

511 3820



2012 Annual Report & Accounts

**Developing markets.
Delivering results.** >



Overview

Financial results for the year to June 2012 show solid forward momentum, with the Group growing revenues by 13% to £139.9 million and headline profits by 24% to £7.8 million.

We have continued to deliver on what we set out to do – double-digit revenue growth on steadily improving profit margins.

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Business Highlights

We have continued with our strategy of

- Expanding our presence in Emerging Markets
- Developing our Advanced Solution capabilities
- Building on our strong niche positions

Other highlights include:

- Double digit growth
- Acquisition of HDM on 31 August 2012 for the headline price of €6.5 million, adding operations in Spain, Mexico and Argentina
- Acquisition of a Swedish business formerly owned by Anovo in January 2012 for €0.25 million
- Operations established in USA (Tampa, Florida) focused on our Advanced Solutions business for cable TV operators
- Significant contract win with Virgin Media and a significant contract extension with Wincor Nixdorf

Key Financial Highlights

Revenue

£139.9m +13%

Up from £123.8m in 2011



Headline Operating Profit*

£7.8m +24%

Up from £6.3m in 2011



Operating Profit

£2.1m +250%

Up from £0.6m in 2011



Net Debt

£2.9m -25%

Down from £3.8m in 2011



Basic Earnings per Share (Pence)

3.33p

Up from a loss of 1.85p in 2011



Adjusted Earnings Per Share (Pence)**

13.85p +13%

Up from 12.26p in 2011

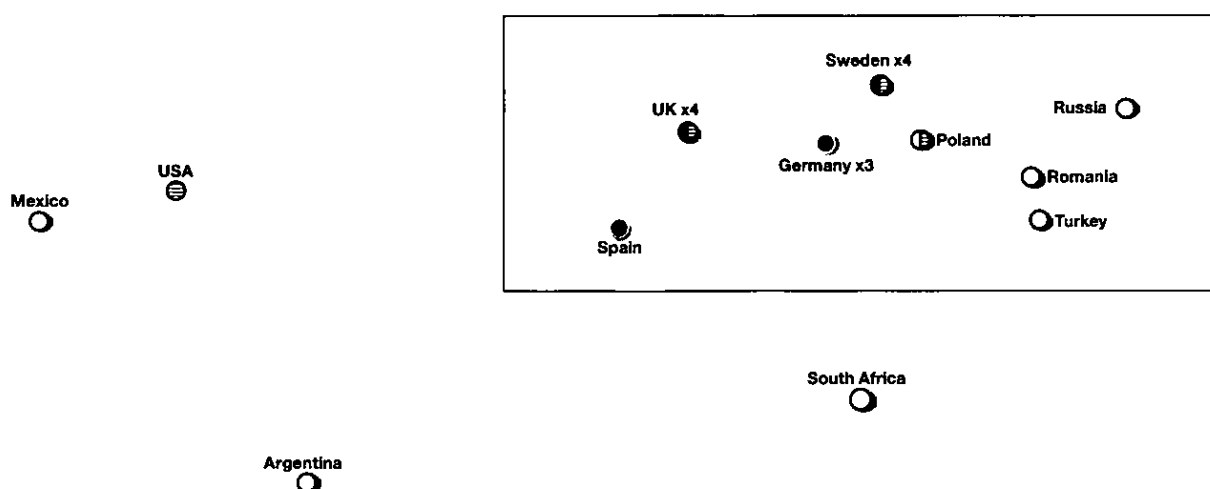


* Headline operating profit excludes exceptional restructuring costs, amortisation or impairment of acquired intangible assets, share-based payments and share of results of jointly controlled entities.

** Adjusted earnings are stated before amortisation or impairment of acquired intangible assets, exceptional restructuring costs, acquisition costs, and share-based payments.

Regeneris at a Glance

Regeneris is a leading outsourcing partner to many of the world's leading consumer technology companies. The Group has businesses in 12 countries serving large clients in multiple geographies and is organised under three reporting segments; Emerging Markets, Western Europe and Advanced Solutions.



Emerging Markets

Regeneris is a market-leading repairer of electronic consumer products in high growth emerging markets including Poland, Romania, Russia (a 50% joint venture), South Africa, Turkey, Mexico and Argentina

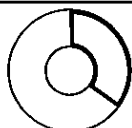
- Market leader in Poland
- Growing demand from new and existing customers in Romania
- Increasing demand from joint venture in Russia
- New territories added in Mexico and Argentina

Revenue

£41.3m (2011 £43.2m)

Proportion of Group Revenue

30%



Western Europe

Regeneris is a market-leading repairer of electronic consumer and business products (e.g. mobile phones, 'Chip and Pin' machines) in the UK, Germany, Sweden (a 50% joint venture) and Spain

- A market leader in combined logistics, screening and repair services
- Growing provider of services for financial, medical and industrial products
- Acquired joint venture in Sweden providing entry point in Nordic market
- New territory added in Spain

Revenue

£79.7m (2011 £63.1m)

Proportion of Group Revenue

57%



Advanced Solutions

Regeneris provides technically driven solutions and is a market-leading repairer of media products including TVs and set-top boxes

- Innovative developer of in-field testing equipment for set-top boxes
- Significant progress in the development of overseas clients
- Expanded range of services to include Recommerce and Digital Care
- Business Process Outsourcing services reducing costs for our customers
- Operation established in USA (Tampa, Florida)

Revenue

£18.8m (2011 £17.5m)

Proportion of Group Revenue

13%



Our Services

Regeneris specialises in the field of after-sales, enabling our clients to define and deliver service propositions that reinforce their brands, build stronger relationships with their customers, and do so cost-effectively.

Major products and services	Major strengths	Major clients	
> We provide our clients with a range of services <ul style="list-style-type: none"> • Complex Repair • Business Process Outsourcing • Returns Management • Recommerce • Digital Care • In-Field Testing and Licensing 	Five reasons why Regeneris is in a prime position for future growth	HTC	First Data
	1 > Regeneris has well defined product and service offerings, with clear teams and owners	Intermec	LG
	2 > The matrix of products and geographies builds on the strengths, assets and relationships of Regeneris. It is the way the Company will translate its strategy for growth in Emerging Markets and Advanced Solutions on the ground	Nokia	O2
	3 > Regeneris has a very strong and experienced management team focused on operational excellence consistently across the whole Group	Samsung	Sony
	4 > Regeneris has excellent working relationships with our clients and continues to be recognised as their long-term partner	Telenor Group	Virgin Media
> For a wide range of products <ul style="list-style-type: none"> • Mobile devices • Laptops, tablets and ultrabooks • Set top boxes • Televisions • Medical devices 	5 > Regeneris is well placed both geographically and with its blue-chip customer base to exploit the rapid growth of consumer electronics in emerging markets	Wincor Nixdorf	Fujitsu

Executive Chairman's Statement

"Our plan, to deliver double digit sales growth on steadily improving operating profit margins, concentrating on Emerging Markets, Advanced Solutions and niche product areas, is firmly underway. In the past nine months, we have extended the Group's operations into Spain, Mexico, Argentina, Sweden and the USA."

Matthew Peacock

Executive Chairman

The opportunity exists for us to build a sizeable multinational provider of aftermarket services and technology to global technology clients. Our aim is to do so. This first full year of results during my tenure as Chairman has delivered not only a year of solid growth, under the new strategy introduced in June 2011, but also the first steps in delivering this vision. I would like to thank all of our employees and customers for their part in making this year a success. Our revenue increased by 13% to £139.9 million and headline operating profit improved by 24% to £7.8 million. We have continued to deliver on what we set out to do – double-digit revenue growth on steadily improving profit margins.

Cash flow management, during the course of the year, improved with operating cash flow of £4.9 million (2011: £2.4 million). Net debt at the year-end was just £2.9 million (2011: £3.8 million).

This performance has been delivered against a challenging backdrop of change in our sector, with some of our largest clients suffering well-publicised and very material volume declines. In response we have rebalanced organically and by acquisition, towards faster-growing clients, geographies and service lines. I am particularly pleased that we have entered Mexico and the USA and that we have organically grown new Advanced Solutions offerings in Digital Care and Recommerce.

A year into the new strategy and with the initial turnaround activities behind us, we have a stronger business, well placed in its market with an outstanding management team, of which I am proud. We have continued to invest to support future growth. We have absorbed the costs of organic market entry to Turkey and South Africa. We have made important personnel changes, additions and improvements, including our new Non-executive director, Kevin Bradshaw, new CFO, Jog Dhody, as well as externally-hired teams dedicated to Recommerce and Digital Care, and new sales directors in the USA, Turkey, South Africa and Poland.

The acquisition of HDM is, I believe, an outstanding deal for the Group. HDM brings a talented team and an operation

with an industry reputation for excellence. It takes us directly into new Emerging Markets in Mexico and Argentina and opens other Latin American avenues from a perspective of clients, language, and culture. Spain is a key European market, home to Telefonica, and also brings to Regeneris a large boost in its presence with Samsung. I would like to welcome, again, all of our new colleagues.

As a result of these actions, we now have a footprint of 22 sites, in 12 countries across three continents. Seven of these countries were opened or acquired since the new Board took over in March 2011. We have nine well-defined product and service offerings with clear teams and owners, of which four have been developed in this period. This matrix of geographies and products matters enormously because (1) it is how we leverage and build on our strengths, assets and relationships and (2) it is how we translate our strategy for growth in Emerging Markets and Advanced Solutions into action on the ground. We currently offer products and services to approximately 25 percent of the total universe of opportunities available to us, offering clear and present opportunities for growth. Please see Matrix of services and geographies on page 8.

Emerging Markets

Overall, revenue declined marginally to £41 million. Headline operating profit also reduced marginally to £4.6 million. These results reflect the negative impact of declines in sales of new devices by some of our large mobile clients in Poland and Romania, the Group's relatively lower exposure in the period to fast-growing brands such as Samsung and Apple and start up investment in South Africa. The Group has, however, made significant progress in rebalancing this mix during the year.

The new territories opened in 2010/11, Turkey and South Africa, have shown very good progress over their first year of operation. We continue to focus on both organic and acquisitive routes into new markets. The recent acquisition of the HDM business will also give access to Mexico and Argentina.

Western Europe

Western Europe comprised principally UK and Germany, although Sweden was brought into the segment during the year. Spain will be part of the segment in the next year. Overall revenue increased 26% to £80 million due mainly to growth from new contract wins in the UK and Germany. Headline operating profit grew by 38% to £2.1 million, reflecting restructuring and cost reductions in the UK operations.

Advanced Solutions

Advanced Solutions included our innovative services in set top box repair and repair avoidance, as well as technically driven solutions in other markets. Overall revenue increased 8% to £19 million. Headline operating profit grew by 20% to £2.9 million. Again, we are pursuing both organic and acquisitive routes to expand our business in this area.

During the year, a significant contract for the supply of the in-field testing product was signed by Virgin Media. This will include a phased roll out of these units to their field engineers. Since the year end, our technology has been successfully piloted by a large US cable TV company and I am very pleased to report that a roll-out agreement has now been secured. We have also expanded our range of service offerings to include:

- **Recommerce** – which offers a repair refurbishment and onward resale of mobile devices in collaboration with our major clients
- **Digital Care** – which provides a range of extended warranty and insurance services to end customers through intermediaries covering mobile, media and other portable consumer electronic equipment
- **Business Process Outsourcing** – which builds on our vendor management services, running the repair function for our customers and the retail network on their behalf in selected geographies

The Board continues to focus on realising the strategy and on achieving operational excellence consistently across the whole Group. The strategy requires us to build on our existing presence, especially in Emerging Markets and in Advanced Solutions, areas in which superior opportunities for shareholder value creation are achievable. The strategy also emphasises building strong niche positions, which tend to have superior margin characteristics. It is noteworthy that profits from this area now equate to 30% of the Group's profits, before corporate costs.

Acquisition of Anovo Nordic

On 23 January 2012, we purchased a 50% share in Anovo Nordic, which was renamed Regeneris Nordic AB. This business has a good market share in mobile repair in Sweden and gives us an entry point into the Nordic market.

Acquisition of HDM

On 31 August 2012, we completed the acquisition of HDM which has operations in Spain, Mexico and Argentina. Its results will be consolidated in the coming year from 1 September 2012.

Banking facilities

During the year, we extended our banking facilities from £15 million to £23.25 million for the period to October 2015, providing significant funding to undertake further investment and M&A activity.

Dividend

In line with the Board's policy to recommence paying a dividend to shareholders, the Board is recommending a final dividend of 1.1 pence per ordinary share, to be paid on 5 December 2012 to shareholders on the register on 9 November 2012. Based on the Board's anticipated dividend split of one third interim dividend and two thirds final dividend, this implies a full year dividend equivalent of 1.65 pence per ordinary share.

Current trading and outlook

In the period since the year end, current trading has been in line with the market's expectations and is trending well. We remain optimistic about the 'opportunity set' presented to us and are seeing unusually good global acquisition opportunities, as the market consolidates around clients' geographic needs, and substantial organic opportunities, as our service portfolio improves and we follow key clients into new geographies.

Our markets and specific client contracts continue to show growth and present regular opportunities to win significant new business. The Board continues to target double digit revenue growth on steadily improving operating profit margins and, given good return on capital employed, expects to continue its R&D and capital expenditure programme.

Matthew Peacock

Executive Chairman
25 September 2012

Business and Financial Review

The financial performance of the business showed significant forward momentum with headline operating profit growing 24% to £7.8 million.

Results

The financial performance of the business showed significant forward momentum with revenue of £139.9 million (2011: £123.8 million, growth 13%), headline operating profit of £7.8 million (2011: £6.3 million, growth 24%), a headline operating profit margin of 5.5% (2011: 5.1%), and significant improvement in operating cash flow of £4.9 million (2011: £2.4 million), leading to a reduction in net debt at June 2012 to £2.9 million (2011: £3.8 million). Group operating profit increased to 270% £2.1 million (2011: £0.6 million).

Key financials

	2012 £m	2011 £m
Revenue	139.9	123.8
Headline operating profit	7.8	6.3
Operating profit	2.1	0.6
Headline operating margin %	5.5%	5.1%
Operating margin %	1.5%	0.5%

The most significant factor was the growth in revenue and profits in Advanced Solutions and Western Europe, along with cost reductions in Western Europe and corporate costs.

Reporting segments

Segment	Revenue		Headline operating profit	
	2012 £m	2011 £m	2012 £m	2011 £m
Emerging Markets	41.3	43.2	4.6	5.1
Western Europe	79.8	63.1	2.1	1.5
Advanced Solutions	18.8	17.5	2.9	2.4
Total divisional	139.9	123.8	9.6	9.0
Corporate costs	–	–	(1.8)	(2.7)
Group	139.9	123.8	7.8	6.3

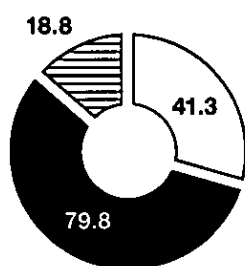
Emerging Markets

Emerging Markets includes Poland, Romania, Russia (a 50% joint venture), South Africa and Turkey. Following the acquisition of HDM in August 2012, this segment also includes Mexico and Argentina.

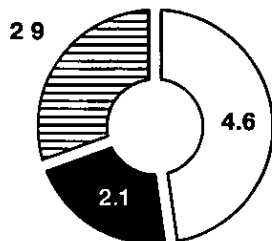
Overall revenue declined marginally to £41 million. Headline operating profit also reduced to £4.6 million, due to a decline in sales of new mobile devices by some of our large mobile clients and start up investment incurred in the new South African operation. Financial and operational highlights included:

- Poland and Romania remain focused on providing a quick in-country solution, as well as a low cost solution for off-shoring work from Western European markets. We won new business with Orange in the year.
- South Africa is proving to be an excellent growth market. This Regeneris site has now operated for over 12 months. We have now moved this site in run-rate terms to a profit position after the initial start up investment. We won new work in our Media and Entertainment product line with Acer, which will be implemented in the current financial year. There exists a good and growing pipeline of new opportunities in this country.
- Turkey is another market with good potential. This site has now operated for over 12 months and continues to perform well providing mobile services. We are also seeking new opportunities in Turkey in a number of product lines.
- Russia continues to be served by our joint venture operation and during the period we won new work for our B2B and financial products and a new contract with HTC. The pipeline of new opportunities is growing, serviced by the new global sales force.
- New markets in Mexico and Argentina have been entered through the acquisition of HDM. These will contribute to the current year's results.

Overall in the year, the Group consolidated its position and made considerable progress in its strategy to enter new emerging markets and develop existing ones, against a backdrop of reduced volumes (but not market shares) with certain large clients.



Revenue
by segment (£m)



Headline operating profit
by segment (£m)

- Emerging Markets
- Western Europe
- ⊖ Advanced Solutions

Western Europe

Western Europe comprises the businesses in the UK, (excluding Advanced Solutions) at Glasgow, Huntingdon and Normanton, in Germany, Schloss Holte and Sommerda and in Sweden (a 50% joint venture). Following the acquisition of HDM in August 2012, this will also include Spain.

Overall revenue increased 26% to £80 million. Headline operating profit grew by 40% to £2.1 million, this was mainly due to growth from new contract wins and cost reductions in the UK operations following the completion of restructuring activities. Financial and operational highlights included:

- Germany delivered good growth through new contract wins with a number of large customers, as well as growth in revenues from existing customers. We continue to build a substantial business supporting 'Chip and Pin' providers in logistics, refurbishment, repair and programming, where there are particularly demanding accreditation and service requirements. In addition, progress supporting ATM machines and more advanced IT services, such as for the healthcare industry, continues. We will continue to roll out these services in other countries.

- The Sweden joint venture acquired in January 2012 required substantial restructuring, which commenced in June 2012 as planned at the time of acquisition.
- In the UK, we grew profitability through focused cost management initiatives. This year also saw the completion of a substantial restructuring of the UK business, reflecting the more efficient processes we now follow as a Group, the consolidation of our activities in key areas and markets, and the wind-down of the major contract with Hutchison 3G announced last year.

There was significant progress during the year in developing the strategy of focus on niche product areas, where Regeneris has or can build a high market share with specific clients, brands and device types. This is reflected in the strong performance in Germany and in securing our first contracts in other geographies.

Business and Financial Review continued

Advanced Solutions

The Advanced Solutions segment has historically been centred on our business serving set top box and televisions, based in Glenrothes in Scotland. During the year we have expanded our services in this division to include a number of new product offerings and locations as well as growing the business in Glenrothes.

Overall revenue increased 7% to £18.8 million

Headline operating profit grew by 21% to £2.9 million

Financial and operational highlights included

- Advanced Solutions – in the UK includes in-field testing, where we are partnering with Virgin Media to diagnose set-top box faults in the home, reducing unnecessary returns costs. The equipment is currently being deployed in the field.
- Advanced Solutions – Media & Entertainment, Other countries: we have undertaken a successful trial of our in-field testing equipment in the US and have recently secured a roll-out agreement with a major US cable TV company. To support this market, we opened a new sales office in USA (Tampa, Florida). The launch of this business is going well, although there is little financial impact in the year reported.

Matrix of services and geographies

		UK	Germany	Poland	Romania	Russia	Sweden	USA	Spain	Turkey	South Africa	Mexico	Argentina
Mobile	Repair	○		○	○	○	●		●		●	●	●
	Vendor Management Outsourcing/BPO	○	Starting point							●			
Media & Entertainment	STB Repair	○			○								
	TVs, Sat Nav, Laptops	○			○								
B2B niche products	Cash and Payment	●	○			●							
	Medical and Industrial	●	○			●							
Advanced Solutions	Recommerce	●											
	Digital Care			●			●						
	IFT/Licensing	●						●					

○ indicates where an offering is already in place

● indicates where an offering has recently been launched

- **Recommerce** – this was launched in the UK with plans to enter two or three new territories in 2013. We manage the operations programme to handle client product return and refurbishment as well as a service for OEMs. Management of refurbished products is a growth focus for our clients. We have invested heavily in this area to create a bespoke and scalable technology proposition that is in demand and reflects a general shift in the industry. We plan to grow our operations with existing customers and roll out the concept in other territories.
- **Digital Care** – this was launched in Sweden and Poland during the latter part of the year. We provide a range of extended warranty and insurance services to end customers through intermediaries covering mobile, media and other portable consumer electronic equipment. The launch of these businesses is going well and there is little financial impact in the year reported.
- **Business Process Outsourcing** – across a number of locations we provide our vendor management service, which runs the repair function for our customers' retail network on their behalf. This helps our customers reduce the cost of their aftermarket service provision.

Overall, the year has shown growth in our existing Advanced Solutions propositions in terms of client wins and new geographies and development of new propositions to broaden and accelerate growth in the current year.

Client development

We continue to develop long term partnerships with our key customers and improve our internal commercial disciplines in contract life cycle management.

We have continued to grow and develop our global sales team responsible for providing an integrated approach to large multi-national clients and prospects, which often have activities cutting across the traditional device distinctions (mobile phones, notebook computers, televisions, etc).

We have had considerable success rolling existing relationships into other territories including, with HTC from the UK into South Africa and Russia, Wincor from Germany into Russia, Intermec from Germany into Glenrothes and Russia.

In the year to June 2012 the largest client accounted for 14% of the Group's revenue and the top 10 clients represent 67% of Group revenue. Within most of the largest clients the business is built up from multiple contracts for different geographies and/or types of work with different durations.

Acquisition of Anovo Nordic

In January 2012 we purchased a 50% share in Anovo Nordic for a consideration of €0.25 million, which was renamed Regeneris Nordic AB. The other 50%, which the Group has an option to acquire in the future, is owned by the local management. This business has a good market share in mobile repair in Sweden. The business required substantial restructuring, which commenced in June 2012.

Business and Financial Review continued

A significant improvement in operating cash flow to £4.9 million (2011: £2.4 million), leading to a reduction in net debt at June 2012 to £2.9 million (2011: £3.8 million).

Acquisition of HDM

On 25 July 2012 we agreed to acquire the trade and assets of the HDM Group of Companies ("HDM") for an initial consideration of €6.5 million on a cash- and debt-free basis. Completion took place on 31 August 2012.

The key highlights of the acquisition were:

- HDM provides aftermarket services including, reverse logistics and repair to network operators and mobile telephone manufacturers in Spain, Mexico and Argentina
- Key customers include Telefonica, Samsung and Nokia
- HDM employs more than 600 staff across its three facilities

Exceptional restructuring and deal costs

This year brings to an end the substantial restructuring of the UK business. This restructuring recognises the more efficient processes we now follow as a Group and the consolidation of our activities in key areas and markets. This restructuring has led to an exceptional provision for onerous leases and people costs at the 2012 year-end of £4.4 million.

There were also one off deal costs from an unsuccessful acquisition of £0.5 million.

Amortisation of intangible assets

Other costs excluded from headline operating profit were the ongoing amortisation of acquired intangible assets amounting to £0.2 million (2011: £0.5 million).

Share-based payments

Other costs excluded from headline operating profit were share-based payments amounting to £0.3 million (2011: £0.1 million). This has increased principally due to the Incentive Share Scheme established in late 2011.

Net financing charges

During the year the Group increased its loan facility from £15 million to £23.25 million with HSBC. The facility runs until October 2015. The one-off costs of arranging this facility totalled £0.2 million and are amortised over the expected loan facility period. Aside from this, net financing charges were £0.4 million (2011: £0.3 million).

Taxation

The total tax charge was £0.3 million (2011: £1.0 million). The Group has a permanent benefit from being in territories where the local taxation rates are lower than the UK rate, for example Poland (19%) and Romania (16%). The blended corporation tax rate for the Group is 15%.

Earnings per share

Adjusted earnings per share increased to 13.85 pence (2011: 12.26 pence). The basic earnings per share is 3.33 pence (2011: loss of 1.85 pence).

Exchange rates

During the year, although currencies in the overseas economies where we have a presence (notably Germany, Poland and Romania) have weakened relative to Sterling, this did not materially alter the Group's reported profit result.

The cumulative effect of exchange rate movements on the Group's net assets is reflected in the Consolidated Statement of Comprehensive Income.

Cash flow

	2012 £m	2011 £m
Operating cash flow before movement in working capital	5.7	3.2
Movement in working capital	(1.7)	(2.2)
Movement in provisions	1.8	2.3
Net interest payments	(0.1)	(0.3)
Tax paid	(0.8)	(0.6)
Operating cash flow	4.9	2.4
Net capital expenditure	(3.3)	(2.2)
Exchange gains on translation	(0.7)	0.1
Net reduction in net debt	(0.9)	0.3
Net debt	(2.9)	(3.8)

Cash flow from operating activities was improved with a net inflow of £4.9 million (2011: £2.4 million).

Our conversion of profits into cash has improved, with continued focus on working capital management. Working capital has increased by £1.7 million, which is in line with revenue growth. Debtor days are broadly in line with the prior year at 42 days (2011: 41 days).

Tax paid was £0.8 million, as the Group again benefited from losses brought forward and research and development expenditure tax credits.

Interest paid was £0.1 million (2011: £0.3 million) and is lower than the prior year due to improved cash management.

Capital expenditure and investment in R&D was increased to £3.3 million (2011: £2.2 million) overall. Expenditure on tangible assets, primarily comprising new buildings and equipment for our new South African and Polish operations, was £2.2 million (2011: £1.2 million). Following further investment in automation and in-field testing technology, expenditure on intangible assets was broadly unchanged at £1.1 million (2011: £1.0 million).

Financial position

The Group has strong financial metrics with interest cover of 22 times (2011: 26 times) and a net debt to EBITDA ratio of 0.3 (2011: 0.5).

Financing

At 30 June 2012 net debt was £2.9 million, a significant improvement on the prior year (2011: £3.8 million).

Year end net debt comprised gross borrowings of £6.0 million, all in Sterling (2011: £7.0 million), cash and cash equivalents of £2.7 million (2011: £2.9 million) and the deferred loan facility arrangement costs of £0.4 million (2011: £0.3 million).

The Group increased its banking facilities to £23.25 million during the year and has ample headroom to fund investment and M&A activity in 2012/13 and beyond.

All banking covenants have been passed and show significant headroom for the foreseeable future.

Business and Financial Review continued

Key performance indicators

The Group has a range of performance indicators, both financial and non-financial, to monitor and manage the business. These are set at the individual customer level and for business units as well as for the Group as a whole. The Group's key performance indicators ("KPIs") are headline operating profit, headline operating margin and net debt. These measures are used continually to manage the business, improve performance and compare results against targets.

Risks and uncertainties

Throughout its international operations, Regeneris faces various risks, both internal and external, which could have a material impact on the Group's long-term performance. Regeneris manages the risks inherent in its operations in order to mitigate exposure to all forms of risk, where practical. The Board has identified several specific risks and uncertainties that potentially impact the ongoing business including:

- **Commercial contract risks** – Given the potential for onerous terms in customer contracts it is essential that Regeneris continues to contract for business at acceptable rates and with appropriate commercial balance. This also includes consideration of the cash flow impact of each customer contract. The Group has a contract approval scale in which, the key customer contracts will be approved by the Group Board and others approved by different levels of senior management as appropriate.
- **Systems risks** – As data management is an essential platform of our service offering, the flexibility and reliability of the systems is critical to the ongoing development of the Group. The integrity of our systems is maintained through multiple site locations backup testing and a disaster recovery plan.
- **Market and economic risks** – The Group's activities support a broad range of customer orientated and technology rich products. There is a strong correlation between the volume of consumer sales and the number of service events arising as a result of those sales. The Group has been developing a diversified service capability and expanding capacity in low cost service locations to ensure a balanced portfolio of customers, services and locations.
- **Financing risks** – In the continuing difficult financial markets the Group has maintained a prudent approach to the management of cash flow. The Group has good access to facilities providing finance until October 2015.
- **Customer concentration risks** – A number of customers are significant in the context of the Group as a whole. Decreasing customer concentration remains an issue the Board is conscious of and seeks to reduce further through the development of new customers and the creation of more dependent relationships with its existing customers.
- **Operational risks** – Operational efficiency is vital to the profitability of the Group and to customer service. The Group is currently giving this area great focus and has strengthened the operational management where needed.
- **Compliance risks** – Some of the Group's business relies on the compliance with and enforcement of legislation consistent with the WEEE Directive. The Group maintains Government approved licenses to manage the collection, treatment and export of electrical waste. In addition Regeneris handles equipment holding personal data and is mindful of the implications of the Data Protection Act. The Group maintains internal processes to ensure appropriate guidelines are followed.

- **Foreign exchange rate volatility** – The widening geographic spread of the Group means that financial results can, increasingly, be affected by movements in foreign exchange rates. The risk presented by currency fluctuations may affect business planning and product procurement costs. The Group monitors foreign exchange exposure closely, performs regular reporting to the Board and when an exposure is not covered through a natural hedge, will consider entering into a hedge arrangement.
- **Employee engagement** – Staff engagement is essential to the successful delivery of service to customers and longer term the overall business strategy. Considerable effort has been devoted to communicating the business strategy so employees are clear on our business objectives and their role in the strategy. The employee appraisals process and the setting of personal objectives operate within the framework of our corporate objectives. This is then reinforced by the employee incentivisation process.

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 review should be construed as a profit forecast.

Matthew Peacock
Executive Chairman

Jog Dhody
Chief Financial Officer
25 September 2012

Directors and Advisers

1 Matthew Peacock
Executive Chairman

2 Jog Dhody
Chief Financial Officer

3 Michael Peacock
Senior Independent
Non-executive Director

4 Tom Russell
Non-executive Director

5 Kevin Bradshaw
Non-executive Director

Registered office
4th Floor
32 Wigmore Street
London W1U 2RP
T +44 (0)203 657 7000
F +44 (0)203 657 7019
Company number
05113820

Auditors
KPMG Audit Plc
One Snowhill
Snow Hill Queensway
Birmingham B4 6GH

**Nominated adviser
and joint broker**
Arden Partners
125 Old Broad Street
London EC2N 1AR

Joint broker
Panmure Gordon (UK) Ltd
155 Moorgate
London EC2M 6XB

Bankers
HSBC
4th Floor, 120 Edmund Street
Birmingham B3 2QZ

Registrars
Computershare Investor
Services plc
PO Box 82
The Pavilions
Bridgewater Road
Bristol BS99 7NH

Lawyers
Pinsent Masons
3 Colmore Circus
Birmingham B4 6BH

Company Secretary
Prism Cosec Limited
10 Margaret Street
London W1W 8RL

1 Matthew Peacock

Executive Chairman

Matthew Peacock is the founder partner of Hanover Investors Management LLP which is a significant shareholder of Regeneris. Hanover Investors is a specialist turnaround investment firm based in London. Matthew has led investments for over 22 years in, amongst other sectors, manufacturing, outsourced business services, chemicals, financial services, textiles, media, technology and logistics. Prior to this, he ran the international M&A team in London at Barclays de Zoete Wedd, having started his career at Credit Suisse First Boston in New York. Matthew is also Chairman of Fairpoint Group plc, having served on a number of public company boards over the last decade.

4 Tom Russell

Non-executive Director

Tom Russell is a partner at Hanover Investors Management LLP. Prior to this he spent nine years at Mercer Oliver Wyman, where he specialised in the Communications, Information and Entertainment sector, advising on strategy and operations.

2 Jog Dhody

Chief Financial Officer

Jog Dhody has significant financial management experience, particularly within ambitious, growth-oriented businesses. Jog was most recently Chief Financial Officer of the Esporta Group, a position he held for four years. During that time, Jog played a key role in the successful restructuring and turnaround of the business, which had been the subject of a private equity-backed refinancing, and the ultimate sale of the operating business to Virgin Active in April 2011 and the sale of the property company to British Land in July 2011. Prior to this, Jog was Financial Controller of Phones4u Group.

5 Kevin Bradshaw

Non-executive Director

Kevin Bradshaw most recently served as Managing Director of Avis UK and was additionally responsible for technology across Avis Europe Plc. As a part of the Avis Executive Board, Kevin oversaw a significant turnaround of the UK operating business and undertook a transformation of the European technology organisation prior to the sale of Avis Europe in October 2011. Previously, Kevin served as Managing Director of the Enterprise Information Division at Reuters Plc and grew a number of businesses supplying financial data to the World's leading institutional financial services companies. Kevin started his career at the Kalchas Group, a firm of strategy consultants founded as a spin off from McKinsey and Bain & Company.

3 Michael PeacockSenior Independent
Non-executive Director

Michael Peacock was most recently the Finance Director at Victrex plc. Victrex is a global manufacturer of innovative, high performance thermoplastic polymers, working with customers and end users to deliver technology driven solutions to the challenges and opportunities they face. Michael was formerly with Barclays de Zoete Wedd's corporate finance department before moving into industry as a Finance Director.

Directors' Report

The Directors present their report together with the audited financial statements for the year ended 30 June 2012

Principal activities

Regeneris is a leading, strategic outsource partner to the world's premier consumer technology brands. We specialise in the field of after-sales, enabling our clients to define and deliver cost effective service propositions that reinforce their brands and build stronger relationships with their customers.

We achieve this by creating solutions that leverage our market knowledge, technical expertise and customer insight. Clients benefit from accelerated delivery of solutions by taking advantage of our innovative products and services.

Our dedication to improve the end-to-end customer experience and, at the same time, to reduce the total cost of after-sales make us unique in our market place. As a result, our clients choose Regeneris to manage (i) the lifecycle of their products from the preparation and introduction of new products to market, (ii) call centres providing technical and customer support, (iii) warranty management and insurance fulfilment, (iv) fully integrated repair avoidance, (v) returns management and technical repair, and (vi) the refurbishment and recommerce of devices.

Business review and future developments

The Company is required by the Companies Act 2006 to include a business review in this report. The information that fulfils the requirements of the business review can be found in the Chairman's Statement on page 4, and the Business and Financial Review on pages 6 to 13 which is incorporated in this report by reference. These reports also include details of expected future developments in the business of the Group, principal risks and uncertainties and details of key performance indicators deployed by management.

The Business and Financial Review has been prepared to provide the Company's shareholders with a fair review of its business and a description of the principal risks and uncertainties facing it. It should not be relied upon by anyone, including the Company's shareholders, for any other purpose.

Results and dividends

The audited accounts for the Group for the year ended 30 June 2012 are set out on pages 28 to 64. The Group profit for the year after taxation was £1.4 million (2011: £0.8 million loss). The Board recommends the payment of a final dividend of 1.1 pence per ordinary share to be paid on 5 December 2012 to shareholders on the register on 9 November 2012.

Directors

Details of changes to the Board during the year and of the Directors offering themselves for re-appointment at the forthcoming Annual General Meeting are set out in the Corporate Governance Report on pages 18 to 21.

Details of Directors' service agreements are set out in the Directors' Remuneration Report on pages 22 to 24.

The interests of the Directors in the shares of the Company are set out on page 24.

Full biographical details of the Company's Directors are given on pages 14 and 15.

Directors' liability insurance and indemnities

The Company maintains liability insurance for the Directors and officers of all Group companies. The policy does not provide cover in the event that a Director or officer is proved to have acted fraudulently or dishonestly.

Indemnities are in force under which the Company has agreed to indemnify the Directors to the extent permitted by applicable law and the Company's articles of association in respect of all losses arising out of, or in connection with, the execution of their powers, duties and responsibilities as Directors of the Company or any of its subsidiaries.

Supplier payment policy

The Group agrees payment terms with its suppliers when it enters into binding purchase contracts. The Group seeks to abide by the payment terms agreed whenever it is satisfied that the supplier has provided the goods or services in accordance with the agreed terms and conditions. The Group seeks to treat all suppliers fairly, but it does not have a Group-wide standard or code of practice that deals specifically with payment to suppliers. Trade payables at 30 June 2012 represented on average 31 days credit based on actual invoices received (2011: 44 days credit).

Share capital

The issued share capital of the Company at 30 June 2012 was £896,405, comprised of 44,820,252 ordinary shares of two pence each of which 2,150,000 are designated as treasury shares.

The Directors will be seeking authority at the forthcoming Annual General Meeting to renew their authority to allot shares (Resolution 8 and 9) and also a further authority enabling the Company to purchase its own shares (Resolution 10). Full details of these resolutions, together with explanatory notes, are contained in the Notice of Annual General Meeting on pages 65 to 70.

Substantial shareholdings

As at 21 September 2012, the following shareholders own more than 3% of the issued share capital of the Company.

	% of issued share capital	Number of shares
Hanover Investors Management LLP	22.79	10,213,351
Torch Capital (BVI) Limited	12.69	5,687,500
Impax Asset Management Limited	9.94	4,455,514
Gordon Sydney Shields	8.92	3,997,966
Fidelity Investments	4.97	2,225,413
Regeneris EBT	4.80	2,150,000
Aviva Investors	4.43	1,986,328
Ignis Investment Services Limited	4.09	1,833,200

Fixed assets

In the opinion of the Directors, there is no material difference between the book value and the current open market value of the Group's interests in land and buildings

Charitable and political donations

The Group made no direct charitable donations during the year. However, certain clients direct the Group to pay their entitlement under commercial arrangements to various charities.

Going concern

As highlighted in note 26 to the financial statements, the Group meets its day to day working capital requirements through a bank facility which is due for renewal on 31 October 2015.

Further information on the Group's business activities, together with the factors likely to affect its future development, performance and position is set out in the Business and Financial Review on pages 6 to 13. Further information on the financial position of the Group, its cash flows, liquidity position and borrowing facilities are described in the Business and Financial Review on 10 and 11. In addition, note 26 to the financial statements details the Group's objectives, policies and processes for managing its capital and its exposures to credit risk and liquidity risk.

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

After making enquiries, the Board has a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

Subsequent events

On 31 August 2012, the Group completed its acquisition of all of the issued share capital of Plataforma HDM Tecnológica S.A. and Plataforma HDM Tecnológica S.A. de C.V. and the trade and assets of HDM Plataforma Logística S.L., HDM Soluciones Integrales de Reparación S.L. and HDM Moviltech Servicio Técnico S.L. together comprising the entire operations of the HDM Group of Companies ("HDM") for an initial consideration of €6.5 million on a cash- and debt-free basis.

The initial consideration includes €5.85 million funded through the Group's existing banking facilities, and the remaining €0.65 million through the issuance of 587,571 ordinary shares.

In addition to this €6.5 million initial consideration, a capped earn-out will be payable on 30 September 2015, based on the EBIT achieved in the year to June 2015.

HDM is a leading provider of aftermarket services, including reverse logistics and repair, to network operators and mobile telephone manufacturers in Spain, Mexico and Argentina. HDM's key customers include Telefonica, Samsung and Nokia.

The addition of high-quality business in Spain, where HDM has a 20% market share in mobile repair, significantly

enhances Regeneris' European customer proposition. The acquisition also provides a strong exposure to new Emerging Markets and a platform for further future expansion into Latin America.

Annual General Meeting

The Annual General Meeting of the Company will be held on Wednesday 21 November 2012 at the offices of Arden Partners, 125 Old Broad Street, London, EC2N 1AR. The Notice setting out details of the business to be considered at the meeting is included on pages 65 to 70.

Auditor

KPMG Audit Plc have expressed their willingness to continue in office as auditors and a resolution proposing their re-appointment will be proposed at the forthcoming Annual General Meeting.

Disclosure of information to the auditor

As required by Section 418 of the Companies Act 2006, each Director serving at the date of approval of the financial statements confirms that:

- to the best of their knowledge and belief, there is no information relevant to the preparation of their report of which the Company's auditors are unaware, and
- each Director has taken all the steps a Director might reasonably be expected to have taken to be aware of relevant audit information and to establish that the Company's auditors are aware of that information.

Words and phrases used in this confirmation should be interpreted in accordance with Section 418 of the Companies Act 2006.

Employees

The Group keeps its employees informed of matters affecting them as employees through regular team briefings throughout the year. Applications for employment by disabled persons are given full and fair consideration for all vacancies in accordance with their particular aptitudes and abilities. In the event of employees becoming disabled, every effort is made to retain them in order that their employment with the Group may continue. It is the policy of the Group that training, career development and promotion opportunities should be available to all employees.

The average number of employees within the Group is shown in note 9 to the financial statements on page 41.

By order of the Board

Jog Dhody

Chief Financial Officer

Regeneris Plc
4th Floor, 32 Wigmore Street
London W1U 2RP

25 September 2012

Corporate Governance

Principles of good governance

As a Company quoted on AIM, a market operated by the London Stock Exchange, the Company is not required to comply with the UK Corporate Governance Code ('the Code'). However, the Group has complied with the provisions of the Code with the following exceptions

- Matthew Peacock, as Executive Chairman has responsibilities for both the organisation of the Board and running of the Group's business. Whilst this does not meet the criteria set out in provision A 2 of the Code, the objectivity of the Board and its independence from management is strengthened by the designation of a senior independent Non-executive Director, Michael Peacock (no relation), to convene or chair sessions of the Non-executive Directors if required
- Tom Russell was until 10 September 2012 a member of the Audit and Remuneration Committees and remains a member of the Nominations Committee. By virtue of his position with Hanover Investors Management LLP, Mr Russell therefore does not meet the independence criteria set out in provision B 1.1 of the Code
- Following the appointment of Kevin Bradshaw as an independent Non-executive Director on 31 January 2012, the Audit and Remuneration Committees now comprise a minimum of two independent Non-executive Directors as required by provisions C 3.1 and D 2.1 of the Code respectively. However, the Nominations Committee does not comprise a majority of independent Non-executive Directors as required by provision B 2.1 of the Code

The Board

Structure and composition

As at 30 June 2012, the Board comprised two Executive and three Non-executive Directors

	Appointed	Audit Committee	Remuneration Committee	Nominations Committee
Matthew Peacock Executive Chairman	8 Feb 2011	-	-	Chairman
Jog Dhody Chief Financial Officer	21 Mar 2012	-	-	-
Michael Peacock Senior Independent Non-executive Director	8 Feb 2011	Chairman	Chairman	Member
Tom Russell Non-executive Director	8 Mar 2011	Member	Member	Member
Kevin Bradshaw Non-executive Director	31 Jan 2012	Member	Member	Member

Biographies of all the Directors at the date of this report, including those offering themselves for re-election at this year's Annual General Meeting on Wednesday 21 November 2012, are set out on pages 14 and 15

The Chairman is responsible for leadership of the Board, ensuring its effectiveness and setting its agenda. The Chairman facilitates the effective contribution and performance of all Board members whilst identifying any development needs of the Board. He also ensures that there is sufficient and effective communication with shareholders to understand their issues and concerns.

Michael Peacock is the Senior Independent Non-executive Director to whom concerns may be conveyed by shareholders if they are unable to resolve them through existing mechanisms for investor communications or where such channels are inappropriate.

The Company Secretary is responsible for assisting the Chairman in all matters relating to corporate governance.

Details of the terms of appointment of both the Executive and Non-executive Directors are set out in the Directors' Remuneration Report, which refers to executive service contracts and non-executive terms of appointment, copies of which are available for inspection at the Company's registered office and which will be available for inspection at the forthcoming AGM.

Board process

The Directors ensure the effectiveness of the Board through regular meetings and by having open lines of communication between Board members.

During the year, the Board made visits to the Group's operating sites, and believes that the benefit of its collective experience is a valuable asset to the business. On joining the Board, new Directors are given background information describing the Group and its activities and site visits to the major business units. Meetings with principal shareholders and advisers are arranged as appropriate.

Details of attendance at scheduled Board and Board Committee meetings during the period are as follows:

	Board		Audit Committee		Remuneration Committee		Nominations Committee	
	No.	Attended	No.	Attended	No.	Attended	No.	Attended
Matthew Peacock	13	13	-	2*	-	2*	1	1
Michael Peacock	13	13	3	3	7	7	1	1
Tom Russell	13	12	3	3	7	7	1	1
Kevin Bradshaw (appointed 31 Jan 2012)	6	6	2	2	3	3	-	-
Andrew Lee (resigned 31 Jan 2012)	7	5	1	1	4	1	-	-
Jog Dhody (appointed 21 Mar 2012)	4	4	-	1*	-	-	-	-
Jeremy Wilson (resigned 21 Mar 2012)	10	10	-	2*	-	1*	-	-

*Attended by invitation

Non-attendance at meetings was due to prior business or personal commitments. Directors unable to attend Board or Committee meetings reviewed the relevant papers and provided comments to the Chairman or Committee Chairman.

The Board sets the strategic objectives of the Group, agrees on performance criteria and delegates to management the detailed planning and implementation of those objectives and policies in accordance with appropriate risk parameters. The Board monitors compliance with policies and achievements against objectives by holding management accountable for its activities through regular reporting and budget updates.

The Board has agreed a schedule of matters reserved specifically for its decision which include:

- Overall strategy and objectives,
- Approving interim and financial statements,
- Approving annual budget and medium term projections,
- Reviewing operational and financial performance,
- Acquisitions and disposals,
- Approval of major customer contracts,
- Major divestments and capital expenditure,
- Reviewing the Group's systems and capital expenditure,
- Reviewing the environmental and health and safety performance of the Group,
- Approving appointments to the Board including the Company Secretary,
- Approving policies proposed by the Remuneration Committee relating to Directors' remuneration and the severance of Directors' contracts, and
- Ensuring that a satisfactory dialogue takes place with shareholders.

The Board is supplied in a timely manner with the appropriate information to enable it to discharge its duties, including providing constructive challenge to, and scrutiny of, management. Further information is obtained by the Board from the Executive Directors and other relevant senior executives as the Board, particularly its Non-executive members, considers appropriate.

Procedures are in place for Directors to take independent professional advice, when necessary, at the Company's expense. No such advice was sought during the year under review.

The Board is supported by the Company Secretary who, under the direction of the Chairman, ensures good communication and information flows within the Board, including between Executive and Non-executive Directors and between the Board and its Committees.

If Directors have concerns that cannot be resolved regarding the running of the Group or a proposed action, they are encouraged to make their views known and these are recorded in the Board minutes.

Directors' conflicts of interest

Under the Companies Act 2006, a Director must avoid a situation where he has, or can have, a direct or indirect interest that conflicts, or possibly may conflict with the Group's interests. The requirement is considered very broad and could apply, for example, if a Director becomes a Director of another Company or a trustee of another organisation. The Act allows Directors of public companies to authorise conflicts and potential conflicts, where appropriate, provided that the articles of association contain a provision to this effect. The Company's articles authorise the Directors to approve such situational conflicts.

There are safeguards which will apply when Directors decide whether to authorise a conflict or potential conflict. First, only Directors who have no interest in the matter being considered will be able to take the relevant decision, and second, in taking the decision, the Directors must act in a way which they consider, in good faith, will be most likely to promote the Group's success. The Directors will be able to impose limits or conditions when giving authorisation if they think this is appropriate.

Directors are required to notify the Company Secretary of any additional conflict situation or if there is a material change in a conflict situation previously notified, giving sufficient details of the situation to allow the Board to make an informed decision when considering authorisation.

Re-appointment of Directors

The articles of association provide that any Director appointed to fill a casual vacancy or as an additional Director shall hold office only until the AGM immediately following appointment and shall then be eligible for election but shall not be taken into account in determining the Directors or the number of Directors who are to retire by rotation at that meeting (Article 94.2).

Andy Lee resigned from his Non-executive position on the Board on 31 January 2012. In his place, the Board appointed Kevin Bradshaw to fill the resulting vacancy. Jog Dhody joined the Board as Chief Financial Officer on 21 March 2012 following the resignation of Jeremy Wilson. Both Mr Bradshaw and Mr Dhody will offer themselves for election at the forthcoming AGM.

Board performance and evaluation

The Board instituted a formal evaluation process for the Board, its Committees and individual Directors in respect of the year ended 30 June 2012. The evaluation process concluded that the Board as a whole and its Committees had functioned effectively during the year and that each Director continued to make a valuable contribution.

Corporate Governance continued

Board Committees

Audit Committee

The Audit Committee is chaired by Michael Peacock. During the year under review, the Audit Committee met three times and details of attendance are given in the table above. The Executive Directors are invited to attend meetings as necessary. The Chairman and/or the Committee meets with the external auditors without any Executive Directors present whenever this is considered appropriate.

The Committee's responsibilities include

- Monitoring the integrity of the financial statements of the Group and any formal announcements relating to the Group's financial performance, reviewing significant financial reporting judgements contained in them,
- Considering the appointment, reappointment and removal of the external auditors, approving the remuneration and terms of engagement of the external auditors and agreeing the scope of the audit engagement,
- Keeping under review the effectiveness of the Group's systems of internal financial control and reporting to the Board regarding such systems on an annual basis, and
- Reviewing the arrangements by which Group employees may, in confidence, raise concerns about possible improprieties in matters of financial reporting (or other matters)

Remuneration Committee

The Remuneration Committee is chaired by Michael Peacock and met seven times during the year. Matthew Peacock is invited to attend meetings as necessary.

Under its terms of reference, the Remuneration Committee is responsible for

- Ensuring that the Company's Executive Directors and certain other agreed senior executives are fairly rewarded for their individual contributions to the Group's overall performance,
- Demonstrating to shareholders and other interested parties that the remuneration (including all benefits and terms of employment) of the Executive Directors is set by a committee of Board members who have no financial interest, other than as shareholders, in the outcome of their decisions and who will have due regard to the interests of the shareholders and to the financial and commercial health of the Group, and
- Assessing how the Group should comply with established best practice in Directors' remuneration,

Full details of the role, policies and activities of the Remuneration Committee are set out in the Directors' Remuneration Report on pages 22 to 24.

Nominations Committee

The Nominations Committee is chaired by Matthew Peacock. The Committee meets as and when required and met once during the year to consider appointments.

Under its terms of reference, the Nomination Committee is responsible for

- Selecting the most suitable candidate or candidates for appointment to the Board, and
- Overseeing succession planning for the Board.

Internal controls

The Board is responsible for maintaining a sound system of internal control to safeguard shareholders' investments and the Group's assets. Such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives and can provide only reasonable and not absolute assurance against material mis-statement or loss.

Regeneris is committed to conducting its business responsibly and in accordance with all applicable laws and regulations. Employees are encouraged to raise concerns about fraud, bribery and other matters in line with the Company policies. All such concerns are referred to, and investigated by, the Audit Committee, which recommends appropriate remedial action.

The Group's financial reporting processes are detailed and regularly reviewed. The detailed reporting is reviewed, at least each month end, by the members of Group Finance, highlighting areas of concern and checking/confirming that the reasons for variations are valid. Quarterly reviews of each business are performed, covering both historic and forthcoming financial and business performance as well as anticipating key future events.

Audit independence

The Audit Committee and the Board place great emphasis on the objectivity of the external auditor in their reporting to shareholders. The audit partner and director are present at Audit Committee meetings as required to ensure full communication of matters relating to the audit. The overall performance of the auditor is reviewed annually by the Audit Committee, taking into account the views of management, and feedback is provided when necessary to senior members of KPMG unrelated to the audit. This activity also forms part of KPMG's own system of quality control. The Audit Committee also has discussions with the auditor, without management being present, on the adequacy of controls and on any judgmental areas. These discussions have proved satisfactory to date. The scope of the forthcoming year's audit is discussed in advance by the Audit Committee. Audit fees are approved by the Audit Committee after discussions between the businesses and KPMG.

Rotation of the audit partner's responsibilities within KPMG is required by their profession's ethical standards. There will be rotation of the audit partner and key members within the audit team as appropriate.

Assignments of non-audit work have been and are subject to controls by management that have been agreed by the Audit Committee so that audit independence is not compromised. In summary, these procedures are as follows:

- **Audit related services** – as auditor, this is the main area of work of KPMG and its associates. If any additional support is required, this is considered competitively,
- **Tax consulting** – in cases where they are best suited, the Group engages KPMG and its associates but the Group also uses other tax consultancies. Significant pieces of tax work are evaluated competitively, and
- **General and systems consulting** – all significant consulting projects are subject to competitive tender.

Other than audit, the Chief Financial Officer is required to give prior approval of work carried out by KPMG and its associates in excess of a predetermined threshold. Part of this review is to determine that other potential providers of the services have been adequately considered. These controls provide the Audit Committee with confidence in the independence of KPMG in their reporting on the audit of the Group.

Relations with shareholders

Dialogue

The Board is committed to maintaining good communications with shareholders. Other than during close periods, the Executive Chairman and Chief Financial Officer maintain a regular dialogue with institutional shareholders throughout the year and give presentations to institutional shareholders and analysts immediately after the announcement of the Group's half year and full year results. The Group also encourages communications with private shareholders throughout the year and welcomes their participation at shareholder meetings.

The Group maintains a corporate website (www.regeneris.com), which complies with AIM Rule 26 and contains a range of information of interest to institutional and private investors including the Group's annual and half year reports, trading statements, press releases and all regulatory announcements relating to the Group.

Constructive use of the AGM

The Board wishes to encourage the constructive use of the Company's AGM for shareholder communication. The Chairman of the Board and the chairmen of the Audit, Remuneration and Nominations Committees will be available to answer questions at the forthcoming AGM. As with previous practice, resolutions will be proposed on each substantially separate issue and the level of proxies cast for each resolution will be available at the AGM.

Directors' Remuneration Report

Remuneration Committee and advisers

The Committee determines on behalf of the Board the Company's policy on the remuneration and terms of engagement of the Executive Directors and Senior Managers. Executive Directors attend by invitation only when appropriate and are not present at any discussion of their own remuneration.

The members of the Remuneration Committee and details of attendance at the meetings are disclosed in the table in the Corporate Governance report on page 18.

The Committee members have no personal financial interest, other than as shareholders, in the matters to be decided. They have no conflicts of interest arising from cross-directorships or from being involved in the day-to-day business of the Group. With the exception of Tom Russell, the Committee members do not participate in any bonus, share option or pension arrangements. Tom Russell is a partner in Hanover Investors Management LLP, which is a recipient of share options under the Incentive Share Plan discussed below.

Remuneration policy

The Group operates in a highly competitive environment. For the Group to continue to compete successfully, it is essential that the level of remuneration and benefits offered achieve the objectives of attracting, retaining, motivating and rewarding the necessary high calibre of individuals at all levels across the Group.

The Group therefore sets out to provide competitive remuneration to all its employees, appropriate to the business environment in the market in which it operates. To achieve this, the remuneration package is based upon the following principles:

- total rewards should be set to provide a fair and attractive remuneration package,
- appropriate elements of the remuneration package should be designed to reinforce the link between performance and reward, and
- Executive Directors' incentives should be aligned with the interests of shareholders.

The remuneration strategy is designed to be in line with the Group's fundamental values of fairness, competitiveness and equity and also to support the Group's corporate strategy. A cohesive reward structure consistently applied and with links to corporate performance is seen as critical in ensuring attainment of the Group's strategic goals.

The Group also seeks to align the interests of Executive Directors and senior employees with those of shareholders, by giving the former opportunities and encouragement to build up a shareholding interest in the Company through long-term incentive plans.

Remuneration of Executive Directors

Elements of remuneration

The Executive Directors' total remuneration currently consists of

- Fixed elements, comprising basic salary, benefits and pensions, and
- Performance-related elements comprising performance-related bonus and long-term performance arrangements satisfied by share options.

Each of the above elements of remuneration is explained below.

Basic salary

Basic salaries are set by the Remuneration Committee on an annual basis after taking into consideration the performance of the individuals, their levels of responsibility and rate of salary for similar positions in comparator companies.

Benefits in kind

These principally comprise car benefits, life assurance and membership of the Group's healthcare insurance scheme. These benefits do not form part of pensionable earnings.

Pensions

The Group makes defined contributions on behalf of the Executive Directors (excluding the Executive Chairman) into the Group's personal pension plan. The amounts paid in the financial year are set out in the Directors' emoluments table on page 24.

Annual performance-related bonuses

Performance-related bonuses for the Executive Directors are contractual and linked to the Group's reported headline operating profit. Terms and conditions are based on the recommendations of the Remuneration Committee.

Long-term incentive arrangements

Performance Share Plan

The Company operates a Performance Share Plan ('PSP') which the senior management of the Group participate in. The Company has set up an Employee Benefit Trust ('EBT') which has subscribed to shares in the Company, over which the trustees make awards of options to employees.

The conditions and performance criteria governing the PSP are as follows:

- Awards will be granted to acquire shares at no cost to the employees,
- Awards permissible under the scheme are subject to a maximum of 75% of basic salary,
- Awards would be performance-tested after three years, with 50% vesting on Regeneris' total shareholder return ('TSR') percentage out-performance of the AIM Industrial Goods & Services Index and 50% vesting on cumulative headline operating profit exceeding a predetermined target over the three year period,
- The Committee will, in all cases, retain discretion to ensure that, as a condition for the release of shares, the underlying overall performance of the Company has been satisfactory, and

- The PSP also contains certain earlier vesting provisions where the participant leaves the Company for reasons of ill health or early retirement or if there is a change of control

This scheme is now closed, and no further awards will be made under it

Incentive Share Plan

On 1 July 2011, following the recommendation of the Remuneration Committee, the Board approved an incentive share award agreement to establish the Regeneris Incentive Share Plan ('the ISP')

Under the ISP, employees (including Executive Directors) will, at the discretion of the Company, be granted a right to acquire shares at their par value, subject to continuing employment and the attainment of the applicable performance target

The purpose of the ISP is to incentivise key members of the management team by granting rights to acquire shares based upon an increase in shareholder value

The number of shares in any award under the ISP will be determined as follows

- following the end of the performance period, the Remuneration Committee will determine whether the applicable performance target has been satisfied, and the increase in shareholder value,
- the award holder will be entitled to a specified percentage of that increase in shareholder value, provided that the performance target had been met – that value is divided by the market value of a share at the end of the performance period

During the year the Remuneration Committee approved the making of additional awards under the ISP to senior management including Executive Directors, in respect of 3.55% of the increase in shareholder value. For this initial award under the ISP the performance target will consist of the following four elements

- the basic target is met if the average mid-market closing price of a share over the 30 days prior to 30 June 2014 is greater than 100 pence,
- the additional target is met if the average mid-market closing price of a share over any 30 day period prior to 30 June 2014 is greater than 150 pence,
- the exit target is met if an exit event (being a change of control of the Company) were to occur, and the price per share in relation to that event is greater than 100 pence
- the amount of the increase in shareholder value that may be distributed under Awards pursuant to this Plan, must be limited so that in the judgement of the Remuneration Committee the total dilution to the ordinary shareholders due to the incentive share plan when aggregated with the dilution that may occur under any existing or new share option schemes, and other awards made by reference to a calculation of the increase in shareholder value, does not exceed 12%

On 1 July 2011 the Remuneration Committee granted an award under the ISP, in respect of 8.3% of the increase in shareholder value. Of this, 6.3% were awarded to Hanover Investors Management LLP. Matthew Peacock and Tom Russell have an interest in this arrangement as employees of Hanover Investors Management LLP

Service agreements

The two Executive Directors have rolling service agreements with the Company. The agreement with the Chief Financial Officer provides for six months notice on either side. The agreement with Hanover Investors Management LLP for the services of the Executive Chairman also provides for six months notice

In the event that the Company serves notice to terminate the contract of any Executive Director, the Company may make a payment in lieu of notice, but is not obliged to do so. Such payments are restricted to the unexpired portion of the duration of the executive's employment or entitlement to notice

The dates of the contracts are as follows

Matthew Peacock	19 October 2011
Jog Dhody	6 March 2012

The Committee also determines the terms and conditions of employment of the Executive Directors

Non-executive Directors' remuneration

Non-executive Directors are appointed for a specified term, being an initial 3-year period subject to approval by the shareholders at the first AGM after appointment and, provided that the Director is appointed at that meeting, re-appointment by shareholders at subsequent AGMs, such re-appointment being conditional upon endorsement by the Board. On termination, no compensation is payable other than outstanding fees

The following are the Non-executive Directors and the dates they joined the Board

Michael Peacock	8 February 2011
Tom Russell	8 March 2011
Kevin Bradshaw	31 January 2012

The Non-executive Directors receive fees set at a level commensurate with their experience and ability to make a contribution to the Group's affairs and are set by the Board as a whole. No other incentives, pensions or other benefits are available to the Non-executive Directors. It is noted that Tom Russell is also a partner of Hanover Investors Management LLP which is the recipient of an Incentive Share Plan award

The Board may request Non-executive Directors to perform specific additional work at an agreed per diem rate. It would be the intention of the Board that the independence of such a Non-executive Director is not prejudiced by the nature of any such additional work

Directors' Remuneration Report continued

Details of the Directors' emoluments and share holdings are given below and form part of the audited financial statements

	Salary, fees, benefits 2012 £'000	Bonus 2012 £'000	Pension contributions 2012 £'000	Compensation for loss of office 2012 £'000	Total 2012 £'000	Total 2011 £'000
Executive						
Matthew Peacock ¹	125	125	–	–	250	83
Jeremy Wilson ² (resigned 21 Mar 2012)	128	–	20	106	254	235
Jog Dhody ³ (appointed 21 Mar 2012)	55	22	9	–	86	–
	308	147	29	106	590	318
Non-executive						
Andrew Lee ⁴ (resigned 31 Jan 2012)	89	–	–	–	89	41
Michael Peacock	40	–	–	–	40	16
Tom Russell ⁵	35	–	–	–	35	11
Kevin Bradshaw ⁶ (appointed 31 Jan 2012)	15	–	–	–	15	–
	179	–	–	–	179	68
Total	487	147	29	106	769	386

¹ Matthew Peacock's remuneration and fee is paid to Hanover Investors Management LLP for the provision of his services as Executive Chairman

² Remuneration until date of resignation from the Board. Jeremy Wilson remained employed in a management position within Regeneris Plc until 21 April 2012.

³ From Date of Appointment

⁴ Remuneration until date of resignation from the Board which includes fees in respect of his wider management role. Andrew Lee remains employed in a management position within Regeneris Plc

⁵ Tom Russell's fee is paid to Hanover Investors Management LLP for the provision of his services as a Non-executive Director

⁶ From Date of Appointment

Directors' beneficial interests in shares

The interests of the Directors who held office at 30 June 2012 and their connected parties in the ordinary share capital of the Company are as shown in the table below

	As at 30 June 2012 Number	As at 30 June 2011 Number
Executive		
Matthew Peacock*	10,213,351	6,692,108
Jog Dhody	–	–
Non-executive		
Michael Peacock	–	–
Tom Russell*	10,213,351	6,692,108
Kevin Bradshaw	–	–

* Matthew Peacock and Tom Russell are indirectly interested in a total of 10,213,351 shares through Hanover Investors Management LLP which is a substantial shareholder of the issued share capital of the Company

This report has been approved by the Board and has been signed on its behalf by

Michael Peacock

Chairman of the Remuneration Committee

25 September 2012

Statements of Directors' Responsibilities

in respect of the annual report and accounts and the financial statements

The Directors are responsible for preparing the Annual Report and the Group and parent Company financial statements in accordance with applicable law and regulations

Company law requires the Directors to prepare Group and parent Company financial statements for each financial year. As required by the AIM Rules of the London Stock Exchange they are required to prepare the Group financial statements in accordance with IFRSs as adopted by the EU and applicable law and have elected to prepare the parent Company financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice)

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

- select suitable accounting policies and then apply them consistently,
- make judgments and estimates that are reasonable and prudent,
- for the Group financial statements, state whether they have been prepared in accordance with IFRSs as adopted by the EU,
- for the parent Company financial statements, state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and the parent Company will continue in business

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent Company's transactions and disclose with reasonable accuracy at any time the financial position of the parent Company and enable them to ensure that its financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Sustainability Policy

The Group delivers services to its clients and their customers that not only further the cause of sustainability but does so in a way that ensures the Group will continue to prosper by virtue of doing the right thing.

Regeneris operates a business model that embraces sustainability as the core of our service proposition. Our sustainable business practices are cost effective, build employee and customer loyalty, and drive new business for the Group. We maintain our environmental leadership position based on the fundamental building blocks of sustainability and remain committed to the 3Rs – Reduce, Reuse, and Recycle. Our services extend the productive life of consumer electronics and reduce unnecessary consumption.

We refurbish and repair products to exacting manufacturer's standards, so that these products can then be reused either in their home market or matched to a secondary market.

When a product is beyond economical repair, we safely and responsibly recycle it, recover the materials and ensure they are put back into use for future products.

The Group continues to be committed to its green credentials and the end-to-end services it manages on behalf of its clients. We have documented Environmental Management Systems for all our facilities to ensure effective planning, operation and control of our environmental impacts.

These environmental management systems ensure that we

- Provide fully auditable and sustainable solutions that enable whole life cycle management for all the products we support through repair avoidance, technical repair, refurbishment, re-use and recommerce,
- Manage and minimise environmental risks identified in our operations,
- Maintain our strong regulatory compliance record,
- Assess the environmental performance of key suppliers, and co-operate with suppliers, customers and business partners to achieve higher environmental standards,
- Encourage sustainable development through business example and voluntary endeavours, both nationally and within the local community, and
- Minimise the impact on the environment of our operations as related to the emission of CO₂ to help combat climate change.

Independent Auditors' Report

to the members of Regenersis Plc

We have audited the financial statements of Regenersis Plc for the year ended 30 June 2012 set out on pages 28 to 64. The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the EU. The financial reporting framework that has been applied in the preparation of the parent Company financial statements is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

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

Respective responsibilities of Directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 25, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the parent Company's affairs as at 30 June 2012 and of the Group's profit for the year then ended,
- the Group financial statements have been properly prepared in accordance with IFRSs as adopted by the EU,
- the parent Company financial statements have been properly prepared in accordance with UK Generally Accepted Accounting Practice,
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

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

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


P N Meehan (Senior Statutory Auditor)

for and on behalf of KPMG Audit Plc, Statutory Auditor

Chartered Accountants
One Snowhill
Snow Hill Queensway
Birmingham
B4 6GH

25 September 2012

Consolidated Income Statement

for the year ended 30 June 2012

	Note	2012 £'000	2011 £'000
Group revenue	4	139,857	123,837
Headline operating profit		7,754	6,334
Exceptional restructuring costs	6	(4,945)	(4,819)
Amortisation of acquired intangible assets	14	(239)	(502)
Impairment of acquired intangible assets	14	–	(371)
Share-based payments	29	(281)	(112)
Group operating profit		2,289	530
Share of results of jointly controlled entity	16	(163)	43
Operating profit from continuing operations		2,126	573
Finance income	10	110	26
Finance costs	10	(552)	(344)
Profit before tax		1,684	255
Taxation	11	(261)	(1,046)
Profit/(loss) for the year		1,423	(791)
Attributable to			
Equity holders of the Company		1,423	(770)
Non-controlling interest		–	(21)
Profit/(loss) for the year		1,423	(791)
Earnings per share			
Basic	12	3 33p	(1 85)p
Diluted	12	3 31p	(1 85)p

Consolidated Statement of Comprehensive Income

for the year ended 30 June 2012

	2012 £'000	2011 £'000
Profit/(loss) for the year	1,423	(791)
Other comprehensive income		
Exchange differences arising on translation of foreign entities	(1,454)	837
Total comprehensive (expense)/income for the year	(31)	46
Attributable to		
Equity holders of the Company	(31)	67
Non-controlling interest	–	(21)
Total comprehensive (expense)/income for the year	(31)	46

Consolidated Balance Sheet as at 30 June 2012

	Note	2012 £'000	2011 £'000
Assets			
Non-current assets			
Goodwill	13	26,936	26,936
Other intangible assets	14	1,631	1,915
Investments in jointly controlled entities	16	98	19
Property, plant and equipment	15	3,405	3,278
Deferred tax	27	1,543	972
		33,613	33,120
Current assets			
Inventory	17	6,556	6,625
Trade and other receivables	18	18,608	17,351
Current tax asset		–	32
Cash	19	2,727	2,876
		27,891	26,884
Total assets		61,504	60,004
Current liabilities			
Trade and other payables	20	(20,885)	(20,234)
Provisions	25	(816)	(589)
		(21,701)	(20,823)
Non-current liabilities			
Borrowings	22	(5,604)	(6,700)
Provisions	25	(3,270)	(1,671)
Total liabilities		(30,575)	(29,194)
Net assets		30,929	30,810
Equity			
Ordinary share capital	28	896	896
Share premium	28	19,702	19,702
Merger reserve	28	3,088	3,088
Translation reserve	28	168	1,622
Retained earnings		7,075	5,502
Total equity		30,929	30,810

The financial statements were approved by the Board of Directors and authorised for issue on 25 September 2012

They were signed on its behalf by

Matthew Peacock
Executive Chairman

Company number 05113820

Jog Dhody
Chief Financial Officer

Consolidated Statement of Changes in Equity

for the year ended 30 June 2012

	Attributable to equity share holders						Total £'000
	Share capital £'000	Share premium £'000	Merger reserve £'000	Translation reserve £'000	Retained earnings £'000	Non-controlling interests £'000	
Balance as at 30 June 2010	896	19,702	3,088	785	6,208	43	30,722
Comprehensive income							
Loss for the year	-	-	-	-	(770)	(21)	(791)
Other comprehensive income:							
Exchange differences arising on translation of foreign entities	-	-	-	837	-	-	837
Transactions with owners recorded directly in equity							
Recognition of share-based payments	-	-	-	-	64	-	64
Disposal of non-controlling interests	-	-	-	-	-	(22)	(22)
Balance as at 30 June 2011	896	19,702	3,088	1,622	5,502	-	30,810
Comprehensive income							
Profit for the year	-	-	-	-	1,423	-	1,423
Other comprehensive income:							
Exchange differences arising on translation of foreign entities	-	-	-	(1,454)	-	-	(1,454)
Transactions with owners recorded directly in equity							
Recognition of share-based payments	-	-	-	-	150	-	150
Balance as at 30 June 2012	896	19,702	3,088	168	7,075	-	30,929

Consolidated Cash Flow Statement

for the year ended 30 June 2012

	Note	2012 £'000	2011 £'000
Profit/(loss) for the year		1,423	(791)
Adjustments for			
Net finance charges	10	442	318
Tax expense	11	261	1,046
Depreciation on property, plant and equipment	15	1,507	1,539
Impairment of property, plant and equipment	15	242	-
Amortisation of intangible assets	14	570	400
Impairment of intangible assets	14	549	-
Amortisation of acquired intangible assets	14	239	502
Impairment of acquired intangible assets	14	-	371
Share of JV profit	16	163	-
Gain on disposal of subsidiary	6	-	(335)
Loss on disposal of property, plant and equipment	15	29	34
Share-based payments expense	29	281	112
Operating cash flows before movement in working capital		5,706	3,196
Increase in inventories		(291)	(2,089)
Increase in receivables		(2,798)	(3,093)
Increase in payables and accruals		1,431	2,978
Increase in provisions		1,816	2,260
Cash flows from operating activities		5,864	3,252
Interest received		111	26
Interest paid		(259)	(284)
Tax paid		(775)	(610)
Net cash inflow from operating activities		4,941	2,384
Cash flows from investing activities			
Purchase of property, plant and equipment	15	(2,220)	(1,325)
Purchase and development of intangible assets	14	(1,103)	(1,042)
Net cash used in investing activities		(3,323)	(2,367)
Cash flows from financing activities			
Repayment of borrowings	24	(1,236)	(6,500)
Drawdown of borrowings	24	-	6,700
Net cash used from financing activities		(1,236)	200
Net increase in cash and cash equivalents		382	217
Other non cash movements – exchange rate changes		(531)	116
Cash and cash equivalents at the beginning of year		2,876	2,543
Cash and cash equivalents at end of year	19	2,727	2,876
Cash and cash equivalents at end of year		2,727	2,876
Bank borrowings		(5,604)	(6,700)
Net debt	23	(2,877)	(3,824)

Business overview

Corporate governance

Financial statements

Other information

Notes to the Accounts

for the year ended 30 June 2012

1. General information

Regeneris Plc is a Company incorporated in the United Kingdom under the Companies Act 2006. Details of its registered office is published on page 14, whilst the nature of the Group's operations and principal activities are set out in the Business and Financial Review on pages 6 to 13. These financial statements are presented in thousands pounds sterling, which is the functional currency of the Group and Parent Company. Foreign operations are included in accordance with the policies set out in note 2.

2. Accounting policies

2.1 Basis of preparation

These consolidated financial statements have been prepared in accordance with all International Financial Reporting Standards ("IFRS") as adopted by the EU ("Adopted IFRS").

The financial statements of the parent Company have been prepared in accordance with United Kingdom Generally Accepted Accounting Practice ("UK GAAP") and presented from page 28.

Changes in accounting policies

The standards, changes to existing standards and interpretations listed below have been enacted and adopted by the Group in the period in the preparation of these financial statements. They have not had a significant impact on the Group's accounting.

Improvements to IFRS –

IAS 24 Related Party Disclosures – changes relating to the definition of a related party

IFRS 7 Financial Instruments – Disclosures – Amended to add an explicit statement that the interaction between qualitative and quantitative disclosures better enables users to evaluate an entity's exposure to risks arising from financial instruments

IAS 1 Presentation of Financial Statements – Amended to clarify that a reconciliation from opening to closing balances is required to be presented in the statement of changes in equity for each component of equity, and also to allow the analysis of individual Other Comprehensive Income line items by component of equity to be presented in the notes. Previously, such analysis could only be presented in the Statement of Changes in Equity.

At the date of approval of these financial statements, the following Standards and Interpretations which have not been applied in these financial statements were in issue but not yet effective:

Company name	Principal activity of the company	Effective for periods beginning on or after
IAS 1	Presentation of Items of Other Comprehensive Income	1 July 2012
IAS 12 (Amendments)	Deferred Tax – Recovery of Underlying Assets	1 January 2012
IFRS 9	Financial Instruments	1 January 2013
IFRS 10	Consolidated Financial Statements	1 January 2013
IAS 27 (2011)	Separate Financial Statements	1 January 2013
IFRS 11	Joint Arrangements	1 January 2013
IFRS 12	Disclosure of Interests in Other Entities	1 January 2013
IFRS 13	Fair Value Measurement	1 January 2013

The Group does not consider the adoption of these standards will have any material impact on its financial statements.

The financial statements are prepared under the historical cost convention, except where the measurement of balances at fair value is required as set out below. The accounting policies below have been consistently applied to all periods presented in these consolidated financial statements.

2.2 Going concern

As highlighted in note 26 to the financial statements, the Group meets its day to day working capital requirements through a bank facility which is not due for renewal until October 2015.

Further information on the Group's business activities, together with the factors likely to affect its future development, performance and position is set out in the Business and Financial Review on pages 6 to 13. Further information on the financial position of the Group, its cash flows, liquidity position and borrowing facilities is also described in this review. In addition note 26 to the financial statements includes the Group's objectives, policies and processes for managing its capital, and its exposures to credit risk and liquidity risk.

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

After making enquiries, the Board have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts

2.3 Basis of consolidation

The consolidated financial statements aggregate the results, cash flows and balance sheets of Regeneris plc ("the Company") and its subsidiary undertakings (together the "Group") drawn up to 30 June each year. A list of the Company's principal subsidiary undertakings is given in note 16. The results of subsidiary undertakings acquired during a financial year are included from the date of acquisition. The financial statements of subsidiaries are prepared in accordance with the Company's accounting policies and to coterminous balance sheet dates. Regeneris (Bucharest) SRL and Regeneris Rus have a statutory year end of 31 December. Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions are eliminated in preparing the consolidated financial statements. On acquisition of a subsidiary, applicable assets and liabilities existing at the date of acquisition are reflected at their fair values.

Non-controlling interests in the net assets of consolidated subsidiaries are identified separately from the Group's equity therein. Non-controlling interests consist of the amount of those interests at the date of the original business combination and the share of the changes in equity since the date of the combination. Losses applicable to the non-controlling interest that are in excess of the non-controlling interest in the subsidiary's equity, are allocated against the interests of the Group only if there is a binding obligation to fund the losses and the Group is able to make an additional investment to cover the losses.

Subsidiaries comprise the entities in which the Group has the right to control financial and operating policies and derive economic benefit from their activities. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until it ceases.

2.4 Foreign currencies

Transactions denominated in foreign currencies are translated into sterling at the exchange rate ruling at the date of the transaction. Foreign currency monetary assets and liabilities are translated into sterling at rates of exchange ruling at the balance sheet date. The income statements and cash flows of overseas subsidiaries are translated into sterling at the weighted average exchange rates applicable during the year and their assets and liabilities are translated at the rates ruling at the balance sheet date. Exchange differences arising on the retranslation of opening net assets of overseas subsidiaries, together with differences between profit and loss accounts at average and closing rates, are included within other comprehensive income. All other exchange differences are dealt with in the income statement.

2.5 Goodwill

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

Goodwill arising on acquisitions before the date of transition to IFRS has been retained at the previous UK GAAP amounts subject to being tested for impairment at that date.

2.6 Impairment

Goodwill and other intangible assets with indefinite useful lives are reviewed for impairment annually, or whenever there is an indication that they may be impaired, by comparing the carrying value of the asset, or group of assets, to its recoverable amount. Assets which do not generate cash inflows independent of other assets are aggregated into cash generating units (CGUs) and the recoverable amount of the CGU to which the asset belongs is estimated. The recoverable amount of an asset or CGU is the higher of its fair value less costs to sell and its value in use.

The value in use is estimated by calculating the present value of its future cash flows. Impairment charges are recognised in the income statement to the extent that the carrying value exceeds the recoverable amount in the period in which the impairment is identified.

Goodwill acquired in a business combination is allocated to each of the cash generating units that is expected to benefit from the synergies of the combination.

Notes to the Accounts

for the year ended 30 June 2012 (continued)

2.7 Intangible assets

Separately identifiable intangible assets arising on business combinations

Other intangible assets, such as customer contracts, are recognised on business combinations if they are separable or arise from a legal or contractual right. Separately identifiable intangible assets are amortised over their expected future lives unless they are regarded as having indefinite useful lives, in which case they are not amortised, but subject to an annual impairment test. Customer contracts are being amortised on a straight line basis over five years.

Research and development

Expenditure on research and certain development activities is recognised as an expense in the period in which it is incurred. Any internally-generated development costs (including software development) are recognised as an asset only if the following criteria are met:

- An asset is created that can be identified,
- It is probable, and intended, that the asset created will generate future economic benefits,
- The development costs of the asset can be measured reliably, and
- There is availability of adequate resources to complete the development.

Where no internally-generated intangible asset can be recognised, the development expenditure is recognised as an expense in the period in which it is incurred. Internally-generated intangible assets are amortised on a straight line basis over three to five years once the asset is available for use.

Software licences

Software licenses are initially measured at cost. Cost includes the purchase price of the assets and the directly attributable cost of bringing the asset into its intended use. After initial recognition, the intangible asset is carried at cost, less accumulated amortisation, less any accumulated impairment losses. Amortisation is charged evenly over the assets' estimated useful lives, which are between three and five years.

2.8 Property, plant and equipment

Property, plant and equipment are carried at cost less accumulated depreciation and accumulated impairment losses. Subsequent costs are capitalised only when it is probable that they will result in future economic benefits flowing to the Group and when they can be measured reliably. Depreciation begins when the asset is available for use and is charged to the income statement on a straight-line basis so as to write off the cost less residual value of the asset over its estimated useful life as follows:

Leasehold improvements – over the period of the lease or life of the improvements if less

Plant and machinery – 20% per annum

Computer hardware – 33% per annum

Motor vehicles – 25% per annum

Fixtures and fittings – 20%–50% per annum

Gains and losses arising on the disposal of an asset are determined as the difference between the sale proceeds and the carrying amount of the asset and are recognised in the income statement.

2.9 Interests in joint ventures

A joint venture is a contractual arrangement whereby the Group undertakes an economic activity that is subject to joint control. Joint control exists when the strategic financial and operating policy decisions relating to the activity require the unanimous consent of the parties sharing control.

The Group's interest in jointly controlled entities is accounted for using the equity method. Under this method the Group's share of the profits less losses of jointly controlled entities is included in the consolidated income statement and its interest in their net assets is included in investments in jointly controlled entities in the consolidated balance sheet. Where the share of losses exceeds the interests in the entity the carrying amount is reduced to nil and recognition of further losses is discontinued. Interest in the entity is the carrying amount of the investment together with any long-term loan that, in substance, forms part of the net investment in the entity.

2.10 Inventories and work in progress

Inventories and work in progress are stated at the lower of cost and net realisable value. The cost of inventories is based on the first-in first-out principle and includes all direct expenditure and an appropriate proportion of attributable overheads that have been incurred in bringing the inventories and work in progress to their present location and condition. Net realisable value represents the estimated selling price less all estimated costs to be incurred in marketing, selling and distribution. The amount of any write-down of inventories to net realisable value is recognised as an expense in the year in which the write-down occurs.

2 11 Provisions

A provision is recognised when there is a present obligation, whether legal or constructive, as a result of a past event for which it is probable that a transfer of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions in respect of contingent consideration for acquisitions are made at the Boards' best estimate of the likely consideration payable taking account of the performance criteria which affect the level of contingent consideration.

Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount rate is recognised as finance cost.

A provision for onerous contracts is recognised when the expected benefits to be derived by the Group from a contract are lower than the unavoidable costs of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Group recognises any impairment loss on the assets associated with the contract.

2 12 Revenue recognition and cost of sales

Revenue is measured at the fair value of the consideration received or receivable and is net of value added tax and other duties. Revenue is recognised when the delivery of services has taken place in accordance with the terms of the sales, and there is certainty on the value and recoverability and risk has transferred to the customer.

Revenue generated from revenue sharing agreements is recognised in full in revenue with the revenue share due to third parties recognised as a cost of sale.

Revenue share comprises amounts payable to network operators in respect of phones which are sourced from them and which are sold or recycled by the Group to independent third parties.

The following factors are relevant to the accounting treatment for this revenue sharing business:

- The Group takes full title and ownership of the products prior to onward sale or recommerce,
- The Group is exposed to the stock-holding risks such as loss or damage. The Group also bears the risk of stock obsolescence,
- The Group processes and decides on the best route to market for the phones,
- The Group has full discretion in identifying customers for onward sale or recommerce of products and establishes the selling price to these customers, and
- The Group bears the full credit risk of these sales.

Given the above factors the gross inflows are recognised as revenue.

2 13 Taxation

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

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

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

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interest in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of the deferred tax asset is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Notes to the Accounts

for the year ended 30 June 2012 (continued)

2 14 Employee benefits

Pensions

The Group offers defined contribution pension arrangements to certain employees. Payments to defined contribution pension schemes are expensed as incurred. The Group does not operate any defined benefit pension arrangements.

Share-based payments

Some employees are granted share options which may, if certain performance criteria are met, allow these employees to acquire shares in the Company. The specific schemes are detailed in note 29 to the accounts.

The fair value of options granted after 7th November 2002, are recognised as an employee expense with a corresponding increase in equity. The fair value is measured at grant date and spread over the period during which the employees become unconditionally entitled to the options. The fair value of the options granted is measured using an option pricing model, taking into account the terms and conditions upon which the options were granted. The amount recognised as an expense is adjusted to reflect the actual number of share options that vest except where variations are due only to share prices not achieving the threshold for vesting.

Cash settled option schemes

The Group grants options to certain employees which, on vesting, are settled in cash. These are detailed in note 29 to the accounts and are referred to as Phantom Share Schemes. An option pricing model is used to ascertain the fair value of the option at each balance sheet date. A charge is recognised and included within share-based payments with a corresponding liability, based on the expected number of options to vest, pro-rated for the vesting period that has expired.

2 15 Own shares held by EBT

Transactions of the Company-sponsored EBT are treated as being those of the Company and are therefore reflected in the parent Company and Group financial statements. In particular, the trust's purchases of shares in the Company are debited directly to equity.

2 16 Dividends on shares presented within equity

Dividends unpaid at the balance sheet date are only recognised as a liability at that date to the extent that they are appropriately authorised and are no longer at the discretion of the Company. Unpaid dividends that do not meet these criteria are disclosed in the notes to the financial statements.

2 17 Leases

Lease arrangements entered into by the Group are assessed at the inception of the lease and classified as either an operating or a finance lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards of incidental ownership to the lessee. All other lease arrangements are classified as operating leases.

Rentals payable under operating leases are recognised in the income statement on a straight line basis over the periods of the leases. Assets acquired under finance leases are capitalised and the outstanding future lease obligations are shown under creditors.

2 18 Government grants

Government grants are included within accruals and deferred income. Capital grants are credited to the income statement over the estimated useful lives of the assets to which they relate. Other grants are credited to the income statement in the same period as the costs to which they relate are incurred.

2 19 Financial instruments

Financial assets and financial liabilities are recognised in the Group's balance sheet when the Group becomes a party to the contractual provisions of the instrument.

Equity instruments

Equity instruments issued by the Group are initially recorded at the proceeds received, net of direct issue costs.

Non-derivative financial instruments

Non-derivative financial instruments include investments, cash and cash equivalents, trade and other receivables, trade and other payables and borrowings.

- Cash and cash equivalents comprise cash balances and short term deposits. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purposes of the consolidated cash flow statement.
- Trade and other receivables are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost.

- Trade and other payables are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost.
- Bank borrowings. Interest-bearing bank loans and overdrafts are stated at the amount of the proceeds received, net of financing costs (including facility fees and redemption premia). Financing costs are amortised over the expected term of the loan so as to produce a constant rate of return over the period to the date of expected redemption. In instances where the Company has an early redemption option, the term over which financing costs are amortised is the period to the earliest date the option can be exercised, unless there is no genuine commercial possibility that the option will be exercised.

2.20 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 or impairment of acquired intangible assets, exceptional restructuring costs, share-based payments and the share of results of jointly controlled entity.

2.21 Adjusted earnings per share

An adjusted measure of earnings per share has also been presented, which the Board consider gives a useful additional indication of the Group's performance. Adjusted earnings are stated before amortisation or impairment of acquired intangible assets, exceptional restructuring costs, acquisition costs and share-based payments.

3. Critical judgements and estimations in applying the Group's accounting policies

3.1 Judgements

In the process of applying the Group's accounting policies, management makes various judgements that can significantly affect the amounts recognised in the financial statements. The critical judgements are considered to be the following:

- The transfer of the risk and rewards of ownership with respect to inventories,
- Whether the Group acts as principal or agent in recognising revenue,
- Whether the Group capitalises development expenditure, and
- Assessment of provision required to meet a present obligation.

3.2 Estimations

Impairment of Goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash generating units to which goodwill is allocated. The value in use calculation includes estimates about future financial performance and long term growth rates and requires management to select a suitable discount rate in order to calculate the present value of those cash flows. The key assumptions used in the impairment review are disclosed in note 13 to the financial statements.

Deferred tax

The Group has recognised deferred tax assets in respect of unutilised losses and other temporary differences arising in certain of the Group's businesses. This requires management to make decisions on the recoverability of such deferred tax assets based on future forecasts of taxable profits. If these forecast profits do not materialise, or there are changes in the tax rates or to the period over which the losses or temporary difference might be recognised, the value of the deferred tax asset will need to be revised in a future period.

The Group has losses for which no value has been recognised for deferred tax purposes in these financial statements, as future economic benefit of these temporary differences is not probable. If appropriate profits are earned in the future, the temporary difference may result in a benefit to the Group in the form of a reduced tax charge in a future period.

4. Segmental reporting

Internal reporting uses three reporting segments – Emerging Markets, Western Europe and Advanced Solutions which reflect the way the business is managed and reviewed. Emerging Markets include the existing operations in Poland, Romania, Turkey and South Africa, Western Europe incorporate UK (excluding Glenrothes), and German businesses whilst Advanced Solutions aggregate the Group's businesses promoting techniques in remote diagnostics, automation, mitigation and avoidance.

The Group continues to deliver world class services to its customers in the fields of service and repair of smart phones and other consumer electronic devices, coupled with associated services including customer call centres, warranty management and insurance replacement programmes.

Notes to the Accounts

for the year ended 30 June 2012 (continued)

	Revenue 2012 £'000	Share of JV 2012 £'000	Revenue 2012 £'000	Revenue 2011 £'000	Share of JV 2011 £'000	Revenue 2011 £'000
Revenue from external customers						
Emerging Markets	42,318	(1,002)	41,316	44,095	(852)	43,243
Western Europe	83,938	(4,204)	79,734	63,102	–	63,102
Advanced Solutions	18,807	–	18,807	17,492	–	17,492
Total	145,063	(5,206)	139,857	124,689	(852)	123,837

Within Emerging Markets and Western Europe, there are three customers which individually account for more than 10% of Group's revenue and had total revenues of £18,533,000, £19,949,000 and £19,417,000 (2011 £19,984,000, £6,687,000 and £10,335,000 respectively) These are significant in the context of the Group although we contract under several service agreements

	2012 £'000	2011 £'000
Headline segment profit		
Emerging Markets	4,580	5,080
Western Europe	2,091	1,515
Advanced Solutions	2,905	2,426
	9,576	9,021
Corporate costs	(1,822)	(2,687)
Headline operating profit	7,754	6,334
Exceptional restructuring costs	(4,945)	(4,819)
Amortisation of acquired intangible assets	(239)	(502)
Impairment of acquired intangible assets (Western Europe)	–	(371)
Share-based payments	(281)	(112)
Group operating profit	2,289	530
Share of results of jointly controlled entity	(163)	43
Operating profit from continuing operation	2,126	573
Net finance expense	(442)	(318)
Profit before tax	1,684	255

	Segment assets 2012 £'000	Segment assets 2011 £'000	Segment liabilities 2012 £'000	Segment liabilities 2011 £'000
Emerging Markets	19,145	18,686	4,063	4,362
Western Europe	19,752	20,834	11,186	11,177
Advanced Solutions	18,393	16,489	4,803	2,918
	57,290	56,009	20,052	18,457
Corporate	4,214	3,995	10,523	10,737
	61,504	60,004	30,575	29,194

	Capital expenditure 2012 £'000	Capital expenditure 2011 £'000	Depreciation & amortisation 2012 £'000	Depreciation & amortisation 2011 £'000
Emerging Markets	1,182	402	769	767
Western Europe	772	978	952	1,147
Advanced Solutions	948	980	565	499
	2,902	2,360	2,286	2,413
Corporate costs	421	7	30	28
	3,323	2,367	2,316	2,441

Geographical information

The following geographical information is based on the location of the business units of the Group

	2012 £'000	2011 £'000
Revenue from external customers		
UK	75,503	62,181
Germany	22,995	16,923
Poland	28,881	35,717
Rest of World	17,684	9,868
	145,063	124,689
Less share of jointly controlled entity	(5,206)	(852)
	139,857	123,837

	2012 £'000	2011 £'000
Inter-location revenue		
UK	98	294
Poland	2	143
Rest of World	71	114
	171	551

	2012 £'000	2011 £'000
Non-current assets		
UK	30,674	30,387
Non-UK	2,939	2,733
	33,613	33,120

Notes to the Accounts

for the year ended 30 June 2012 (continued)

5. Operating profit

	2012 £'000	2011 £'000
Revenue	145,063	124,689
Less share of jointly controlled entity	(5,206)	(852)
Group revenue	139,857	123,837
Cost of sales	(106,206)	(93,034)
Gross profit	33,651	30,803
Headline administrative expenses	(25,897)	(24,469)
Headline operating profit	7,754	6,334
Other administrative expenses	(5,465)	(5,804)
Share of results of jointly controlled entity	(163)	43
Operating profit	2,126	573
Administrative expenses	31,362	30,273

6. Exceptional restructuring costs

	2012 £'000	2011 £'000
Redundancies and restructuring	2,466	2,394
Onerous lease and dilapidation provision	1,961	2,260
Unsuccessful acquisitions	518	–
Gain on disposal of subsidiary	–	(335)
Onerous contracts	–	500
	4,945	4,819

During the year substantial restructuring costs including provisions for onerous property leases and redundancy costs have been incurred in UK. This completes the review undertaken by the Directors to consolidate key activities and markets, and recognises the more efficient processes now followed.

The Group had an unsuccessful acquisition within the year, and has expensed all the related costs.

In the prior year, the Group disposed of its 75% interest in Regeneris Environmental Services Europe Limited (which had net liabilities) for nominal consideration, thus realising a profit of £335,000.

7. Profit for the year

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

	2012 £'000	2011 £'000
Depreciation of property, plant and equipment – owned	1,507	1,539
Loss on disposal of property, plant and equipment	29	34
Amortisation of intangible assets	809	902
Government grant income	–	(352)
Cost of inventories recognised as an expense	67,591	54,365
Staff costs (note 9)	45,019	45,346
Net foreign exchange losses	263	104

8. Auditors' remuneration

	2012 £'000	2011 £'000
Fees payable to the Company's auditors for the audit of the Company's annual accounts	25	25
The audit of the Company's subsidiaries pursuant to legislation	126	111
Total audit fees	151	136
Non-audit fees		
Tax services	35	35
Other services	37	21
Non-audit fees	72	56
	223	192

9. Staff costs

	2012 Number	2011 Number
Average numbers employed		
Production	2,067	2,216
Sales and business development	15	15
Administration	319	293
	2,401	2,524

	2012 £'000	2011 £'000
Aggregate employment costs		
Wages and salaries	39,269	39,650
Social security costs	4,423	4,760
Share-based payments	281	112
Pension and other staff costs	1,046	824
	45,019	45,346

Key management personnel have been identified as the Board and the Group Operations Board. Remuneration of key management personnel is as follows

	2012 £'000	2011 £'000
Key management personnel costs		
Short term employee benefits	2,036	1,885
Post employment benefits	68	99
Share-based payments	150	64
	2,254	2,048

The remuneration of individual Directors is detailed on page 24

Notes to the Accounts

for the year ended 30 June 2012 (continued)

10. Finance costs and finance income

	2012 £'000	2011 £'000
Bank interest receivable and similar income	110	26
Total finance income	110	26
Interest payable on borrowings		
Bank loans and overdrafts	473	307
Other finance costs	79	37
Total finance costs	552	344
Net finance charge	442	318

11. Tax

	2012 £'000	2011 £'000
Current tax		
UK corporation tax	–	–
Overseas tax	883	765
Adjustments in respect of prior years	(17)	(135)
Total current tax charge	866	630
Deferred tax		
UK	(524)	438
Overseas	43	(139)
Adjustments in respect of prior years	(124)	117
Total deferred tax (credit)/charge (note 27)	(605)	416
	261	1,046

UK Corporation tax is calculated at 25.5% (2011: 27.5%) 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 Consolidated Income Statement as follows:

	2012 £'000	2011 £'000
Profit before tax	1,684	255
Tax at standard UK corporation tax rate of 25.5% (2011: 27.5%)	429	70
Effects of		
Permanent differences	416	223
Rate differences	(219)	(390)
Adjustment in respect of previous periods	(143)	(18)
Brought forward losses no longer recognised	–	458
Current year losses not recognised	640	1,064
Relief on research & development costs	(166)	(361)
Other timing differences	(696)	–
	261	1,046

Factors that may affect future current and total tax charges

The 2012 budget on 21 March 2012 announced that the UK corporation tax rate will reduce to 22% by 2014. A reduction in the rate from 26% to 25% (effective from 1 April 2012) was substantively enacted on 5 July 2011, and further reductions to 24% (effective from 1 April 2012) and 23% (effective from April 2013) were substantively enacted on 26 March 2012 and 3 July 2012 respectively.

This will reduce the Group's future current tax charge accordingly and further reduce the deferred tax assets and liabilities recognised, which have been based on a tax rate of 24%, as this was substantively enacted at the balance sheet date.

The Group's future tax charge is dependent on several factors which does not make it possible to quantify the full anticipated effect. Factors expected to effect the tax charge going forward include the extent to which the UK carries out development work which qualifies for R&D tax credits, income assigned to the 10% patent box regime (effective from 1 April 2013), the proportion of profits earned in higher or lower tax jurisdictions, and the ability to use tax losses.

12. Earnings per share (EPS)

	2012 Pence	2011 Pence
EPS summary		
Basic earnings per share	3.33	(1.85)
Diluted earnings per share	3.31	(1.85)
Adjusted earnings per share	13.85	12.26
Adjusted diluted earnings per share	13.75	12.07

	2012 Pence per share	2011 Pence per share	2012 £'000	2011 £'000
Basic EPS/profit/(loss) for the year	3.33p	(1.85)p	1,423	(791)
Reconciliation to adjusted profit				
Amortisation of acquired intangible assets	0.41p	0.86p	177	364
Impairment of acquired intangible assets	-	0.63p	-	269
Exceptional restructuring costs	8.52p	11.29p	3,637	4,819
Unsuccessful acquisition costs	0.93p	-	394	-
De-recognition of deferred tax asset	-	1.07p	-	458
Share-based payments	0.66p	0.26p	281	112
	13.85p	12.26p	5,912	5,231

	2012 000s	2011 000s
Number of shares		
Weighted average number of ordinary shares	44,820	44,820
Treasury shares excluded	(2,150)	(2,150)
Weighted average number of ordinary shares (basic)	42,670	42,670
Effect of share options on issue	335	675
Weighted average number of ordinary shares (diluted)	43,005	43,345

The options granted under the Incentive Share Plan are not dilutive as at 30 June 2012 therefore are excluded from the diluted EPS calculation.

Notes to the Accounts

for the year ended 30 June 2012 (continued)

13. Goodwill

	Total £'000
Cost	
At 30 June 2010, 30 June 2011 and 30 June 2012	33,517
Accumulated impairment losses	
At 30 June 2010, 30 June 2011 and 30 June 2012	6,581
Net book value	
At 30 June 2010, 30 June 2011 and 30 June 2012	26,936

The recoverable amount of each cash generating unit (CGU) has been determined from the value in use, calculated with reference to the net present value of its future cash flows

Cash flow projections are based on the latest budget and strategic plan for each CGU approved by the Board. Beyond this, the projections extend to 20 years using a long-term growth rate for each CGU which the Board considers to be specific to the business. This is not considered to exceed the post-war real annual average growth in GDP, in the markets the Group serves and the assessment to impairment is not considered sensitive to changes in this assumption.

In establishing the discount factor for each CGU, the Group's weighted average cost of capital was calculated and then flexed according to CGU geographical spread, customer concentration, length of customer contracts and risk of loss, breadth of services offered, longer term profitability trend, unique selling points, expected business change and growth opportunity.

The Board believes that, even in the current economic conditions, any reasonable possible change in the key assumptions on which the recoverable amounts are based would not cause the CGUs carrying amount to exceed the recoverable amount.

The growth and pre-tax discount rate applied, as well as carrying value by CGU are as follows:

	Growth rate 2012 %	Discount rate 2012 %	Growth rate 2011 %	Discount rate 2011 %
Emerging Markets	3.0%	12%	3.0%	11%
Western Europe	2.0%	14%	2.0%	12%
Advanced Solutions	2.5%	11%	2.5%	14%

	Carrying value 2012 £'000	Carrying value 2011 £'000
Emerging Markets	9,928	9,928
Western Europe	6,002	6,002
Advanced Solutions	11,006	11,006
Total Goodwill	26,936	26,936

14. Other intangible assets

	Customer contracts £'000	Development expenditure £'000	Software licences £'000	Total £'000
Cost				
At 30 June 2010	2,605	1,465	2,285	6,355
Additions	-	832	210	1,042
Disposals	-	-	(4)	(4)
Exchange movement	-	-	105	105
At 30 June 2011	2,605	2,297	2,596	7,498
Additions	-	730	373	1,103
Disposals	-	-	(428)	(428)
Exchange movement	-	(3)	(150)	(153)
At 30 June 2012	2,605	3,024	2,391	8,020
Accumulated amortisation				
At 30 June 2010	1,493	699	2,033	4,225
Charge for the year	502	207	193	902
Impairment	371	-	-	371
Disposals	-	-	(4)	(4)
Exchange movement	-	-	89	89
At 30 June 2011	2,366	906	2,311	5,583
Charge for the year	239	289	281	809
Disposals	-	-	(428)	(428)
Impairment	-	540	9	549
Exchange movement	-	-	(124)	(124)
At 30 June 2012	2,605	1,735	2,049	6,389
Net book value at 30 June 2012	-	1,289	342	1,631
Net Book value at 30 June 2011	239	1,391	285	1,915
Net book value at 30 June 2010	1,112	766	252	2,130

The Group capitalised development expenditure of £0.7m (2011: £0.8m) predominantly on its ongoing investment in the development of in-field testing and remote diagnostics, for which the Group has signed its first contract and is performing trials with other customers.

An impairment charge of £0.5m was recognised relating to restructuring in the UK (refer to note 6) and in the prior year acquired customer contracts were impaired following the loss of a significant customer in Glasgow.

Notes to the Accounts

for the year ended 30 June 2012 (continued)

15. Property, plant and equipment

	Leasehold improvements £'000	Plant and machinery £'000	Computer equipment £'000	Motor vehicles £'000	Fixtures and fittings £'000	Total £'000
Cost						
At 30 June 2010	2,606	7,214	4,402	80	1,815	16,117
Additions	112	375	533	–	305	1,325
Disposals	(412)	(967)	(589)	(51)	(51)	(2,070)
Exchange movement	184	391	194	3	148	920
At 30 June 2011	2,490	7,013	4,540	32	2,217	16,292
Additions	869	629	410	–	312	2,220
Disposals	(65)	(89)	(131)	(21)	(18)	(324)
Exchange movement	(269)	(477)	(223)	(2)	(191)	(1,162)
At 30 June 2012	3,025	7,076	4,596	9	2,320	17,026
Accumulated depreciation						
At 30 June 2010	1,644	6,124	3,783	58	1,216	12,825
Charge for the year	439	491	425	3	181	1,539
Disposals	(379)	(963)	(586)	(36)	(51)	(2,015)
Exchange movement	101	297	168	3	96	665
At 30 June 2011	1,805	5,949	3,790	28	1,442	13,014
Charge for the year	396	456	445	2	208	1,507
Disposals	(65)	(77)	(118)	(21)	(14)	(295)
Impairment	–	47	125	–	70	242
Exchange movement	(164)	(365)	(191)	(2)	(125)	(847)
At 30 June 2012	1,972	6,010	4,051	7	1,581	13,621
Net book value at 30 June 2012	1,053	1,066	545	2	739	3,405
Net book value at 30 June 2011	685	1,064	750	4	775	3,278
Net book value at 30 June 2010	962	1,090	619	22	599	3,292

There are no assets held under finance leases

An impairment charge of £0.2m was recognised relating to restructuring in the UK (refer to note 6)

16. Investments

The Group's principal subsidiary undertakings and joint ventures are as follows

Company name	Principal activity of the company	Ownership percentage by the Group as at 30 June 2012	Country of incorporation
Held directly by the Company			
Regenersis (Glasgow) Ltd	Technical repair, repair avoidance, customer support services for mobile phones	100%	Scotland
Regenersis (Bucharest) SRL *	Technical repair, customer support services and product end of life management for mobile phones and electronic equipment	100%	Romania
Regenersis (Group) Ltd	Intermediate Holding Company	100%	England and Wales
Regenersis Digital Care Ltd (UK)	Intermediate Holding Company	100%	England and Wales
Regenersis (South Africa) (PTY) Ltd	Technical repair, repair avoidance, customer support services for mobile phones	100%	South Africa
Regenersis Istanbul Teknoloji Danışmanlığı Limited Şirketi	Customer support services for mobile phones	100%	Turkey
Regenersis Trustees Ltd	Employee Benefit Trust	100%	England and Wales
Regenersis Trustsub Ltd	Employee Benefit Trust	100%	England and Wales
Regenersis Sweden Limited	Intermediate Holding Company	50%	England and Wales
Held indirectly by the Company			
Regenersis (Glenrothes) Ltd	Technical repair, customer support services and diagnostic testing tools for electronic equipment	100%	England and Wales
Regenersis (Warsaw) Sp Z oo	Technical repair, customer support services and product end of life management for mobile phones and electronic equipment	100%	Poland
Regenersis GmbH	Technical repair, customer support services and product end of life management for electronic equipment	100%	Germany
Regenersis (Sommerda) GmbH	Technical repair, customer support services and product end of life management for electronic equipment	100%	Germany
Regenersis (Huntingdon) Ltd	Technical repair, repair avoidance and call centre providing technical and customer support	100%	England and Wales
Regenersis (Distribution) Ltd	Insurance fulfilment services and distribution of mobile phones	100%	England and Wales
Regenersis Inc	Customer support and diagnostic testing services	100%	USA
Regenersis Digital Care Sp Z oo	Warranty extension and insurance fulfilment	100%	Poland
Regenersis Digital Lifestyle AB (Sweden)	Warranty extension and insurance fulfilment	50%	Sweden
Regenersis Nordic AB	Technical repair, customer support services and product end of life management for electrical equipment	50%	Sweden
Regenersis Rus*	Jointly controlled entity – technical repair of electronic equipment	50%	Russia

All investments are in the ordinary share capital of the subsidiaries

All subsidiaries are included in the consolidated results of the Group

*Year end date is 31 December

Notes to the Accounts

for the year ended 30 June 2012 (continued)

The Group has a 50% interest in the joint ventures Regeneris Rus, and Regeneris Nordic AB. The Group's share of joint venture assets, liabilities, income and expenses are as follows:

	Regeneris Sweden Ltd 2012 £'000	Regeneris RUS 2012 £'000	Total 2012 £'000	Total 2011 £'000
Current assets	2,939	281	3,220	191
Current liabilities	(2,818)	(185)	(3,003)	(172)
Non-current assets	414	–	414	–
Non-current liabilities	(540)	–	(540)	–
Net assets	(5)	96	91	19
Income	4,205	1,002	5,207	852
Expense	(4,545)	(923)	(5,468)	(809)
Net income/(expense) of joint ventures	(340)	79	(261)	43

The Groups' liability is limited to the investment value in the entity, therefore the losses within the Sweden joint venture are only recognised to the extent that they write the total investment to nil.

The reconciliation of total investment in joint ventures including working capital loans is as follows:

	Regeneris Sweden Ltd 2012 £'000	Regeneris Sweden Ltd 2011 £'000	Regeneris RUS 2012 £'000	Regeneris RUS 2011 £'000
At 1 July	–	–	100	57
Share capital investment	–	–	–	–
Working capital investment	242	–	–	–
Retained (loss)/profit	(242)	–	79	43
At 30 June	–	–	179	100

17. Inventories

	2012 £'000	2011 £'000
Raw materials	3,947	5,036
Work in progress	907	620
Finished goods	1,702	969
	6,556	6,625

18. Trade and other receivables

	2012 £'000	2011 £'000
Trade receivables	14,881	12,734
Less: provision for doubtful trade receivables	(217)	(232)
Trade receivables net of provision	14,664	12,502
Prepayments and accrued income	3,944	4,849
	18,608	17,351

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

	2012 £'000	2011 £'000
At 1 July	232	435
Provision created	107	57
Amounts written off as uncollectable	(73)	(224)
Amounts recovered during the year	(49)	(36)
At 30 June	217	232

19. Cash and cash equivalents

	2012 £'000	2011 £'000
Cash at bank and in hand	2,727	2,876

20. Trade and other payables

	2012 £'000	2011 £'000
Trade payables	7,563	7,825
Other taxes and social security	685	2,036
Other payables	3,437	3,080
Accruals and deferred income	9,200	7,293
	20,885	20,234

21. Government grants

The Group has in prior years been awarded government grants in the UK and in Germany

The grants have been awarded to contribute towards expansion costs at repair centres and are conditional on incremental employment and capital investment. No income is recognised within administrative expenses in the year in relation to these grants (2011 £352,000 relating to a closed grant)

22. Bank borrowings

	2012 £'000	2011 £'000
Due after more than one year		
Secured bank loan	5,604	6,700
Repayable		
In the third to the fifth years inclusive	5,604	6,700

The bank borrowing is secured on the majority of the Group's assets for the duration of the facility. The facility available to the Group as at 30 June 2012 totalled £23.25 million (2011 £15 million), of which £6.0 million (2011 £7.0 million) had been drawn down in cash, resulting in an unutilised facility of £17.25 million (2011 £8.0 million). The Group negotiated a borrowing facility of £15 million in the previous year as part of the operational and strategic review. On 31 January 2012, the facility was increased to £23.25 million to support the future acquisition activity of the Group. The facility expires on 31 October 2015, and borrowing costs of £396,000 (2011 £300,000) are set-off against the amount owing at year end. The amendment to the facility is not considered a substantial modification of terms and as such the incremental arrangement costs have been capitalised against the borrowing balance.

Notes to the Accounts

for the year ended 30 June 2012 (continued)

23. Net (debt)/cash

	2012 £'000	2011 £'000
Cash	2,727	2,876
Bank borrowings (non-current)	(5,604)	(6,700)
	(2,877)	(3,824)

24. Reconciliation of movement in net debt

	Net debt at 1 July 2011 £'000	Cash flow £'000	Repayment of borrowings £'000	Other non cash items £'000	Net debt at 30 June 2012 £'000
Cash at bank and in hand	2,876	382	–	(531)	2,727
Borrowings	(6,700)	236	1,000	(140)	(5,604)
	(3,824)	618	1,000	(671)	(2,877)

25. Provisions

	Onerous Leases £'000	Dilapidations £'000	Total £'000
At 1 July 2011	1,960	300	2,260
Created during the year	1,848	113	1,961
Paid during the year	(145)	–	(145)
Unwinding of discount factor	9	1	10
At 30 June 2012	3,672	414	4,086

Provisions relate to a period of between one and eight years and are analysed between current and non-current as follows

	2012 £'000
Current	816
Non-current	3,270
	4,086

Further to the prior year contract loss in Glasgow and the completion of the UK restructure (highlighted in the Business and Financial Review on page 7), the onerous lease provisions cover residual lease commitments in the UK expiring in August 2019 and April 2017. The dilapidation provision represents the Directors best estimate.

26. Financial instruments - risk management

Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximising return for stakeholders through the optimisation of the debt and equity balance

The Group's capital structure is as follows

	2012 £'000	2011 £'000
Total borrowings	5,604	6,700
Cash and cash equivalents	(2,727)	(2,876)
Net debt	2,877	3,824
Equity holders of the parent	30,929	30,810
Gearing ratio (net debt to equity)	0 09 1	0 12 1

Debt is primarily used for financing acquisitions and working capital

Under the banking facility the Group is subject to certain financial covenants relating to

- Leverage – the ratio of total net debt to EBITDA
- Interest cover – the ratio of EBITDA to total debt costs
- Capital expenditure – any obligation treated as such under accounting principles

The Group has complied with these financial covenants

Categories of financial instruments

The following assets and liabilities at carrying values meet the definition of financial instruments and are classified according to the following categories

	2012 £'000	2011 £'000
Loans and receivables		
Trade and other receivables	18,608	17,351
Cash	2,727	2,876
Financial assets	21,335	20,227

	2012 £'000	2011 £'000
Held at amortised cost		
Trade and other payables	20,885	20,234
Borrowings	5,604	6,700
Financial liabilities	26,489	26,934

Estimation of fair values

The carrying value and fair value of the financial assets and financial liabilities are considered to be the same with the following assumptions

For trade and other receivables/payables with a remaining life of less than one year, the carrying amount is deemed to reflect the fair value. For cash and cash equivalents, the amount reported on the balance sheet approximates to fair value. For borrowing at floating rates, the carrying value is deemed to reflect the fair value as it represents the price of the instrument in the market place

Notes to the Accounts

for the year ended 30 June 2012 (continued)

Financial risk management

The main risks arising from the Group's financial instruments include market risk (including foreign currency risks and interest rate risk), liquidity risk and credit risk. The Group seeks to minimise the effects of these risks by developing and consistently applying Board approved policies and procedures. Such policies and procedures are regularly reviewed for their appropriateness and effectiveness to deal with changing nature of financial risks.

Market risk – interest rate risk

The Group holds cash in a variety of currencies within the business units in order to meet working capital requirements. The banking facility is denominated in Sterling.

On 31 January 2012, the Group was successful in negotiating an increase to the financing facility, which attracts margins between 2.00% and 2.75% above LIBOR depending on the ratio of EBITDA to net debt. Prior to this period, the margin ranged from 1.75% to 2.25%. The undrawn part of the facility is subject to a charge during its availability computed at 40% of margin.

A change in the UK base rate of 1% would increase/decrease the annual interest charge on the facility drawn down as at 30 June 2012 of £6,000,000 (2011: £7,000,000) by £60,000 (2011: £70,000).

The Board continues to monitor the exposure to interest rate risk and the requirement to use an interest rate swap agreement or other financial instruments.

Foreign currency risk

The Group executes certain transactions in foreign currencies, primarily in Euros and US Dollars, thus creating some exposure to exchange rate fluctuations. Such exposures are managed by aligning payables and receivables in foreign currencies around the business.

The table below shows the extent to which the Group had monetary assets and liabilities denominated in currencies other than the local currency of the Company in which they are recorded.

	Euro denominated		USD denominated	
	2012 £'000	2011 £'000	2012 £'000	2011 £'000
Monetary assets	1,905	3,542	334	32
Monetary liabilities	(753)	(2,591)	(6)	(124)
Net monetary asset/(liability)	1,152	951	328	(92)

Sensitivity analysis

This quantifies the impact of change in value of assets and liabilities denominated in a currency other than the functional currency of that business unit. A 10% appreciation/depreciation of the Euro and the US Dollar against sterling, applied to the net exposures as at 30 June would give rise to the following gain/loss in the retranslation of these balances.

	Euro denominated		USD denominated	
	2012 £'000	2011 £'000	2012 £'000	2011 £'000
Profit before tax – gain/(loss)				
10% appreciation of Euro/USD	115	86	33	(9)
10% depreciation of Euro/ USD	(115)	(86)	(33)	9

The analysis has been performed using the Group exchange rates at the 30 June 2012 reporting date of 1.24 €/£ (2011: 1.10 €/£) and 1.57 \$/£ (2011: 1.60 \$/£).

The Group is exposed to fluctuations in exchange rates on the translation of net assets and profits earned by its subsidiaries in Germany, Poland, Romania, Turkey and South Africa. These profits are translated at average exchange rates for the year, which is an approximation to the rates at the date of the transaction.

Credit risk

As detailed in the business review, the top 10 customers (all of which are major international businesses) account for 67% (2011 69%) of the Group's revenue and hence there is some customer reliance risk although the biggest single customer is 14% (2011 16%) of revenue and is spread over many of their businesses. This is distinct from credit risk.

At the balance sheet date one customer made up of several contracts amounted to 17% (2011 16%) of the Group's total trade receivables and accrued income balances. Over the past year the aging profile has remained strong and as at the year end 94% (2011 94%) of our trade receivables balances were in terms and therefore the Board believes these balances do not present a significant credit risk which could lead to a loss for the Group.

Ageing of trade receivables, net of impaired balances is as follows

	2012 £'000	2012 %	2011 £'000	2011 %
Neither past due nor impaired	13,785	94%	11,703	94%
Past due but not impaired				
Less than 30 days overdue	794	6%	632	5%
30 to 60 days overdue	28	–	68	–
More than 60 days overdue	57	–	99	1%
	14,664	100%	12,502	100%

The average credit period taken on sales is 42 days (2011 41 days)

The Group has provided for specific trade receivables where the recoverability is uncertain. As at the 30 June 2012 the doubtful debtors balance was £217,000 (2011 £232,000), of which £6,000 (2011 £41,000) was more than 90 days overdue. The Board believes there is no further provision required in excess of the allowance for doubtful debts.

Receivables are written off against the impairment provision when management considers the debt is no longer recoverable.

Liquidity risk

The Group ensures that there are sufficient levels of committed facilities, cash and cash equivalents to ensure that the Group is at all times able to meet its financial commitments.

The Group had un-drawn funds from its revolving credit facility available of £17.25 million (2011 £8 million).

The table below summarises the contractual maturity profile of the Group's financial liabilities.

	2012 Effective interest rate (%)	2012 Less than one year £'000	2012 One to five years £'000	2011 Effective interest rate (%)	2011 Less than one year £'000	2011 One to five years £'000
Trade and other payables	–	20,885	–	–	20,234	–
Provisions	–	816	3,270	–	589	1,671
Bank borrowings	5.4	–	7,077	4.3	–	8,081
	–	21,701	10,347	–	20,823	9,752

Notes to the Accounts

for the year ended 30 June 2012 (continued)

27. Deferred tax assets/(liabilities)

	At 1 July 2011 £'000	Recognised in the income statement £'000	Exchange £'000	At 30 June 2012 £'000
Property plant and equipment	584	470	–	1,054
Intangible assets	(90)	73	–	(17)
Short term timing differences	331	(133)	(16)	182
Tax losses	147	195	(18)	324
	972	605	(34)	1,543

	At 1 July 2010 £'000	Recognised in the income statement £'000	Exchange £'000	At 30 June 2011 £'000
Property plant and equipment	603	(19)	–	584
Intangible assets	(332)	242	–	(90)
Short term timing differences	400	(69)	–	331
Tax losses	661	(570)	56	147
	1,332	(416)	56	972

Deferred tax assets are recognised to the extent that they are considered recoverable against the future profits of the Group. No deferred tax asset has been recognised in relation to taxation on UK losses amounting to £2,914,000 (2011 £1,585,000).

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 2012 is made up of a UK deferred tax asset balance of £1,095,000 (2011 £446,000) and an overseas balance of £448,000 (2011 £526,000).

28. Called up share capital

	2012 Number of shares	2012 £'000	2011 Number of shares	2011 £'000
Authorised:				
Ordinary shares of 2p	59,760,350	1,195	59,760,350	1,195
Allotted, called up and fully paid				
Ordinary shares of 2p	44,820,252	896	44,820,252	896

The Company has one class of ordinary shares, which carry no rights to fixed income. The holders of ordinary shares are entitled to receive dividends as declared and are entitled to one vote per share at meetings of the Company.

Share premium

This arises on issue of the Company's shares over and above the nominal value of the shares, less any expenses of issue incurred in issuing equity.

Merger reserve

The merger reserve arises in respect of the premium arising on the ordinary shares issued as consideration for the acquisition of shares in another company.

Translation reserve

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations.

Employee Benefit Trust (EBT)

Of the issued share capital at 30 June 2012 and 30 June 2011, 2,150,000 shares are held by the Employee Benefit Trust.

Outstanding options

Outstanding options have been granted to the Directors and employees of the Group under the Performance Share Plan and the Incentive Share Plan over shares in Regeneris Plc. Further details of these are included within Note 29.

Details of the share plans and share options held by Directors are included in the Remuneration Report on page 24.

29. Share-based payments

The Group operates an Incentive Share Plan, a Performance Share Plan and a cash-based Phantom Share Scheme

The terms of the Incentive Share Plan and Performance Share Plans are disclosed in the Directors' Remuneration Report

Share options issued under the cash-based Phantom Share Scheme vest three years from the date of the grant and automatically lapse for those employees who leave the company before the third anniversary. Options are settled in cash, which is calculated as the difference between the closing share price on the day that they vest compared to the grant price. The grant price is set with reference to the average share price over a three day period up to the date of the grant.

Details of share options and phantom scheme awards outstanding at the end of the year are as follows

Scheme	Performance Share Plan	Phantom Share Scheme	Phantom Share Scheme	Phantom Share Scheme	Phantom Share Scheme
Exercise price	0 0p	75 5p	46 0p	39 0p	72 0p
Earliest year in which options are exercisable	2013	2011	2012	2013	2014
	Number of options	Number of options	Number of options	Number of options	Number of options
At 30 June 2010	–	250,000	416,675	–	–
Granted	1,000,000	–	–	66,668	–
Exercised	–	–	–	–	–
Lapsed – leavers	(325,000)	(250,000)	(100,002)	–	–
At 30 June 2011	675,000	–	316,673	66,668	–
Granted	–	–	–	–	66,668
Exercised	–	–	(300,006)	–	–
Lapsed – leavers	300,000	–	(16,667)	–	–
At 30 June 2012	375,000	–	–	66,668	66,668

The number of shares granted under the Incentive Share Plan is dependent on the increase in shareholder value in the three year period from the date of grant to 30 June 2014. As the number of shares to be awarded is variable, it has not been included within the table above.

The fair values for the above options were calculated using the inputs and pricing models outlined in the table below

	Incentive Share Plan	Performance Share Plan	Phantom Share Scheme	Phantom Share Scheme	Phantom Share Scheme	Phantom Share Scheme
Date of grant	1 July 2011	17 September 2010	1 July 2008	1 July 2009	1 July 2010	1 July 2011
Option pricing model used	Monte Carlo	Monte Carlo	Black Scholes	Black Scholes	Black Scholes	Black Scholes
Fair value of options granted (per share) at date of grant	12 1p	25 6p	–	–	–	–
Fair value of options granted (per share) at 30 June 2012	–	–	–	44 5p	52 1p	25 2p
Expected volatility	36%	39%	21%	36%	25%	25%
Risk free interest rate	1 4%	1 2%	4 5%	1 8%	2 8%	1 4%
Exercise price (per share)	75 0p	0 0p	75 5p	46 0p	39 0p	72 0p
Expected dividends	–	–	–	–	–	–
Expected term (years)	3	3	3	3	3	3
Expected departures	–	–	41%	16%	25%	25%
Settlement	Equity	Equity	Cash	Cash	Cash	Cash

Notes to the Accounts

for the year ended 30 June 2012 (continued)

Total expense recognised in the income statement for each of the schemes and disclosed on the face on the income statement, was as follows

	2012 £'000	2011 £'000
Performance Share Plan	–	64
Incentive Share Plan	150	–
Phantom Share Scheme	131	48
	281	112

The liability on the Phantom Share Scheme is £182,000 (2011 £51,000), the intrinsic value at 30 June 2012 was £274,000 (2011 £72,000)

30. Commitments

	2012 £'000	2011 £'000
Minimum lease payments under operating leases recognised as an expense in the year	2,650	2,433
The Group has outstanding commitments for total future minimum lease payments under non-cancellable operating leases, which fall due as follows		
	2012 £'000	2011 £'000
Not less than one year	2,842	2,605
Later than one year and not later than five years	5,872	4,865
Later than five years	1,334	2,147
	10,048	9,617

The majority of the leases which the Group has entered into relate to land and buildings. Lease terms range from 3 months to 8 years.

31. Subsequent events

On 31 August 2012, the Group completed its acquisition of all of the issued share capital of Plataforma HDM Tecnológica S A and Plataforma HDM Tecnológica S A de CV and the trade and assets of HDM Plataforma Logística S L, HDM Soluciones Integrales de Reparación S L and HDM Moviltech Servicio Técnico S L together comprising the entire operations of the HDM Group of Companies ("HDM")

The initial consideration of €6.5 million is satisfied by €5.85 million of cash funded through the Group's existing banking facilities and a further €0.65 million in shares. Ordinary shares of 587,571 were issued to the vendor on 31 August 2012. A capped earn-out will be payable on the 30 September 2015 based on EBIT achieved in the year to 30 June 2015. These details were announced at the time of the acquisition.

In the year to December 2011, HDM generated revenues of €26.2 million and net income of €1.2 million with net assets of €12.1 million before fair value adjustments as at 31 December 2011.

HDM is a leading provider of aftermarket services, including reverse logistics and repair, to network operators and mobile telephone manufacturers in Spain, Mexico and Argentina. HDM's key customers include Telefonica, Samsung and Nokia.

The addition of high-quality business in Spain, where HDM has a 20% market share in mobile repair, significantly enhances Regeneris' European customer proposition. The acquisition also provides a strong exposure to new Emerging Markets and a platform for further future expansion into Latin America.

Fair value calculations for this acquisition have not been completed due to the proximity of the completion date to the published date of these Accounts, and as such have not been disclosed.

32. Related party transactions

Transactions between Regeneris plc and its subsidiaries, which are related parties, have been eliminated on consolidation

During the year to June 2012, Regeneris Plc advanced a loan of €250,000 to its jointly controlled entity, Regeneris Sweden Limited. The Groups' share of the joint ventures net losses were recognised to net this investment to nil. Please see further details within note 16. Within the year Regeneris Plc charged £179,000 in management fees to Regeneris Sweden Limited, of which £25,000 was outstanding at 30 June 2012.

During the year to June 2010, Regeneris Plc advanced a loan of €100,000 to its jointly controlled entity, Regeneris Rus as a loan, which remains outstanding at the end of the year ended 30 June 2012 (€100,000 outstanding at 30 June 2011).

As at 30 June 2012 Hanover Investors Management LLP held shares in Regeneris Plc totalling 21.95%. Both Matthew Peacock, Executive Chairman, and Tom Russell, Non-executive Director, are employees of Hanover Investors Management LLP, and a fee is charged for their services as Executive Directors which is disclosed in the Directors Remuneration Report.

All transactions with Directors are included in the Directors' Remuneration Report on page 24 and also in the key management personnel disclosures in note 9.

Company Balance Sheet as at 30 June 2012

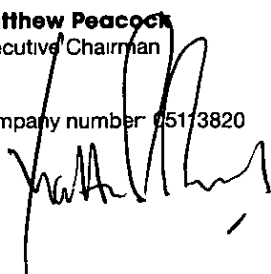
	Note	2012 £'000	2011 £'000
Assets			
Fixed assets			
Goodwill	4	6,918	7,761
Tangible assets	5	401	7
Investments in subsidiaries	6	19,188	22,568
		26,507	30,336
Current assets			
Debtors	7	16,272	10,101
		16,272	10,101
Creditors:			
Amounts falling due within one year	9	(3,503)	(4,772)
Bank overdraft		(3,010)	(1,981)
Provisions	12	(645)	(589)
Net current assets		9,114	2,759
Total assets less current liabilities		35,621	33,095
Creditors:			
Amounts falling due after more than one year	10	(5,604)	(6,700)
Provisions	12	(2,526)	(1,671)
Amounts falling due after more than one year		(8,130)	(8,371)
Net assets		27,491	24,724
Equity			
Ordinary share capital	15	896	896
Share premium	16	19,702	19,702
Merger reserve	16	3,088	3,088
Profit and loss account	16	3,805	1,038
Equity shareholders' funds		27,491	24,724

The financial statements were approved by the Board of Directors and authorised for issue on 25 September 2012

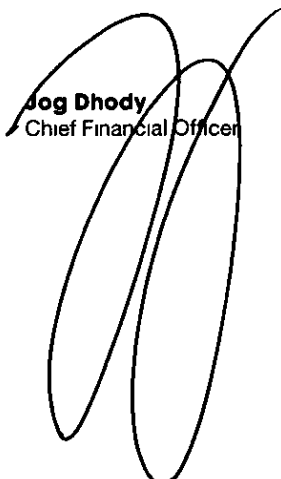
They were signed on its behalf by

Matthew Peacock
Executive Chairman

Company number 05173820



Jog Dhody
Chief Financial Officer



Notes to the Company Accounts for the year ended 30 June 2012

1. Basis of preparation

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards in the United Kingdom, which have been applied on a consistent basis, and on a going concern basis.

Under Section 408 of the Companies Act 2006, the Company is exempt from the requirement to present its own profit and loss account.

2. Accounting policies

The significant accounting policies applied in the preparation of the Company financial statements are as follows:

2.1 Going concern

As highlighted in note 26 to the Group's financial statements, the Group meets its day to day working capital requirements through a bank facility which is due for renewal on 31 October 2015.

Further information on the Group's business activities, together with the factors likely to affect its future development, performance and position is set out in the Business and Financial Review on pages 6 to 13. Further information on the financial position of the Group, its cash flows, liquidity position and borrowing facilities is described in this review.

In addition note 26 to the Group's financial statements includes the Group's objectives, policies and processes for managing its capital, and its exposures to credit risk and liquidity risk.

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

After making enquiries, the Board have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

2.2 Intangible assets and goodwill

Goodwill is calculated as the excess of the fair value of the purchase consideration over the fair value attributable to the separately identifiable assets and liabilities of the acquired business. Goodwill is capitalised on acquisition and amortised on a straight line basis over its estimated useful economic life. The life is determined after taking account of the nature of the business acquired and the nature of the markets in which it operates, and is typically between 5 and 20 years.

2.3 Impairment

Goodwill and other intangible assets are reviewed for impairment at the end of the first full financial year following acquisition and, together with tangible fixed assets, in other periods if events or changes in circumstances indicate that the carrying value may not be recoverable.

The impairment review is performed by comparing the carrying value of the asset or Group of assets, with the recoverable amount. The recoverable amount is higher of net realisable value and the asset's value in use, which is estimated by calculating the present value of its future cash flows. Impairment charges are recognised in the profit and loss account to the extent that the carrying value exceeds the recoverable amount in the periods in which the impairment is identified.

2.4 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less accumulated depreciation. Depreciation is provided at rates calculated to write off the cost less residual value of each asset on a straight line basis over the asset's estimated useful life as follows:

Leasehold improvement	– over the period of the lease or life of the improvements if less
Plant and machinery	– 20% per annum
Computer equipment	– 33% per annum
Fixtures and fittings	– 20%–50% per annum

2.5 Investments

Investments are stated in the balance sheet of the Company at cost less amounts written off. Amounts denominated in foreign currency are translated into sterling at historical exchange rates. Other investments are stated in the Company and Group balance sheets at cost less amounts written off.

2.6 Stock and work in progress

Stock and work in progress is stated at the lower of cost and net realisable value. Cost includes all direct expenditure and an appropriate proportion of attributable overheads that have been incurred in bringing the stock and work in progress to their present location and condition. Net realisable value represents the estimated selling price less all estimated costs to be incurred in marketing, selling and distribution. The amount of any write-down of inventories to net realisable value is recognised as an expense in the year in which the write-down occurs.

Notes to the Company Accounts for the year ended 30 June 2012 (continued)

2.7 Deferred taxation

Deferred tax is recognised in respect of all timing differences which have originated but not reversed at the balance sheet date where transactions or events which result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Company's taxable profits and its results as stated in these consolidated financial statements.

Deferred tax is recognised in respect of the retained earnings of overseas subsidiaries only to the extent that, at the balance sheet date, dividends have been accrued as receivable or a binding agreement to distribute past earnings in future has been entered into by the subsidiary.

Deferred tax is measured at the average tax rates which are expected to apply in the periods in which timing differences are expected to reverse, based on tax rates and laws which have been enacted or substantially enacted by the balance sheet date. Deferred tax is measured on an undiscounted basis.

Deferred tax assets are recognised only to the extent that it is considered more likely than not that there will be suitable taxable profits from which the underlying timing differences can be deducted or where there are deferred tax liabilities against which the assets can be recovered.

2.8 Leases

Lease arrangements entered into by the Company are assessed at the inception of the lease and classified as either an operating or a finance lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards of incidental ownership to the lessee. All other lease arrangements are classified as operating leases.

Rentals payable under operating leases are recognised in the profit and loss account on a straight line basis over the periods of the leases. Assets acquired under finance leases are capitalised and the outstanding future lease obligations are shown under creditors.

2.9 Foreign currencies

Transactions denominated in foreign currencies are translated into sterling at the exchange rate ruling at the date of the transaction. Foreign currency monetary assets and liabilities are translated into sterling at rates of exchange ruling at the balance sheet date. All other exchange differences are dealt with in the profit and loss account.

2.10 Pensions

The Company offers defined contribution pension arrangements to certain employees. Payments to defined contribution pension schemes are expensed as incurred. The Company does not operate any defined benefit pension arrangements.

2.11 Provisions

A provision is recognised when there is a present obligation, whether legal or constructive, as a result of a past event for which it is probable that a transfer of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions in respect of deferred taxation are dealt with in the accounting policy above. Provisions in respect of deferred contingent consideration for acquisitions are made at the Directors' best estimate of the likely consideration payable taking account of the performance criteria which affect the level of deferred consideration.

Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount rate is recognised as finance cost.

A provision for onerous contracts is recognised when the expected benefits to be derived by the Group from a contract are lower than the unavoidable costs of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Group recognises any impairment loss on the assets associated with the contract.

2.12 Bank borrowings and financing costs

Interest-bearing bank loans and overdrafts are stated at the amount of the proceeds received, net of financing costs (including facility fees and redemption premia) where the intention is to hold the debt instrument to maturity. Financing costs are amortised over the expected term of the loan so as to produce a constant rate of return over the period to the date of expected redemption. In instances where the Company has an early redemption option, the term over which financing costs are amortised is the period to the earliest date the option can be exercised, unless there is no genuine commercial possibility that the option will be exercised.

2.13 Share-based payments

The share option programme allows employees to acquire shares of the Company. The fair value of options granted after 7 November 2002 are recognised as an employee expense with a corresponding increase in equity. The fair value is measured at grant date and spread over the period during which the employees become unconditionally entitled to the options. The fair value of the options granted is measured using an option pricing model, taking into account the terms and conditions upon which the options were granted. The amount recognised as an expense is adjusted to reflect the actual number of share options that vest except where variations are due only to share prices not achieving the threshold for vesting.

Where the Company grants options over its own shares to the employees of its subsidiaries it recognises, in its individual financial statements, an increase in the cost of investment in its subsidiaries equivalent to the equity-settled share-based payment charge recognised in its consolidated financial statements with the corresponding credit being recognised directly in equity.

2.14 Own shares held by EBT

Transactions of the Company-sponsored EBT are treated as being those of the Company and are therefore reflected in the parent Company and Group financial statements. In particular, the trust's purchases of shares in the Company are debited directly to equity.

3. Staff costs

The average monthly number of employees (including Executive Directors) was

	2012 Number	2011 Number
Administration	6	6
	6	6
The aggregate remuneration comprised		
	2012 £'000	2011 £'000
Wages and salaries	686	750
Social security costs	38	81
Share-based payments	281	30
Other pension costs	66	80
	1,071	941

Disclosure of individual Directors' remuneration is included in the Remuneration Report on pages 22 to 24.

4. Goodwill

	Total £'000
Cost	
1 July 2011 and 30 June 2012	16,854
Amortisation	
1 July 2011	9,093
Amortisation charge for the year	843
30 June 2012	9,936
Net book value	
30 June 2012	6,918
30 June 2011	7,761

Notes to the Company Accounts

for the year ended 30 June 2012 (continued)

5. Tangible assets

	Leasehold improvements £'000	Computer equipment £'000	Fixtures and fittings £'000	Total £'000
Cost				
At 1 July 2011	–	7	–	7
Additions	223	134	67	424
Disposals	–	–	–	–
At 30 June 2012	223	141	67	431
Depreciation				
At 1 July 2011	–	–	–	–
Charge for the year	4	25	1	30
Disposals	–	–	–	–
At 30 June 2012	4	25	1	30
Net book value				
At 30 June 2012	219	116	66	401
At 30 June 2011	–	7	–	7

6. Fixed asset investments

	Shares in subsidiary undertakings £'000
Cost	
At 1 July 2011	24,570
Additions	620
At 30 June 2012	25,190
Impairment	
At 1 July 2011	2,002
Charge for the year	4,000
At 30 June 2012	6,002
Net book value	
At 30 June 2012	19,188
At 30 June 2011	22,568

The additions within the year relate to investment in share capital of Regeneris South Africa (PTY) Ltd, Regeneris Istanbul Teknoloji Danışmanlığı Limited Şirketi and Regeneris (Bucharest) SRL

The impairment recognised within the year is in relation to the investment in Regeneris (Glasgow) Ltd arising from the substantial restructuring in the UK

7. Debtors amounts falling due within one year

	2012 £'000	2011 £'000
Trade receivables	25	–
Amounts due from subsidiaries	15,632	9,892
Deferred tax asset (note 8)	89	141
Prepayments and accrued income	526	68
	16,272	10,101

8. Deferred tax assets

	Depreciation in excess of/(less than) capital allowances £'000	Other timing differences £'000	Total £'000
At 1 July 2011	9	132	141
Credit/(charge) for the year	10	(62)	(52)
At 30 June 2012	19	70	89

Deferred tax assets are recognised to the extent that they are considered recoverable against future profits of the Company. No deferred tax asset has been recognised in relation to tax losses amounting to £602,000 (2011: £539,000).

9. Creditors amounts falling due within one year

	2012 £'000	2011 £'000
Trade creditors	314	159
Amounts due to subsidiaries	2,005	1,958
Accruals and deferred income	1,184	2,655
	3,503	4,772

10. Creditors amounts falling due after more than one year

	2012 £'000	2011 £'000
Bank loans and other borrowings	5,604	6,700

11. Bank and other borrowings

	2012 £'000	2011 £'000
Due after more than one year		
Secured bank loan	5,604	6,700
Repayable		
In the third to fifth years inclusive	6,000	7,000

The terms of the loan are disclosed in the Group accounts in note 22.

Notes to the Company Accounts for the year ended 30 June 2012 (continued)

12. Provisions

	Onerous leases £'000	Dilapidations £'000	Total £'000
At 1 July 2011	1,960	300	2,260
Utilised in the period	(145)	–	(145)
Unwinding of discount	9	1	10
Created in the period	933	113	1,046
At 30 June 2012	2,757	414	3,171

Provisions are analysed between current and non-current as follows

	2012 £'000
Current	645
Non-current	2,526
At 30 June 2012	3,171

Further to the contract loss in Glasgow highlighted in the Business and Financial Review on page 7, the onerous lease provision above covers a proportion of the residual lease commitments up to August 2019, whilst the dilapidation provision represents the Directors' best estimate for dilapidation on the same building

13. Operating lease commitments

	Land & buildings 2012 £'000	Land & buildings 2011 £'000
Lease expiry		
Within one year	–	34
Between one and five years	145	9
	145	43

14. Share-based payments

The Company operates a share option scheme and Phantom share scheme. The terms of the scheme are disclosed on page 55 to the consolidated financial statements. The share options outstanding are the same for the Company as for the consolidated financial statements and details of the share options outstanding are disclosed in note 29 to the financial statements.

15. Share capital

The movements on share capital are disclosed in note 28 to the consolidated financial statements.

16. Reserves

	Share premium account £'000	Merger reserve £'000	Retained earnings £'000	Total £'000
At 1 July 2011	19,702	3,088	1,038	23,828
Retained profit for the year	–	–	2,767	2,767
At 30 June 2012	19,702	3,088	3,805	26,595

Notice of the Annual General Meeting

Notice is hereby given that the seventh Annual General Meeting of Regeneris Plc ("the Company") will be held at Arden Partners, 125 Old Broad Street, London, EC2N 1AR on Wednesday 21 November 2012 at noon for the following purposes

Ordinary business

To consider, and if thought fit, pass the following resolutions which will be proposed as ordinary resolutions

- 1 To receive the Directors' report, the Directors' remuneration report and the Company's annual accounts for the year ended 30 June 2012, together with the auditors' report on those accounts
- 2 To approve the Directors' remuneration report for the year ended 30 June 2012
- 3 That a final dividend as recommended by the Directors of 11 pence per ordinary share in respect of the financial year ended 30 June 2012 be approved
- 4 To re-appoint KPMG Audit Plc as auditors of the Company to hold office from the conclusion of the meeting until the conclusion of the next annual general meeting of the Company at which accounts are laid
- 5 To authorise the Directors to agree the remuneration of KPMG Audit Plc
- 6 To appoint Jog Dhody as a Director of the Company, who has been appointed since the last annual general meeting and who is retiring in accordance with the articles of association of the Company
- 7 To appoint Kevin Bradshaw as a Director of the Company, who has been appointed since the last annual general meeting and who is retiring in accordance with the articles of association of the Company

Special business

To consider and, if thought fit, to pass the following resolution 8 as an ordinary resolution and resolutions 9 and 10 as special resolutions

- 8 That, pursuant to Section 551 of the Companies Act 2006 ("the Act") and in substitution for all existing authorities under that section, the Directors be and are hereby generally and unconditionally authorised to exercise all powers of the Company to allot shares in the Company or grant rights to subscribe for, or to convert any security into, shares in the Company up to an aggregate nominal amount of £302,718 82, provided that (unless previously revoked, varied or renewed) this authority shall expire on 31 December 2013, or at the conclusion of the next annual general meeting of the Company after passing of this resolution, whichever is the earlier, save that the Company may make an offer or agreement before expiry of this authority which would or might require such shares to be allotted or such rights to be granted after such expiry and the Directors may allot such shares or grant such rights pursuant to any such offer or agreement as if such authority conferred had not expired
- 9 That, subject to the passing of resolution 8, pursuant to Section 570 of the Companies Act 2006 ("the Act") the Directors be and are hereby unconditionally empowered to allot equity securities (within the meaning of Section 560 of the Act) for cash pursuant to the authority conferred by resolution 8 as if Section 561(1) of the Act did not apply to such allotment, provided that such power shall be limited to
 - (a) The allotment of equity securities in connection with an offer (whether by way of a rights issue, open offer or otherwise) to holders of ordinary shares in the capital of the Company in proportion (as nearly as practicable) to the respective numbers of ordinary shares held by them, subject to such exclusions or other arrangements as the Directors may deem necessary or expedient to deal with equity securities representing fractional entitlements or any legal or practical problems under the laws of any territory or the requirements of any regulatory body or stock exchange, and
 - (b) The allotment of equity securities for cash (otherwise than pursuant to paragraph (a) above) up to an aggregate nominal amount of £90,815 65,

and (unless previously revoked, varied or renewed) shall expire on 31 December 2013 or at the conclusion of the next annual general meeting of the Company after the passing of this resolution, whichever is the earlier, save that the Company may make an offer or agreement before the expiry of this power which would or might require equity securities to be allotted for cash after such expiry and the Directors may allot equity securities for cash pursuant to any such offer or agreement as if the power conferred by this resolution had not expired

Notice of the Annual General Meeting (continued)

10 That pursuant to Section 701 of the Companies Act 2006 ("the Act"), the Company be and is generally and unconditionally authorised to make market purchases (within the meaning of Section 693(4) of the Act) of ordinary shares of 2 pence each in the capital of the Company ("Shares"), provided that

- (a) The maximum number of Shares which may be purchased is 4,540,782,
- (b) The minimum price (exclusive of expenses) that may be paid for a share is 2 pence,
- (c) The maximum price (exclusive of expenses) which may be paid for a Share is an amount equal to the higher of
 - (i) 105 per cent of the average of the middle market quotations for the Shares as derived from the Daily Official List for the five business days immediately preceding the day on which the purchase is made, and
 - (ii) an amount equal to the higher of the price of the last independent trade of an ordinary share and the highest current independent bid for an ordinary share as derived from the London Stock Exchange Trading System,
- (d) Unless previously revoked, varied or renewed, this authority shall expire on 31 December 2013 or at the conclusion of the next annual general meeting of the Company, whichever is the earlier, and
- (e) The Company may enter into a contract to purchase Shares before the expiry of this authority under which such purchase will or may be completed or executed wholly or partly after such expiry and may make a purchase of Shares pursuant to any such contract as if the authority conferred by this resolution had not expired

By Order of the Board

M Devin

For and on behalf of Prism Cosec Limited
Company Secretary

24 September 2012

Company Number 05113820

Registered Office
4th Floor
32 Wigmore Street
London
W1U 2RP

Notice of the Annual General Meeting

Explanatory Notes to the Resolutions

Ordinary Business

Resolutions 1 to 8 will be proposed as ordinary resolutions, and will be passed if more than 50 per cent of shareholders' votes cast are in favour

Resolution 1 To receive the 2012 Report and Accounts

The Directors of the Company ("the Directors") must present their annual report and accounts of the Company for the year ended 30 June 2012 (the "Annual Report") to shareholders for formal adoption at the Annual General Meeting

Resolution 2 To approve the 2012 Remuneration Report

The Remuneration Report must be laid before shareholders for approval. The Remuneration Report set out on pages 22 to 24 of the Annual Report describes the Group's policy on remuneration and gives details of Directors' remuneration for the year ended 30 June 2012. The vote is advisory and does not affect the actual remuneration paid to any individual Director.

Resolution 3 To declare a final dividend

A final dividend of 11 pence per ordinary share is proposed. No interim dividend was paid during the year. If approved, the final dividend will be paid on 5 December 2012 to shareholders on the register at the close of business on 9 November 2012.

Resolutions 4 and 5 To reappoint the auditors and authorise the Board to determine their remuneration

The Company is required to appoint auditors at each general meeting at which accounts are laid before the Company, to hold office until the conclusion of the next such meeting. The Audit Committee has reviewed the effectiveness, independence and objectivity of the external auditors, KPMG Audit Plc, on behalf of the Board which now proposes their reappointment as auditors of the Company. Resolution 5 also authorises the Directors, in accordance with standard practice, to negotiate and agree the remuneration of the auditors. In practice, the Audit Committee will consider the audit fees for recommendation to the Board.

Resolutions 6 and 7 To appoint the Directors

Two of the five Directors, having been appointed since the 2011 annual general meeting, will retire and seek election at this year's AGM. Their biographies appear on pages 14 to 15 of the Annual Report.

Special Business

As well as the ordinary business of the meeting outlined above, a number of special matters will be dealt with at the Annual General Meeting. Resolution 8 will be proposed as an ordinary resolution and will be passed if more than 50 per cent of shareholders' votes cast are in favour. Resolutions 9 and 10 will be proposed as special resolutions. For these resolutions to be passed, more than 75 per cent of shareholders' votes cast must be in favour.

Resolution 8 Directors' authority to allot shares

At the 2011 annual general meeting, the Directors were given authority to allot shares in the Company, and Resolution 8 seeks to renew this authority for a period until 31 December 2013 or at the conclusion of the next annual general meeting, whichever is the earlier.

This resolution would give the Directors authority to allot ordinary shares, and grant rights to subscribe for or convert any security into shares in the Company, up to an aggregate nominal value of £302,718.82. This amount represents one-third of the issued ordinary share capital of the Company as at 24 September 2012, the last practicable date prior to the publication of this document.

The Directors have no present intention to allot new shares other than in connection with employee share and incentive plans.

Resolution 9 Disapplication of pre-emption rights

If directors of a company wish to allot shares in the company, or to sell treasury shares, for cash (other than in connection with an employee share scheme) company law requires that these shares are offered first to shareholders in proportion to their existing holdings.

The purpose of Resolution 9 is to authorise the Directors to allot ordinary shares in the Company, or sell treasury shares, for cash (i) in connection with a rights issue, and, otherwise, (ii) up to a nominal value of £90,815.65, equivalent to ten per cent of the total issued ordinary share capital of the Company as at 24 September 2012 without the shares first being offered to existing shareholders in proportion to their existing holdings. This level of authority is required in order to give the Company flexibility in the event of acquisition opportunities and major shareholders will be consulted in advance of the authority being exercised.

The Directors do not intend to issue more than 7.5% of the total issued ordinary share capital of the Company for cash on a non-pre-emptive basis within any rolling three-year period without prior consultation with shareholders.

Notice of the Annual General Meeting

Explanatory Notes to the Resolutions (continued)

Resolution 10 Authority to purchase own shares

Under the Companies Act 2006 ("the Act"), the Company requires authorisation from shareholders if it wishes to purchase its own shares

Resolution 10 seeks to renew the existing authority given at the 2011 annual general meeting. The resolution specifies the maximum number of shares that may be purchased (approximately 10% of the Company's issued share capital) and the highest and lowest prices at which they may be bought

Under the Act, the Company can hold the shares which have been repurchased as treasury shares and either resell them for cash, cancel them, either immediately or at a point in the future, or use them for the purposes of its employee shares schemes. The Directors believe that it is desirable for the Company to have this choice and therefore intend to hold any shares purchased pursuant to this authority as treasury shares. Holding the repurchased shares as treasury shares will give the Company the ability to re-sell or transfer them in the future, and so provide the Company with additional flexibility in the management of its capital base. However, in order to respond properly to the Company's capital requirements and prevailing market conditions, the Directors will need to reassess at the time of any actual purchase, whether to hold the shares in treasury or cancel them.

The Directors have no present intention of exercising this authority. The Directors intend to keep under review the Company's potential to buy back its shares, taking into account other investment and funding opportunities. The authority will only be used if in the opinion of the Directors this will result in an increase in earnings per share or would otherwise be in the best interests of shareholders generally.

No dividends will be paid on, and no voting rights will be exercised in respect of, treasury shares.

As at the latest practicable date prior to publication of this Notice there were no outstanding options to subscribe for Ordinary Shares.

Notice of the Annual General Meeting

Explanatory Notes to the Notice of Meeting

Entitlement to appoint proxies

- 1 Members are entitled to appoint a proxy to exercise all or any of their rights to attend and to speak and vote on their behalf at the meeting. A shareholder may appoint more than one proxy in relation to the AGM provided that each proxy is appointed to exercise the rights attached to a different share or shares held by the shareholder. A proxy need not be a shareholder of the Company. Shareholders who return the form(s) of proxy will still be able to attend the AGM, speak and vote in person if they so wish. Shareholders or their duly appointed proxies are requested to bring proof of identity with them to the AGM in order to confirm their identity for security reasons. A shareholder may only appoint a proxy or proxies
 - (a) In hard copy form (together with any power of attorney or other written authority under which it is signed or a copy of such authority notorally certified or certified in some other way by the Directors) by post, courier or by hand to the offices of the Company's registrars, Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6ZY, or
 - (b) In the case of CREST members, by utilising the CREST electronic proxy appointment service in accordance with the procedures set out below

Appointing Proxies

- 2 A shareholder wishing to appoint a proxy should complete the accompanying form(s) of proxy and return it/them to the Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6ZY. Alternatively, you may submit your proxy electronically by using the CREST proxy service. CREST members may appoint a proxy or proxies electronically via Computershare (ID number 3RA50) in accordance with note 4 below. To appoint more than one proxy, you may either photocopy the form(s) of proxy accompanying this Notice or contact Computershare on 0870 889 4099 to request additional personalised form(s) or proxy. If more than one proxy appointment is returned in respect of the same holding of shares, the proxy last received by Computershare before the latest time for the receipt of proxies will take precedence. To be valid, any proxy form or other instrument appointing a proxy must be deposited with Computershare or lodged via the CREST proxy service (in each case) no later than noon on Monday 19 November 2012.

Electronic proxy appointment through CREST

- 3 CREST members who wish to appoint a proxy or proxies by utilising the CREST electronic proxy appointment service may do so by utilising the procedures described in the CREST Manual. CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.
- 4 In order for a proxy appointment made by means of CREST to be valid, the appropriate CREST message (a 'CREST Proxy Instruction') must be properly authenticated in accordance with Euroclear UK & Ireland Limited ('EUI') specifications and must contain the information required for such instructions, as described in the CREST Manual. The message, regardless of whether it relates to the appointment of a proxy or to an amendment to the instructions given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the issuer's agent (ID 3RA50) by noon on Monday 19 November 2012. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time, any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.
- 5 CREST members and, where applicable, their CREST sponsors or voting service provider(s) should note that EUI does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service provider(s) are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.
- 6 The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Un-certificated Securities Regulations 2001.

Joint holders

- 7 In the case of joint holdings, only one holder may sign and the vote of the senior who tenders a vote shall be accepted to the exclusion of the votes of the other joint holders, seniority for this purpose being determined by the order in which the names stand on the register of members in respect of joint holdings.

Notice of the Annual General Meeting

Explanatory Notes to the Notice of Meeting (continued)

Entitlement to attend and vote

- 8 In accordance with Regulation 41 of the Un-certificated Securities Regulations 2001, only those members registered in the register of members of the Company as at close of business on Monday 19 November 2012 or, in the event the meeting is adjourned, in the register of members 48 hours before the time of any adjourned meeting shall be entitled to attend or vote at the meeting in respect of the number of shares registered in their name at the time. Changes to entries in the register of members after close of business on Monday 19 November 2012 or, in the event of the meeting being adjourned, after 48 hours before the time of any adjourned meeting shall be disregarded in determining the rights of any person to attend or vote at the meeting

Corporate Representatives

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

Voting Rights

- 10 As at 24 September 2012 (being the last business day prior to the publication of this Notice), the Company's issued share capital consists of 45,407,823 ordinary shares, carrying one vote each. Therefore, the total voting rights in the Company as at 24 September 2012 are 45,407,823 of which 2,150,000 are classified as treasury shares

Communicating with the Company in relation to the AGM

- 11 Except as provided above, shareholders wishing to communicate with the Company in relation to the AGM should write either to the Company Secretary, Regeneris Plc, 4th Floor, 32 Wigmore Street, London W1U 2RP
- 12 You may not use any electronic address provided either in this Notice or any related documents (including the Chairman's letter and proxy form), to communicate with the Company for any purposes other than those expressly stated

Inspection of documents

- 13 Copies of the Executive Directors' service contracts and Non-executive Directors' letters of appointment will be available for inspection during normal business hours at the offices of Regeneris Plc, 4th Floor, 32 Wigmore Street, London W1U 2RP (excluding weekends and public holidays). They will also be available for inspection at the place of the annual general meeting from 11.45 a.m. on the day of the meeting until the conclusion of the meeting

Voting Results

- 14 The results of the voting at the AGM will be announced through a Regulatory Information Service and will appear on our website www.regeneris.com

Data Protection Statement

- 15 Your personal data includes all data provided by you, or on your behalf, which relates to you as a shareholder, including your name and contact details, the votes you cast and your Shareholder Reference Number (attributed to you by the Company). The Company determines the purposes for which and the manner in which your personal data is to be processed. The Company and any third party to whom it discloses the data (including the Company's registrars) may process your personal data for the purposes of compiling, fulfilling its legal obligations and processing the shareholder rights you exercise

Business overview

Corporate governance

Financial statements

Other information

Locations

Registered Office

Regeneris Plc
4th Floor
32 Wigmore Street
London
W1U 2RP

UK

32 Fountain Drive
Inchinnan Business Park
Inchinnan
Renfrewshire
PA4 9RF

1 James Watt Avenue
Westwood Park
Glenrothes, Fife
KY7 4UA

Kingfisher Way
Hinchingsbrooke Business Park
Huntingdon
Cambridgeshire
PE29 6FN

Waindyke Way
Normanton
Wakefield
West Yorkshire
WF6 1TF

Argentina

California 2082
Central Park, C1289AAN
Capital Federal
Buenos Aires

Germany

An der Gehespitz 90
D-63263 Neu-Isenburg

Bahndamm 39
D-33758 Schloß
Holte-Stukenbrock

Erfurter Hohe 10a
99610 Sommerda

Mexico

MexTres Anegas
425 Bodega 7 Col
Nueva Industrial Vallejo
CP 07700
Delegacion Gustavo A Madero

Poland

Janki
Ul Falenska 1B
05-090 Raszyn

Janki
Al Krakowska 38
05-090 Raszyn

Ul 19 Kwietnia 31
05-090 Raszyn

Romania

92 Timisoara Bvd
Bucharest - 6
061327

Russia

Lavochkina Street
House #19
Moscow
125502

South Africa

Unit C, Alphen Square West
338 George Street
Ranjerspark
Midrand
Gauteng
1682

Spain

Av Leonardo Da Vinci, 13
Parque Empresarial "La Carpetania"
28906

Sweden

Box 536
801 06 Gavle
Murengatan 38

Box 53
681 22 Kristinehamn
Teleavagen 4

Smedjegatan 6 3tr
13154 Nacka

Lugna gatan 16 (Building 391)
721 36 Vasterås

Turkey

Ruzgarlibahce Mah Kavak Sokak
Impa Is Merkezi No 12 34805 Kavacik
Beykoz
Istanbul

United States

1228 East 7th Avenue
Tampa
Florida
33605



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Registered office

Regeneris Plc
4th Floor
32 Wigmore Street
London
W1U 2RP

T +44 (0)203 657 7000
F +44 (0)203 657 7019

Company number
05113820

www.regeneris.com



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