with our first client.

For the year activity increased by 55% in these Eastern European repair centres and for the year as a whole represented 38% of our total repair volumes (up from 30% the previous year).

UK

The UK operations are currently based in our facilities in Glenrothes, Huntingdon and Nottingham.

Glenrothes leads our development in 'non-mobile phone' technologies and has continued to pioneer new technical advances in markets such as cable and satellite television. Demand for set top boxes has been resilient through the year as the industry migrates to new platforms including HD and PVR technologies. Regeneris has strengthened its relationship with key manufacturers and is now an accredited partner of Cisco, Pace, Samsung and Thomson. The combination of technical advances and a stronger alliance with the producers will support plans to export our capabilities into a broader international service capability.

In addition Glenrothes has been expanding its IT business and has added Toshiba to a customer base that already includes Apple and other sector-leaders such as Tom Tom (Personal Navigation Devices) and Pure Digital (Digital Radio).

The facility in Huntingdon has also performed well and is making a valuable contribution to the overall performance of the UK operations. Repair activities have largely ceased in Huntingdon as the focus is directed to managed services such as client customer care and consumer contact management. These value added services include the Nokia vendor management contract which was awarded to Regeneris following the year end. Under the terms of this contract Regeneris will train and manage the performance of the entire UK network of Nokia care points.

The operation in Nottingham has been the centre of mobile phone repair for the Group within the UK. The last year has been a difficult one as the market as a whole has declined, primarily as a consequence of lower handset sales. Regeneris retains strong relationships and accreditations with the leading manufacturers, as evidenced by recent new business wins post year end with Samsung and Nokia; these will augment the relationships that TRS also has with both manufacturers and network operators.

Following the completion of the acquisition of TRS the Group is now reviewing the necessary restructuring of the combined UK mobile phone repair and returns activities. A restructuring of the UK operations will also recognise the availability of increased capacity in the lower cost Group facilities in Eastern Europe. The results of the review will be communicated in the coming weeks.

Germany

Over the last twelve months the Group has fundamentally restructured the cost base of the main operation based in Paderborn. This has included a wholesale renegotiation of the employment terms and conditions to deliver a stable and more competitive labour cost base. In addition the Group has recently agreed terms to relocate the business from Paderborn to a more suitable facility in Schloss Holte near Bielefeld; the lower costs will help to compensate the business for the fall in market prices. The relocation is well advanced and is expected to be substantially complete by September 2009.

In addition to the restructuring of the cost base in Paderborn progress continues to be made with the diversification of the customer and service profile. During the year the main contract with Wincor Nixdorf was renewed for a further three years and new business has been added with First Data (chip and pin terminals), Zebra (high end printers), Flex Pos and IBM (EPOS systems).

In Sommerda good progress has been made with activity increasing month-on-month as overall volumes were doubled. The investment in a lower cost in-country facility for the German market is being rewarded as the site is now making a sustained contribution to the overall Group performance.

Eastern Europe

As previously reported the investment programme in Eastern Europe has contributed more capacity in lower cost locations; volume processed increased substantially over the year. This coincides with an increasing demand as manufacturers look to further reduce the cost of supporting their products.

In Poland a second facility in Raszyn became operational in April. With the client base expanding, the Group has created facilities dedicated to the growing market for mobile connective devices in both mobile phones (Janki) and notebooks (Raszyn). Both sites are in the suburbs of Warsaw, have workforce flexibility due to the proximity of the sites and share a common management team to keep overheads to a minimum.

In mobile phones the Janki operation has been operating at or near capacity for much of the year. With the relocation of the IT operations the site has been able to increase the number of handsets processed in the last year. The increase in volumes processed is expected to continue following the recent award of a contract to repair Samsung phones.

The new facility in Raszyn enables the Group to increase capacity for notebook and motherboard repairs. The investment in a dedicated facility will support an increase in quality and productivity that will in turn attract more business. In the short term these initiatives are directed to expanding business with Acer as this company continues to grow market share across Europe.

The operation in Bucharest has also benefited from the previously reported investment programme. In the first twelve months since the site was opened, business has been secured in the key markets, including mobile phones, where the market leader Vodafone has appointed Regeneris as their repair partner. The build up of business in Romania (supporting both local and international markets) has been aggressive and as such the business is not yet performing at a consistent level, either operationally or financially. However, the management team is maturing and has been strengthened in recent months. The priority in the current year is to ensure the site continues to make progress and achieves a level of performance consistent with the rest of the Group.

Environmental Services – a rapidly changing market

The last twelve months have been very difficult for the Environmental Services division. In particular the market for mobile phone recovery and recycling has been much reduced as the extreme pressures of the current recession have simultaneously discouraged the main network operators from incentivising take-back schemes, volumes have declined as contract periods for new airtime subscribers have been extended and the number of new handsets sold has also been much reduced.

It is also the case that there has been a significant growth in the number of new competitors focused on direct-to-consumer service models. These businesses primarily acquire mobile phones direct from the consumer for cash payments and these phones are then traded on to secondary markets, mainly in the Far East. The rapid growth in this market will further reduce the volumes of phones returned through the major network operators which have traditionally been the main client base for Regeneris and lowering the Groups market share.

The combination of these market factors have impacted the volumes of phones recovered in the last twelve months. Excluding the benefit of the stock reduction programme last year, the volume of mobile phones recovered through clients reduced by 32%. On a like-for-like basis revenues declined by a lesser amount reflecting an overall increase in the quality and value of the residual handsets being recovered.

Despite the changing market Regeneris remains committed to providing its clients with quality assured environmental and data compliant services; however, it is apparent that it will take longer to establish robust industry standards. In the meantime the Environmental Division will continue to pursue a number of promising initiatives whilst planning on the basis of recovering lower volumes from the market than has traditionally been the case. Actions are being taken to reduce the operating costs of the business to ensure they are in line with the lower planned activity.

New initiatives include the introduction of retail take-back schemes that will provide an alternate direct-to-consumer service model for our existing clients. An early stage trial in support of a major network operator has been well received and a programme is in place to scale up these activities.

The acquisition of TRS presents a further opportunity. TRS has business in the end-of-life and recycling market through its 'Banana Green' brand and the two operations will be integrated to provide an expanded client and service base.

The distribution and fulfilment business model has proved more robust in the current economic downturn and has traded well. The main insurance contract was renewed during the year and further opportunities exist to expand this business with both the acquisition of TRS and the recent strengthening of the management team.

Financial Review

As described above there has been a significant change in the relative size and contribution to the overall Group performance from the core business activities. Whilst Technical Services have improved with the investment in increased capacity, the increase in volume and profitability has not been sufficient to offset the much greater decline in performance of Environmental Services. Consequently an overall sales decline of 6% to £98.3 million resulted in a reduction in the Group's headline operating profit to £5.2 million (2008: £5.8 million).

At constant exchange rates Group sales would have been further reduced by £2.6 million; operating profits include £0.1 million of foreign exchange gains.

Profitability improved in the second half as the investment programme creating additional capacity in eastern Germany, Poland and Romania completed. As reported at the Half Year headline operating profits and cash flows were adversely impacted by £0.9 million and £1.8 million respectively by costs related to the building up of capacity at these locations.

	2009	2008
	£'000	£'000
Headline operating profit	5,155	5,781
Exceptional restructuring costs	(927)	(360)
Amortisation of acquired intangible asset	(410)	(410)
Share based payment	(51)	(60)
Operating profit	3,767	4,951
Net finance charge	(368)	(1,066)
Profit before tax	3,399	3,885

With increased one-off exceptional costs, explained below, operating profits reduced to £3.8 million (2008: £5.0 million). However, the benefits of the improved debt position over the last two years are evident in the much reduced finance charge, which has now returned to a more normal basis. The previous year had also included the write off of finance fees as the Group's banking facilities were renegotiated in September 2007 following the CRC acquisition. The net effect of the increased exceptional costs and lower financing charges is a decline in pre tax profit to £3.4 million (2008: £3.9 million).

The tax charge of £0.9 million (2008: £0.6 million) increased the effective tax rate to 27% (2008: 16%) primarily due to the prior year benefit of the recognition and utilisation of past tax losses. Recognising the lower profits headline earnings per share reduced to 12.79 pence (2008: 15.10 pence per share) with basic earnings per share falling to 8.75 pence per share (2008: 11.55 pence per share).

Exceptional restructuring costs

Exceptional costs totalling £0.9 million were recognised during the year and specifically relate to the relocation of the main German operations based in Paderborn, a downsizing of the Nottingham operation and costs associated with a strategic review that led to the acquisition of TRS.

The costs provided to relocate the German operations to a more suitable and lower cost site in Schloss Holte total £0.5 million, including the cost of a social plan agreed with the workforce and certain property related costs.

A total of 70 redundancies were announced in Nottingham prior to the year end with the lower volumes being processed through the site necessitating a reduction in the headcount. A provision of £0.2 million was made to cover the cost of terminations. This decision reduced the remaining headcount to a level consistent with current activity for the site.

During the second half of the financial year the Board sanctioned a full strategic review of the options available to the Group to create greater scale and long term value for the shareholders. This review led ultimately to the acquisition of TRS. The costs associated with the review and consequent costs incurred prior to the year end as a result of TRS acquisition totalled £0.2 million.

TRS acquisition and financing

The financial strength of the Group has been improved following the completion of the acquisition of TRS on 1 September 2009. The total enterprise value of £6.25 million was satisfied by issuing £3.25 million of Consideration Shares to the vendor and the payment of a further £3.0 million in cash which was utilised by the vendor to settle the bank borrowings of TRS, effectively rendering the acquisition debt-free on completion.

To fund the transaction the Group has issued 16,477,675 new Ordinary Shares at 40 pence per share (representing a 14.9% discount to the closing share price immediately prior to the announcement of the transaction on 4 August 2009). This includes 8,125,000 Consideration Shares and a further 8,352,675 Placing Shares issued to fund the £3.0 million cash payment.

As a consequence of the transaction, the capital base of Regenersis has been substantially strengthened and no additional debt has been taken on to fund the acquisition. However, due to funding being met through the issue of new shares the transaction will be earnings dilutive in the coming year.

Cash flow

As anticipated, following the significant change in business mix and the previously reported and planned investments, the Group experienced an increase in net debt to £4.3 million after a net cash outflow of £5.0 million.

	2009	2008
	£'000	£'000
Operating cash flow	5,638	6,981
Movement in working capital		
- decrease in inventories	578	1,680
- (increase)/decrease in receivables	(1,967)	4,031
- (decrease)/increase in payables and accruals	(5,124)	341
Net interest payments	(421)	(760)
Tax (paid)/received	(1,630)	1,088
Net capital expenditure	(1,704)	(1,914)
Exchange rate (losses)/gains on translation	(413)	163
Net (increase)/reduction in net debt	(5,043)	11,610

In total working capital increased by £6.5 million over the course of the year. The most significant cash movements relate to an increase in receivables of £2.0 million and a reduction in the payables and accruals outstanding of £5.1 million.

The increase in receivables reflects the growth in the Technical Services business, including the build up of operations in Sommerda, Bucharest and Warsaw, and the general extension of payment terms being demanded by a number of clients as part of contract negotiations. Nevertheless exposure to credit risk has been contained as the relative percentage of customer balances being paid to agreed terms has increased to 83% (2008: 74%).

The marked reduction in payables and accruals reflects the like-for-like 22% decline in the trading revenues of Environmental Services. As payments typically lag the receipt of funds from the resale of mobile phone handsets a reduction in trading will lead to a reversal of the inherent positive cash flows from this activity. In addition, in 2009, the Group has settled a large number of old liabilities relating to client returns and significantly reduced the balance and age profile of the remaining accruals.

The movements in trade receivables and payables largely reflect the significant change in the relative mix of business towards a greater emphasis on the Technical Services activities. Ordinarily this would be expected to increase the investment in inventories (spare parts and work in progress) to support this increased activity. Despite like-for-like growth of 8% over the year, and the new start-ups, inventories were further reduced by 13% to £4.1 million.

In addition, the Group has made tax payments of £1.6 million (2008: cash receipts of £1.1 million) as past losses have now largely been utilised; the previous year included a significant refund. Higher payments also reflect the fact that the Group is required to make payments on account for the current years trading, effectively suffering a one-off double charge to cash flow for the year to 30 June 2009.

Reflecting the significant improvement in the debt position of the Group over the last two years cash financing costs were further reduced to £0.4 million (2008: 0.8 million) whilst investment in capital equipment was maintained at a consistent level with past expenditure (£1.6 million).

Finally the Group has recognised losses of £0.4 million (2008: gains of £0.2 million) on the translation of cash and bank balances at the year end. This adjustment is reflected in the movement on the translation reserve.

Bank facilities

In conjunction with the TRS acquisition the Group has recently concluded the renegotiation of its existing bank facilities and now has confirmed facilities that extend through to March 2013.

Under the new arrangement the Group has available facilities under its main banking agreements of £12.5 million. Previously these facilities were reducing at the rate of £1.75 million on a six monthly cycle. However, following completion of the renegotiation the scheduled reduction in the existing facilities has been deferred by twelve months such that the next reduction is due in September 2010. The Group has thereby secured additional headroom of £3.5 million to support the integration of TRS and the ongoing business development plans for the enlarged Group.

The terms of the new facilities agreement includes interest rates charged on funds drawn of between 2.5% and 3% above LIBOR, dependent on the ratio of EBITDA to net debt. The Group has also renegotiated the covenants to reflect the impact of the TRS acquisition.

Cautionary Statement

This review has been prepared solely to provide additional information to shareholders to assess the Group's strategy and the potential of that strategy to succeed and should not be relied upon by any other party or for any other purpose. It contains certain forward-looking statements with respect to the financial condition, results, operations and businesses of Regeneris plc. These statements and forecasts involve risk and uncertainty because they relate to events and depend upon the circumstances that may 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.

Gary Stokes

Chief Executive Officer

David Kelham

Chief Financial Officer

16 September 2009

Consolidated Income Statement
for the year ended 30 June 2009

	Note	2009 £'000	2008 £'000
Revenue	2	98,308	104,962
Headline operating profit		5,155	5,781
Exceptional restructuring costs	4	(927)	(360)
Amortisation of acquired intangible asset		(410)	(410)
Share-based payments		(51)	(60)
Operating profit		3,767	4,951
Finance income	7	36	387
Finance costs	7	(404)	(1,047)
Exceptional finance costs	8	-	(406)
Total finance costs		(404)	(1,453)
Profit before tax		3,399	3,885
Taxation	9	(919)	(612)
Profit for the year		2,480	3,273
Attributable to:			
Equity holders of the Company		2,456	3,273
Minority interest		24	-
Profit for the year		2,480	3,273
Earnings per share			
Basic	10	8.75p	11.55p
Diluted	10	8.75p	11.55p
Headline	10	12.79p	15.10p

Consolidated Balance Sheet
as at 30 June 2009

		2009	2008
	Note	£'000	£'000
Assets			
Non-current assets			
Goodwill		23,978	23,978
Other intangible assets		1,272	1,683
Investments in jointly controlled entities		1	-
Property, plant and equipment		2,978	2,813
Deferred tax	18	1,098	938
		29,327	29,412
Current assets			
Inventory	11	4,091	4,705
Trade and other receivables	12	14,747	13,245
Cash and cash equivalents	13	3,375	4,163
		22,213	22,113
Total assets		51,540	51,525
Current liabilities			
Borrowings	15	(178)	(423)
Current tax liability		(76)	(598)
Trade and other payables	14	(22,288)	(28,077)
		(22,542)	(29,098)
Non-current liabilities			
Borrowings	15	(7,500)	(3,000)
Total liabilities		(30,042)	(32,098)
Net assets		21,498	19,427
Equity			
Ordinary share capital		566	566
Share premium		16,753	16,753
Translation reserve		745	1,191
Retained earnings		3,410	917
Total equity attributable to equity holders of the parent		21,474	19,427
Minority interests		24	-
Total equity		21,498	19,427

Consolidated Statement of Changes in Equity
for the year ended 30 June 2009

Attributable to equity share holders

	Share capital £'000	Share premium £'000	Translation reserve £'000	Hedging reserve £'000	Retained earnings £'000	Minority interests £'000	Total £'000
Balance as at 1 July 2007	566	25,304	-	197	(10,981)	-	15,086
Changes in equity for the year to 30 June 2008							
Cash flow hedge taken to equity – before tax	-	-	-	(281)	-	-	(281)
Deferred tax related to cash flow hedge taken to equity	-	-	-	84	-	-	84
Exchange differences arising on translation of foreign entities	-	-	1,191	-	-	-	1,191
Profit for the year	-	-	-	-	3,273	-	3,273
Total recognised income and expense for the year	-	-	1,191	(197)	3,273	-	4,267
Cancellation of share premium	-	(8,551)	-	-	8,551	-	-
Recognition of share based payments – pre tax	-	-	-	-	55	-	55
Deferred tax related to share based payments	-	-	-	-	19	-	19
Balance as at 30 June 2008	566	16,753	1,191	-	917	-	19,427
Changes in equity for the year to 30 June 2009							
Exchange differences arising on translation of foreign entities	-	-	(446)	-	-	-	(446)
Profit for the year	-	-	-	-	2,456	24	2,480
Total recognised income and expense for the year	-	-	(446)	-	2,456	24	2,034
Recognition of share based payments – pre tax	-	-	-	-	56	-	56
Deferred tax related to share based payments	-	-	-	-	(19)	-	(19)
Balance as at 30 June 2009	566	16,753	745	-	3,410	24	21,498

Consolidated Cash Flow Statement
for the year ended 30 June 2009

	Note	2009 £'000	2008 £'000
Profit for the year		2,480	3,273
Adjustments for:			
Net finance charges		368	660
Exceptional finance charge		-	406
Tax expense		919	612
Depreciation on property, plant and equipment		1,236	1,402
Amortisation of intangible assets		138	120
Amortisation of acquired intangible assets		410	410
Loss on disposal of property, plant and equipment		36	12
Loss on disposal of intangible assets		-	26
Share-based payments expense		51	60
Operating cash flows before movement in working capital		5,638	6,981
Decrease in inventories		578	1,680
Decrease/(increase) in receivables		(1,967)	4,031
(Decrease)/increase in payables and accruals		(5,124)	341
Cash flows from operating activities		(875)	13,033
Interest received		36	387
Interest paid		(457)	(1,147)
Tax (paid)/received		(1,630)	1,088
Net cash (outflow)/inflow from operating activities		(2,926)	13,361
Cash flows from investing activities			
Purchase of property, plant and equipment		(1,585)	(1,574)
Purchase of intangible assets		(138)	(187)
Proceeds from disposal of property, plant & equipment		20	-
Investment in jointly controlled entity		(1)	-
Deferred consideration in respect of previous acquisition		-	(153)
Net cash used in investing activities		(1,704)	(1,914)
Cash flows from financing activities			
Drawdown/(repayment) of borrowings		4,500	(16,500)
Repayment of finance leases		-	(8)
Net cash used from/(in) financing activities		4,500	(16,508)
Net decrease in cash and cash equivalents		(130)	(5,061)
Other non cash movements – exchange rate changes		(413)	163
Cash and cash equivalents at the beginning of year		3,740	8,638
Cash and cash equivalents at end of year	13	3,197	3,740
Cash and cash equivalents at end of year		3,197	3,740
Bank borrowings		(7,500)	(3,000)
Net (debt)/cash	16	(4,303)	740

Notes to the Preliminary Results

for the year ended 30 June 2009

1. Basis of Preparation

The information contained within this Preliminary Announcement has been extracted from the financial statements which have been prepared in accordance with IFRS as adopted by the European Union ('adopted IFRS'), and with those parts of the Companies Act 2006 applicable to companies reporting under adopted IFRS.

In preparing these preliminary results consistent accounting policies in accordance with IFRS have been applied.

The financial information in this announcement does not constitute statutory accounts for the year ended 30 June 2009 but is derived from these accounts. The auditors have reported on the consolidated Group accounts and their report was unqualified.

The preliminary announcement for the year ended 30 June 2009 was approved by the Board for release on 10 September 2009.

2. Segment information

2.1 Business segments – primary basis

For management reporting purposes the Group is organised into two segments, Environmental and Technical Services. The principal activities of these two segments are described in the Business Review.

The segment results, assets and liabilities of these two segments are disclosed in the tables below:

	Environmental Services 2009 £'000	Technical Services 2009 £'000	Total 2009 £'000	Environmental Services 2008 £'000	Technical Services 2008 £'000	Total 2008 £'000
Revenue	29,036	69,439	98,475	44,052	61,628	105,680
Inter segment revenue	(167)	-	(167)	(718)	-	(718)
Total revenue	28,869	69,439	98,308	43,334	61,628	104,962
Headline segment profit	1,127	4,028	5,155	2,831	2,950	5,781
Amortisation of acquired intangible assets	-	(410)	(410)	-	(410)	(410)
Exceptional restructuring costs	-	(927)	(927)	(98)	(262)	(360)
Share-based payments	(23)	(28)	(51)	(30)	(30)	(60)
Segment operating profit	1,104	2,663	3,767	2,703	2,248	4,951
Net financing costs			(368)			(660)
Exceptional finance charge			-			(406)
Profit from continuing operations before tax			3,399			3,885
Taxation			(919)			(612)
Profit from continuing operations			2,480			3,273

	Environmental Services 2009 £'000	Technical Services 2009 £'000	Total 2009 £'000	Environmental Services 2008 £'000	Technical Services 2008 £'000	Total 2008 £'000
Capital expenditure	90	1,633	1,723	93	1,699	1,792
Depreciation and intangible amortisation	105	1,679	1,784	87	1,845	1,932
Balance Sheet						
Segment assets	14,243	37,297	51,540	17,299	34,226	51,525
Segment liabilities	10,287	19,755	30,042	17,084	15,014	32,098

2.2 Geographical segment - secondary basis

The following information is based on the geographical location of the customers, irrespective of the origin of the goods or services. The corresponding segment assets are based on the geographical locations of the assets.

	Revenue		Carrying amount of segment assets		Additions to property plant and equipment and intangible assets	
	2009 £'000	2008 £'000	2009 £'000	2008 £'000	2009 £'000	2008 £'000
United Kingdom	35,221	39,987	37,446	43,344	242	832
Continental Europe	42,790	31,361	14,094	8,181	1,481	960
Asia Pacific	16,496	32,234	-	-	-	-
Rest of the world	3,801	1,380	-	-	-	-
	98,308	104,962	51,540	51,525	1,723	1,792

3. Operating profit

	2009 £'000	2008 £'000
Revenue	98,308	104,962
Cost of sales	(76,516)	(82,174)
Gross profit	21,792	22,788
Headline administrative expenses	(16,637)	(17,007)
Headline operating profit	5,155	5,781
Other administrative expenses	(1,388)	(830)
Operating profit	3,767	4,951
Administrative expenses	18,025	17,837

4. Exceptional restructuring costs

	2009 £'000	2008 £'000
Strategic review	224	-
Redundancies and restructuring	176	360
German relocation	527	-
	927	360

5. Profit for the year

Profit for the year has been arrived at after charging/(crediting):

	2009 £'000	2008 £'000
Depreciation of property, plant and equipment:		
- owned	1,236	1,402
- held under finance leases	-	-
Loss on disposal of property, plant and equipment	36	12
Loss on disposal of intangible assets	-	26
Amortisation of other intangible software licences	138	120
Amortisation of acquired intangible assets	410	410
Cost of inventories recognised as an expense	42,125	54,048
Staff costs (note 6)	34,272	33,322
Net foreign exchange (gain)/losses	(122)	71
Government grants	-	(207)

6. Staff costs

The average monthly number of employees (including Executive Directors) is set out below:

	2009 Number	2008 Number
Production	1,559	1,518
Sales and business development	26	24
Administration	244	288
	1,829	1,830

The aggregate remuneration comprised:

	2009 £'000	2008 £'000
Wages and salaries	30,010	29,231
Social security costs	3,776	3,509
Share based payments	51	60
Other pension costs	435	522
	34,272	33,322

Key management personnel have been identified as the Executive Directors of the Board and the Group's Operations Board. Remuneration of key management personnel is as follows:

	2009 £'000	2008 £'000
Short term employee benefits	1,351	1,385
Post employment benefits	102	85
Share-based payments	56	55
	1,509	1,525

7. Finance costs and finance income

	2009 £'000	2008 £'000
Bank interest receivable and similar income	36	387
Total finance income	36	387
Interest payable on borrowings:		
Bank loans and overdrafts	404	1,046
Other finance costs	-	-
Obligations under finance leases	-	1
Exceptional finance charge (note 8)	-	406
Total finance costs	404	1,453
Total net finance costs	368	1,066

8. Exceptional finance charge

The exceptional finance charge of £406,000 in the prior year arises 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 have been written off in full.

9. Tax

	2009 £'000	2008 £'000
Current tax		
UK Corporation tax	406	683
Overseas tax	422	103
Adjustments in respect of prior years	263	(21)
Total current tax charge	1,091	765
Deferred tax		
UK	73	696
Overseas	(22)	(441)
Adjustments in respect of prior years	(223)	(408)
Total deferred tax credit (note 18)	(172)	(153)
Total tax charge	919	612

UK Corporation tax is calculated at 28% (2008: 29.5%) of the estimated assessable profit for the year. Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

The Group's total income tax charge for the year can be reconciled to the profit per the income statement as follows:

	2009 £'000	2008 £'000
Profit before tax	3,399	3,885
Tax at standard UK corporation tax rate of 28% (2008: 29.5%)	952	1,146
Effects of:		
Expenses not deductible for tax purposes	312	433
Losses utilised previously not provided	(126)	-
Rate differences	(185)	(40)
Adjustment in respect of previous periods	40	(429)
Recognition of tax losses not previously recognised	(74)	(436)
Release of tax asset	10	-
Double tax relief	(10)	(62)
Total tax charge	919	612

10. Earnings per share (EPS)

EPS Summary	2009 Pence	2008 Pence
Basic earnings per share	8.75	11.55
Diluted earnings per share	8.75	11.55
Headline earnings per share	12.79	15.10

	2009 Pence per share	2008 Pence per share	2009 £'000	2008 £'000
Profit for the year	8.75p	11.55p	2,480	3,273
Reconciliation to adjusted profit:				
Amortisation of acquired intangible asset	1.45p	1.45p	410	410
Exceptional finance charge (net of tax)	-	1.00p	-	284
Exceptional restructuring costs (net of tax)	2.41p	0.89p	684	252
Share based payments	0.18p	0.21p	51	60
Headline profit	12.79p	15.10p	3,625	4,279

Number of shares ('000)	2009 '000	2008 '000
	28,343	28,343

Weighted average number of shares used to calculate earnings per share

28,343 28,343

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 our basic EPS would be 9.47 pence (2008: 12.50 pence) and a headline EPS of 13.84 pence (2008: 16.05 pence).

11. Inventories

	2009 £'000	2008 £'000
Raw materials	2,990	3,479
Work in progress	257	273
Finished goods	844	953
	4,091	4,705

12. Trade and other receivables

	2009 £'000	2008 £'000
Trade receivables	10,585	10,224
Less: provision for doubtful trade receivables	(356)	(503)
Trade receivables net of provision	10,229	9,721
Prepayments and accrued income	4,518	3,133
Other receivables	-	391
	14,747	13,245

A reconciliation of the movement in the provision for doubtful trade receivables is as follows:

	2009 £'000	2008 £'000
As at 1 July	503	799
Provision created	19	45
Amounts written off as uncollectable	(27)	(341)
Amounts recovered during the year	(139)	-
As at 30 June	356	503

13. Cash and cash equivalents

	2009 £'000	2008 £'000
Cash at bank and in hand	3,375	4,163
Bank overdrafts	(178)	(423)
Cash and cash equivalents	3,197	3,740

14. Trade and other payables

	2009 £'000	2008 £'000
Trade payables	6,429	7,934
Other taxes and social security	1,519	1,345
Other payables	2,290	2,668
Accruals and deferred income	12,050	16,130
	22,288	28,077

15. Bank borrowings

	2009 £'000	2008 £'000
Due within one year:		
Unsecured bank overdrafts	178	423
	178	423
Due after more than one year:		
Secured bank loan	7,500	3,000
Total borrowings	7,678	3,423

The bank borrowing is secured on all the Group's assets for the duration of the facility.

As at 30 June 2009 the facility available to the Group was £12.5 million (2008: £16.0 million), of which £7.5 million (2008: £3.0 million) was drawn down in cash resulting in an unutilised facility of £5.0 million (2008: £13.0 million). The Group has renegotiated the terms of the facility, which will remain at £12.5 million until 30 September 2010, after which it reduces every 6 months until fully repaid by 31 March 2013.

The borrowings are repayable as follows:

	2009 £'000	2008 £'000
Due within one year:		
On demand or within one year	178	423
In the second year	-	-
In the third to fifth years inclusive	7,500	3,000
Total borrowings	7,678	3,423

16. Net (debt)/cash

	2009 £'000	2008 £'000
Cash and cash equivalents	3,375	4,163
Overdrafts	(178)	(423)
Bank borrowings – non-current	(7,500)	(3,000)
Finance leases	-	-
Net (debt)/cash (note 17)	(4,303)	740

17. Reconciliation of movement in net debt

	Cash at bank and in hand £'000	Overdrafts £'000	Total net cash £'000	Debt due within one year £'000	Debt due after one year £'000	Total debt £'000	Net debt £'000
At 1 July 2008	4,163	(423)	3,740	-	(3,000)	(3,000)	740
Cash flow	(788)	245	(543)	-	(4,500)	(4,500)	(5,043)
At 30 June 2009	3,375	(178)	3,197	-	(7,500)	(7,500)	(4,303)

18. Deferred tax assets/(liabilities)

	At 1 July 2008 £'000	Exchange £'000	Recognised in the income statement £'000	Recognised in equity £'000	At 30 June 2009 £'000
Property plant and equipment	588	-	97	-	685
Intangible assets	(411)	-	115	-	(296)
Share-based payments	34	-	(15)	(19)	-
Other items	(10)	-	10	-	-
Short term timing differences	179	(24)	(46)	-	109
Tax losses	558	31	11	-	600
	938	7	172	(19)	1,098

	At 1 July 2007 £'000	Acquisitions £'000	Recognised in the income statement £'000	Recognised in equity £'000	At 30 June 2008 £'000
Property plant and equipment	621	-	(33)	-	588
Intangible assets	(533)	-	122	-	(411)
Share-based payments	-	-	15	19	34
Other items	(107)	-	13	84	(10)
Short term timing differences	301	82	(204)	-	179
Tax losses	318	-	240	-	558
	600	82	153	103	938

Deferred tax assets are recognised to the extent that they are considered recoverable against the future profits of the Company. No deferred tax asset has been recognised in relation to taxation on UK losses amounting to £162,000 (2008: £238,000).

Certain deferred tax assets and liabilities have been offset to the extent permitted by IAS 12. The deferred tax asset balance as at 30 June 2009 is made up of a UK deferred tax asset balance of £510,000 (2008: £415,000) and an overseas balance of £588,000 (£523,000).

19. Subsequent events

On 1 September 2009 the Company announced that it had completed its transaction to acquire the entire share capital of Total Repair Solutions Limited ("TRS") for an enterprise value of £6.25 million. The consideration was satisfied by the payment of £3.0 million in cash and £3.25 million in Consideration Shares. The cash consideration was funded by a Placing and the issue of 8,352,675 new shares. A total of 16,477,675 Placing and Consideration shares were issued on 1 September 2009 at 40 pence per share.

TRS is a privately owned outsource service provider with a strong position in the after-sales mobile phone sector and is highly complementary to Regeneris' service business.

The Directors will complete their fair value assessment of the carrying values of the assets and liabilities acquired as part of the TRS acquisitions within the next 12 months.

20. Copies of Annual Report and Accounts

Copies of the Annual Report and Accounts will be sent to shareholders shortly and will be available to members of the public from the Company's registered office located at 4 Elm Place, Old Witney Road, Eynsham, Oxfordshire, OX29 4BD and on the Company's website – www.regeneris.com