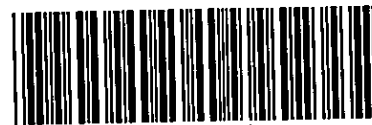


Company Registration No 05169780

Restore plc
REPORT AND FINANCIAL STATEMENTS
for the year ended
31 December 2012

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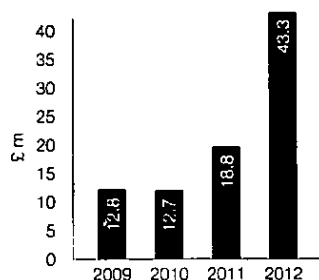
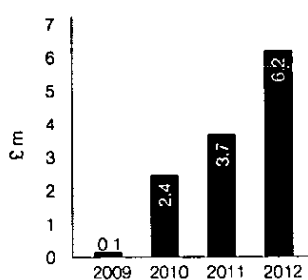
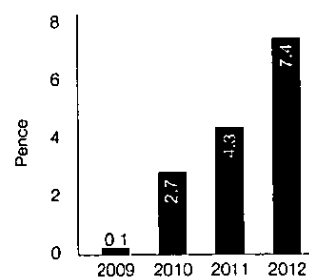
COMPANIES HOUSE

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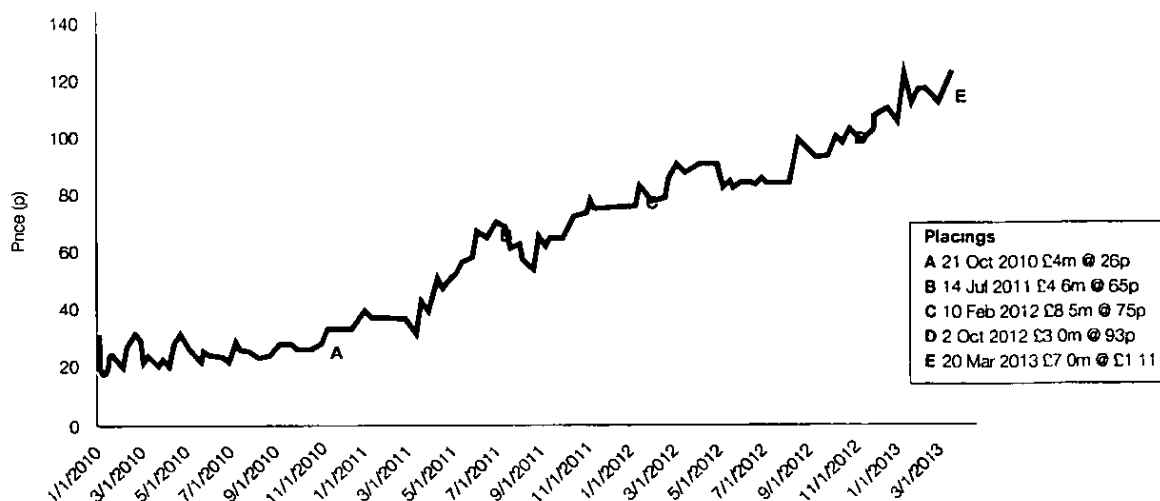
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More progress

Historic performance

Turnover (£m)

Adjusted profit before tax (£m)

Adjusted earnings per share (p)

Transactions since June 2009

Jun 2009	Sale of ANSA, Independent Inspections and Home and Comforts	Nov 2011	Acquisition of Brunswick Document Management
Dec 2009	Closure of ABS	Feb 2012	Acquisition of Harrow Green
Sept 2010	Acquisition of Datacare	May 2012	Acquisition of ROC Relocations
Dec 2010	Acquisition of Formsafe	Aug 2012	Sale of Peter Cox
Apr 2011	Acquisition of Sargents	Aug 2012	Acquisition of M&L Document Destruction
Sept 2011	Acquisition of Paterson Data Management	Oct 2012	Acquisition of Archive Solutions
Oct 2011	Acquisition of Thoroughshred	Mar 2013	Acquisition of File & Data Storage

Share price April 2010 to March 2013 and Share Placings


Source: Digital Look

Financial highlights

ADJUSTED RESULTS	2012	2011	% Change
Revenue	£43.3m	£18.8m	130%
EBITDA*	£7.9m	£5.1m	55%
Operating profit*	£7.1m	£4.4m	61%
Profit before tax*	£6.2m	£3.7m	68%
Earnings per share from continuing operations**	7.4p	4.3p	72%
Dividend per share	1.5p	1.0p	50%
Net debt	£17.8m	£11.6m	

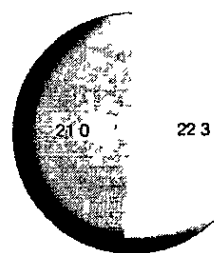
*before discontinued operations, exceptional items (including exceptional finance costs), amortisation and impairment of intangible assets, share based payments charge and other finance costs. The reconciliation of adjusted figures are shown in the group finance director's review.

**calculated based on the weighted average shares in issue during 2012 and a standard tax charge.

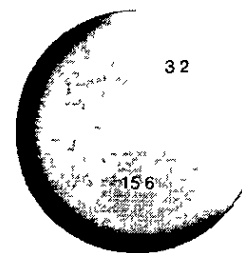
STATUTORY RESULTS

Revenue	£43.3m	£18.8m
Operating profit	£2.4m	£2.3m
Profit before tax	£1.5m	£1.2m
Earnings per share from continuing operations	2.5p	2.6p
Dividend per share	1.5p	1.0p
Net debt	£17.8m	£11.6m

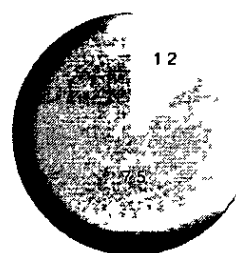
Turnover by division
2012 £'m



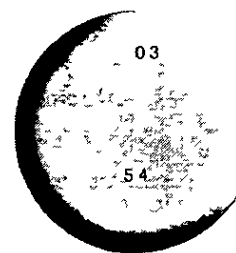
Turnover by division
2011 £'m



Operating profit by
division 2012 £'m



Operating profit by
division 2011 £'m



Document Management
Office Relocation

Directors

Sir William Wells

aged 73, Non-Executive Chairman

Sir William Wells was appointed Chairman of the Board on 8 June 2009. His career encompasses senior positions in public health, commercial property, insurance and business services. He was Managing Partner and then Chairman of Chesterton Chartered Surveyors for 34 years, where he oversaw their transition from a private partnership to a listed company. His other experience includes non-executive director roles with AMP (UK), Henderson Group plc and Exel plc. Sir William is Chairman of ADL plc, a care home provider, CMG plc, a specialist in the care of adults with learning difficulties, and Transform plc, the leading cosmetic surgery company in the UK. He was the Chairman of the Department of Health's Commercial Advisory Board and the NHS Appointments Commission.

Charles Skinner

aged 52, Chief Executive

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

Adam Councill

aged 34, Group Finance Director

Adam Councill was appointed Group Finance Director on 18 June 2012. Adam began his career at Whitbread plc in the accounts department of The Pelican Group restaurant division before moving to the Milward Brown Precis subsidiary of WPP plc. He joined Rentokil Initial plc in 2003, where he held a variety of finance posts including commercial director of the Business and Industry division and finance director of Catering and the combined Catering and Hospitals division. Most recently, he was finance director of the UK Business Services division, supervising eight businesses with a combined turnover of £250 million.

Andrew Wilson MBA, ACA, CTA

aged 52, Non-Executive Director

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

Dr John Forrest CBE

aged 69, Non-Executive Director

Dr John Forrest joined the Board on 8 November 2011 as a Non-Executive Director. He has considerable public company Board experience and has held posts at Marconi Defence Systems and the Independent Broadcasting Authority, where he led their transformation into the major broadcast and cable communications company, NTL. He was a main Board director of 3i Group plc with focus on development of their international strategy. He has led both UK government and EU committees and now has a portfolio of activities as Chairman of Boards of high growth companies in the technology, renewable energy, security and IT sectors.

Sir Paul Stephenson

aged 59, Non-Executive Director

Sir Paul Stephenson joined the board on 10 April 2012 as a Non-Executive Director. After almost 36 years as a police officer, Sir Paul retired from the service in July 2011, having held senior command positions in Merseyside, Lancashire and London. His time as Chief Constable of Lancashire saw the organisation being rated as the leading force in England and Wales and during his period as Deputy Commissioner and Commissioner of the Metropolitan Police Service he presided over real falls in key crimes whilst effecting significant service cost reductions. He has advised UK governments on issues ranging from counter terrorism to serious organised crime and national policing improvements. Sir Paul has served as Trustee for a number of charities.

Chairman's statement

"I am pleased to report another strong performance by your Company and significant progress in the execution of our strategy"

SIR WILLIAM WELLS
CHAIRMAN

Results

I am pleased to report another strong performance by your Company and significant progress in the execution of our strategy. Our markets, particularly records management, remained robust during the year, and we continued to grow profits at the same time as securing market leadership in UK office

relocations and rationalising our operational structure.

For the year to 31 December 2012, adjusted profit before tax, exceptional items, amortisation, discontinued activities and share-based payment charges was £6.2 million, a year-on-year increase of 68% (2011: £3.7 million). Adjusted operating profit increased to £7.1 million (2011: £4.4 million). Turnover from continuing activities was £43.3 million (2011: £18.8 million), with the substantial year-on-year increase primarily reflecting the acquisition of Harrow Green. Peter Cox, which we sold in August, has been treated as a discontinued activity. Earnings per share on an adjusted basis were up 72% at 7.4 pence (2011: 4.3 pence). With a recommended final dividend of 1.1 pence, the total dividend is up 50% at 1.5 pence.

The Company now has two operating divisions, Document Management and Office Relocation, both of which are focused on office services.

Trading

The Document Management division performed well, with our core records management business continuing to demonstrate the attractive financial traits of its operating model. The division's turnover was £21.0 million (2011: £15.6 million) and adjusted operating profit was £7.5 million

(2011: £5.4 million). Restore Records Management delivered a further increase in revenue on an organic basis, reflecting the underlying growth in the market for our services. However, the majority of the increase in turnover and profit derived from acquisitions made over the last eighteen months, including the integration of the records management business of Harrow Green. The increase in operating margin reflected the benefits of our increased scale. Restore Shred, of which we now own 100%, made a small loss but is expected to grow and operate profitably henceforth. Restore Scan, formerly known as DCS, made a small profit. It has now been fully integrated into the Document Management division and will benefit from lower overheads as a result.

The Office Relocation division now primarily comprises the Harrow Green business, acquired in March 2012. The division's turnover was £22.3 million (2011: £3.2 million) and adjusted operating profit was £1.2 million (2010: £0.3 million). This was an acceptable performance in a period when the business was undergoing considerable post-acquisition rationalisation. The low operating margin also reflected, as expected, a weak third quarter (traditionally the strongest trading period) resulting from low levels of activity in the key London market around the Olympics and Paralympics. Following the year-end, Sargents, our original office relocation business, has been integrated into Harrow Green.

The Chief Executive's Review gives a fuller assessment of our businesses' performance and prospects.

Corporate transactions

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

- In March, we acquired Harrow Green, the UK market leader in office relocation, which also had a sizeable records management business. The initial consideration was £6.1 million with up to a further £1 million payable in 2015. As part of the transaction, we assumed £5.6 million of debt.

Chairman's statement (continued)

- In May, we acquired ROC Relocations, a London-based relocation business, from the receiver for £0.2 million
- In August, we acquired M&L Document Destruction, a secure shredding and recycling business based in Middlesbrough, for £0.3 million. This increased the geographic coverage of Restore Shred and strengthened our operational management in this niche
- In October, we acquired Archive Solutions, a Manchester-based records management business, for consideration of £2.6 million, greatly strengthening our presence in North-West England

On 20 March 2013, we announced the acquisition of File and Data Storage, a national records management business. This was acquired from OfficeTeam, the stationery supply company for £6.1 million, with a potential additional payment of £0.15 million. This further increases our coverage and market share in our leading activity.

Discontinued Activities

Peter Cox, the damp treatment and timber proofing business, was sold in August for a total consideration of £3.6 million. It had been a non-core business which we had successfully restored to profitability over the previous two years. Its turnover in the period of ownership during the year was £8.7 million (full year 2011: £16.0 million) and operating profit was £0.2 million (full year 2011: £0.8 million). The year-

on-year figures reflect the seasonal nature of the business, whereby profits are weighted towards the second half of the year.

Following the disposal, the Company is now focused on office services.

Funding

Net debt at the year-end was £17.8 million (2010: £11.6 million), including £4.0 million of invoice discounting. Year-end debt facilities are £21.4 million.

In February, we raised £8.5 million through an equity placing at 75p per share to fund the acquisition of Harrow Green. In October, we raised £3.0 million through an equity placing at 93p per share to fund the acquisition of Archive Solutions.

On 20 March 2013, we announced a placing of £7.0 million after expenses to fund the acquisition of File & Data. Combined with an increased borrowing facility of £3.5 million, this provides us with additional funding for other acquisitions.

Dividends

Your Board is recommending a final dividend of 1.1 pence, payable on 9 July 2013 to shareholders on the register on 14 June 2013. The total dividend for the year is 1.5 pence, a 50% year-on-year increase. It is the Board's firm intention to follow a progressive dividend policy.

The expansion to national coverage

Three years ago, Restore plc's office services activities were confined to five locations all in Southern England. We can now offer our services across all of mainland Britain from twenty-eight locations, ranging from Glasgow to Cornwall.

Chairman's statement (continued)

Board

In June, Adam Councell joined the Board as Group Finance Director. He was previously Finance Director of Rentokil Initial's UK business services division. He replaced Harvey Samson, who subsequently acquired Peter Cox. Sir Paul Stephenson, the former Commissioner of the Metropolitan Police Service, also joined the Board as a non-executive Director during the year.

I welcome Adam and Sir Paul to the Board. I also thank Harvey for his significant contribution to the Company and wish him and the team at Peter Cox well for the future.

People

In the business services sector, strong relationships between customers and suppliers sit at the heart of most successful enterprises. These relationships are between people, rather than organisations, and exist at all levels. The other key element is consistent and effective delivery of services, while this is partly about having the right systems in place, it is also about the willingness and enthusiasm to help the customer, which derives from the people delivering the service. For these reasons, our Group's success is tied inextricably to the capability, attitude and enthusiasm of our people. Our strong financial performance and ability to grow reflects these qualities, and in turn it creates exciting and rewarding career opportunities. I thank all our people for their commitment over the last year and look forward to them sharing in the success of the Group. I also welcome those who have joined us through acquisitions during the year.

Strategy

The Company is now wholly focused on UK office services. The areas in which we operate and seek to operate have certain characteristics:

- A strong element of recurring revenues
- A degree of operational complexity which enables good margins to be achieved
- A similar channel to market typically through our customers' facilities managers
- Switching suppliers is neither desirable nor practical for customers
- Scope for cross-selling the other services we offer

Our growth strategy is based on "deepening and broadening". "Deepening" means increasing our UK market share in the areas in which we operate. This is shown by our significant growth in the records management sector,

achieved primarily through acquisitions, where we have moved from being eighth in the market to, on our estimates, second in less than three years. In Office Relocation, our acquisition of Harrow Green has taken us to a position of market leadership. "Broadening" means adding additional services which complement our existing activities. Over the last eighteen months, we have started Restore On-line, an online data back-up business, which complements our physical data tape storage activities. Through two small acquisitions, we have also entered the secure shredding and recycling market, which is a logical extension of our records management activities.

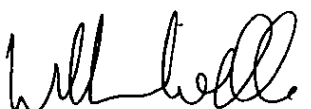
As a Group, our strategy is to draw on the strength and breadth of our existing customer relationships to provide existing customers with additional Group services. All of our operating companies now share the same Customer Relationship Management system and all customer-facing staff are required to use this as their primary customer database. We are now generating a significant volume of leads and new business from this source, and we expect it to contribute materially to our organic sales growth going forward.

A key to our strategy is also to ensure that all our customers do not move their business elsewhere. This is achieved by providing a service delivery that is highly valued by our customers. This is our top operational priority in all of our businesses including those we have acquired. Our customer retention record is testament to our success in achieving this.

Outlook

2013 has started in line with our expectations. Our Document Management division continues to perform strongly and we expect an improvement in operating margins in our Office Relocation division on the back of a lower cost base.

We will continue to pursue our strategy of organic and acquisitive growth and we look forward to making further strong progress this year.



Sir William Wells
Chairman
9 April 2013

Business review

Chief Executive's Statement

“Records Management comprises the bulk of these results and its performance was again very strong, despite the complexities of integrating acquisitions”

CHARLES SKINNER CHIEF EXECUTIVE

DOCUMENT MANAGEMENT DIVISION

Business Description

Our Document Management division currently comprises three primary activities: records management, document scanning, and secure shredding and recycling. The division has its own

infrastructure, including financial functions, reporting to the divisional Managing Director. The divisional Sales Director has responsibility for all the division's sales activities with sales teams operating within the individual business streams.

Records Management is the largest and most profitable of the activities within the division and, with the exception of Datacare, our specialist medical and pharmaceutical operations, it operates solely under the Restore brand. The majority of Restore's sales are from the storage and retrieval of hard copy documents, typically stored in cardboard boxes. Restore also stores and retrieves individual files,

magnetic data (typically for emergency back-up), film and other materials. It also offers retrieval of documents by scanning and derives additional service income from the reorganisation of customer documents and document restoration. Additional products include file-tracking services, which enable customers to locate documents within their own buildings, and Restore Online, through which we have recently begun to provide electronic data back-up.

During the year, the £4.0 million of records management revenue of Harrow Green was successfully transferred to Restore Records Management. This increased our geographic coverage. The acquisition of Archive Solutions has also increased our market share in North West England, an important market where we were previously under-represented.

Restore services a broad range of customers from 13 sites across mainland Britain. Our largest facility is our freehold underground site in Monkton Farleigh, near Bath, which covers 60 acres. Our largest customer sector is law firms who are probably the most demanding and sophisticated users of storage services; this ensures Restore is at the cutting edge of developments in physical document storage and monitors closely the developments in electronic data management. Most other commercial, industrial and public sectors are represented amongst Restore's customer base,

Key Performance Figures

	Revenue 2012	Revenue 2011	Adjusted Operating Profit/(loss) 2012*	Adjusted Operating Profit/(loss) 2011*
	£'m	£'m	£'m	£'m
Document Management	21.0	15.6	7.5	5.4
Office Relocation	22.3	3.2	1.2	0.3
Head Office Costs	-	-	(1.6)	(1.3)
Total	43.3	18.8	7.1	4.4

* Before discontinued operations, exceptional items, amortisation and impairment of intangible assets, share based payments charge and other finance costs

Business review (continued)

Chief Executive's Statement (continued)

with particular strengths in financial services, larger corporates, councils and health trusts. These represent an excellent channel to market for other services.

Document Scanning now trades as Restore Scan and is based in Peterborough. Its main function is the conversion of hard-copy documents into electronic data. As part of this service, it organises and indexes the electronic versions of hard-copy documents, enabling our customers to identify and locate their data more efficiently.

Secure Shredding and Recycling trades as Restore Shred and is based in Charlton, South-East London and Middlesbrough. We entered this market through two small acquisitions over the last eighteen months. It is a very logical fit with our other operations, particularly records management and office relocation. We intend to increase volumes through leveraging our Group-wide customer base. We are already seeing existing customers of our other businesses switching their secure shredding and recycling to Restore Shred.

Trading and Operations

Trading in our Document Management division was strong in 2012 with adjusted operating profits increasing by £2.1 million to £7.5 million. Turnover increased from £15.6 million to £21.0 million, partly as a result of the Harrow Green records management integration.

Records Management provides the majority of the contribution to the division's results and in 2012 its performance was again strong, despite the complexities of integrating acquisitions. We saw organic box growth, defined as the increase in box numbers from existing customers, steadily increase during the year, which was particularly encouraging. New box growth, defined as box intake from new customers, was less strong, which we believe reflects the reluctance of private customers to switch suppliers. We expect our new capability as a national supplier and the strengthening of our sales team to lead to an improvement in our new box growth in 2013. We also now have in place a dedicated sales team for the public sector. This is an underdeveloped market for records management and we expect more public sector entities to recognise the financial benefits of outsourcing their records management activities.

We have continued to increase our storage capacity, particularly at our underground facility in Monkton Farleigh, where we are on schedule to provide additional capacity for

over 350,000 boxes by the end of 2013. We have also taken on more capacity at hardened aircraft shelters at Upper Heyford. Balancing capacity against demand is a core skill in records management, particularly for a business making acquisitions where boxes frequently need relocation to the most cost-effective locations. The excellent operating margins we achieve partly reflect the flexibility which our mix of storage facilities provides.

Document Scanning operated profitably, despite the slower-than-expected start-up of a major new contract. By integrating its activities into the Document Management division, we expect better sales generation on a lower cost base for the current year.

Secure Shredding and Recycling has grown more slowly than we had initially expected. We have addressed this by acquiring the outstanding 50% shareholding that we did not previously own and through the acquisition of M&L, which has strengthened our management team. We expect that the significant number of sales leads being generated by the rest of the Group will be converted more rapidly in the current year.

OFFICE RELOCATION

Business Description

Office relocation is broadly, as its name suggests, the physical movement of office furniture when a customer moves staff, either within a building or to a new site. We originally entered the UK office relocation market two years ago with the acquisition of Sargents and our acquisition of Harrow Green in 2012 gave us market leadership. We now operate from eight locations across the UK. Both Sargents and Harrow Green had records management businesses – subsequently integrated into Restore's record management operations – which illustrates that both office relocation and records management share a common customer base. However, the financial dynamics of the two businesses are different, with office relocation having a far higher direct cost base.

The bulk of our office relocation market is in London where we service many of the largest offices, particularly in the financial services sector. A high proportion of the business is described as "churn" where we supply office-moving services on a daily basis to large organisations which have a continual need for our services, frequently involving our staff being permanently on our customers' sites. We also have a large number of regular customers who have a frequent

Business review (continued)

Chief Executive's Statement (continued)

demand for our services. We also service several large one-off jobs, such as the relocation of the BBC to Manchester and the newspaper collection moves project for the British Library. There are high barriers to entry in what is for our customers a mission-critical service. Customer relationships tend to be long-term as reliability and knowledge of customers' sites is key.

During the year, we ran Harrow Green as a separate brand from Sargents while we implemented a number of operational changes, such as the transfer of Harrow Green's records management business and a cost reduction programme, took place. Since the year-end, Sargents has been integrated into Harrow Green to reduce infrastructure costs.

In addition to the core Harrow Green business, the division also comprises Global Moving Solutions (GMS), providing international moving services typically for senior managers of global companies, and a 50% shareholding in Relocom, an IT relocation business.

Trading and Operations

The Office Relocation division recorded adjusted operating profit for the year of £1.2 million on revenue of £22.3 million. This primarily comprised 10 months trading of Harrow Green. This was an acceptable performance in a year of considerable change and where, as expected, the Olympics and Paralympics sharply reduced revenues in London during the key trading month of August and part of September.

Revenues in the core office relocation business were broadly flat year-on-year. Apart from the impact of the Olympics, our larger customers were less active than is customary, which we attribute this to a lower number of major strategic decisions. We undertook several major projects during the year, such as the relocation of Nestle in the UK, but again this type of activity was slower than usual.

GMS and Relocom delivered a solid trading performance for the year, with both businesses benefiting from a major project for Amazon.



Charles Skinner
Chief Executive
9 April 2013

Business review (continued)

Group Finance Director's Statement

ADAM COUNCELL
GROUP FINANCE DIRECTOR

Profit Before Tax

Profit before tax for the year ended 31 December 2012 for continuing operations was £1.5 million (2011 £1.2 million). This is a strong performance given the exceptional costs of £3.0 million (2011 £1.4 million) which largely relate to the Harrow Green acquisition and

Group. This leaves the Group in a strong position to maximise our aim to provide existing customers with additional Group services.

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

subsequent integration. The charge for impairment and amortisation of intangible assets increased to £1.3 million (2011 £0.5 million) due to a £0.4 million impairment resulting from the harmonising of trade names across the

Continuing operations	2012 £'m	2011 £'m
Profit before tax	1.5	1.2
Share based payments charge	0.4	0.2
Impairment of intangible assets	0.4	-
Exceptional items	3.0	1.4
Amortisation of intangible assets	0.9	0.5
Other finance costs	-	0.4
Adjusted profit before tax – continuing operations	6.2	3.7

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

	2012 £'m	2011 £'m
Operating profit	2.4	2.3
Share based payments charge	0.4	0.2
Impairment of intangible assets	0.4	-
Exceptional items	3.0	1.4
Amortisation of intangible assets	0.9	0.5
Adjusted operating profit	7.1	4.4
Depreciation	0.8	0.7
Adjusted EBITDA	7.9	5.1

Business review (continued)

Group Finance Director's Statement (continued)

Earnings Per Share (Eps)

	2012	2011
Basic adjusted earnings per share from continuing operations (pence)	7 4p	4 3p
Basic earnings per share from continuing operations (pence)	2 5p	2 6p

Basic adjusted earnings per share are calculated as adjusted profit for the year less standard tax charge divided by the weighted average number of shares in issue in 2012 (see note 9)

Exceptional Costs

	2012 £'m	2011 £'m
Staff/redundancy costs	0 8	0 3
Relocation costs of integration	0 5	0 5
Incremental costs of relocation	0 5	0 3
Restructuring	0 6	-
Acquisition related	0 6	0 3
Total	3 0	1 4

The main driver of exceptional costs during the year was the acquisition and subsequent integration of Harrow Green

Staff/redundancy costs of 0 8m include the cost of restructuring the Office Relocation division and the integration of Harrow Green's records management business into the Document Management division

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

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

Restructuring costs largely reflect the cost of the hive up of companies into Restore plc

Acquisition costs relate mainly to fees incurred during the acquisition of Harrow Green

Total exceptional costs associated with Harrow Green were £2 0m

Interest

Net finance costs amounted to £0 9 million (2011 £1 1 million) Included within finance costs is £nil (2011 £0 2 million) representing the revaluation of the interest rate collar

Taxation

UK Corporation Tax is calculated at 24 5% (2011 26 5%) of the estimated assessable profit for the year The UK Corporation Tax rate will reduce on 1 April 2013, accordingly this rate reduction has been reflected in the deferred tax balance which forms part of the statement of financial position

A deferred tax asset of £0 5m has been recognised on brought forward tax losses due to greater certainty over the recoverability of the asset

Business review (continued)

Group Finance Director's Statement (continued)

Statement of Financial Position

Net assets increased to £36.3 million (2011: 23.3 million) mainly as a result of the equity issued to fund acquisitions. Goodwill and intangibles at 31 December 2012 were £32.7 million (2011: £22.1 million).

Property, plant and equipment totalled £17.6 million (2011: £13.6 million) principally comprising the freehold underground storage facilities at Restore SW, but also computer systems, storage, racking and vehicles.

Cash Flow

The net cash outflow from operations was £0.1 million (2011: £2.0 million inflow). The Company produced a cash inflow from operations of £1.2m in the second half of 2012. This reflects increased profitability and reducing levels of exceptional costs. As expected, Harrow Green had a significant working capital requirement following acquisition. This included a reduction in trade and other payables of £1.7m to return the business to a normalised position with its creditors. There was also an increase in trade debtors of £1.9 million due to the quieter trading experienced across the industry in the period immediately following acquisition. Trade debtors subsequently recovered in the second half of 2012. The remaining working capital requirements were in line with expectations due to the growth of the Company.

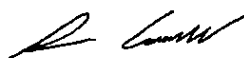
Capital expenditure on the continuing business totalled £1.9 million (2011: £1.4 million) compared to depreciation of £0.8 million (2011: £0.7 million). This reflects the continued investment in increasing capacity in the underground storage facility.

Net Debt

Net debt at the end of the year was £17.8 million (2011: £11.6 million) reflecting the additional debt taken on to acquire Harrow Green. This is largely made up of a £3.4 million increase in the invoice discounting facility, and an additional £1.5 million increase in the term loan with Barclays and a £1.4 million drawdown of the RCF. Repayments of £0.9 million were made against the term loan with Barclays. Payments of £0.6 million were also made to settle finance leases during the year.

Customer relationships

The Group has commercial relationships with over 3,500 business customers. Attrition rates are low and relationships are strong. Our largest customer accounts for less than 3% of Group revenue.



Adam Councell
Group Finance Director
9 April 2013

Directors' report

The directors submit their report and the financial statements of Restore plc for the year ended 31 December 2012

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

RESULTS

The profit before tax from continuing operations for the year ended 31 December 2012 was £1.5 million (2011: £1.2 million)

DIVIDENDS

The directors recommend a final dividend for the year of 1.1p per share payable on 9 July 2013 (2011: 1.0p per share). An interim dividend of 0.4p was paid during the year (2011: nil)

PRINCIPAL ACTIVITIES

The principal activities of the Group during the year were that of Document Management and Office Relocation

BUSINESS REVIEW AND FUTURE DEVELOPMENTS

This is dealt with in the Chairman's statement and in the Business Review on pages 6 to 16

PRINCIPAL RISKS AND UNCERTAINTIES

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

Risk Management

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

Liquidity risk

The year end net debt was £17.8 million (2011: £11.6 million), which consisted of £16.5 million of interest bearing loans and borrowings plus £1.3 million of overdrafts (2011:

£14.5 million of interest-bearing loans and borrowings less £2.9 million of cash and short term deposits). Net debt is monitored on a daily basis.

Finance cost risk

The Group pays finance costs on its bank facilities. The bank facilities finance cost is a variable cost linked to LIBOR plus a margin. Interest rates are managed through an interest rate collar. The average finance cost on bank facilities for the Group in 2012 was 4.7% (2011: 3.5%).

Customer relationship risk

The Group has commercial relationships with over 3500 business customers. Attrition rates are low and relationships are strong. The largest customer accounts for less than 3% of Group revenue.

Management

It is likely that changes to members of the senior management team might impact on the Group's ability to perform to the expectations within its strategy. The Board ensures that the management team is appropriately rewarded for its efforts and that succession planning is considered.

Legislative

The Group has systems and procedures in place to ensure compliance with, and to manage the impact of changes in, Government legislation such as agency worker regulations, vehicle operating procedures and environmental requirements.

Directors'

report (continued)

KEY PERFORMANCE INDICATORS ('KPIs')

The Group uses many different KPIs at an operational level which are specific to the business and provide information to management. At an executive level, a selection of operational KPIs, which allow a relevant and robust review of operational performance are considered with operational management on a monthly basis. The board also relies on KPIs that focus on the financial performance of the Group.

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

Key Performance Indicator	2012 £'m	2011 £'m	Analysis
Group revenues	43.3	18.8	Year-on-year change in revenues analysed by segment (see page 45)
Adjusted operating profit	7.1	4.4	Year-on-year change in adjusted operating profit by segment (see page 45)
Operating cash flow (used in)/generated before financing costs and tax	(0.1)	2.0	Operating cashflow used in 2012 due to high levels of exceptional costs and working capital requirements in Harrow Green
Bank interest cost	0.8	0.6	Year-on-year change in cost of Group finance. Finance costs increased as a result of increased borrowings to fund acquisitions.
Net debt	17.8	11.6	Year-on-year change in bank debt, which has increased due to the additional borrowings taken on to fund Harrow Green.

The non-financial indicators that are regularly monitored are customer satisfaction and retention and staff turnover ratios. Customer Attrition rates are very low, as the business has strong and long-term relationships and a high level of customer satisfaction. The Group has a strong team of experienced and dedicated staff and staff turnover rates are low.

Directors'

report (continued)

DIRECTORS

The following directors have held office during the year

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

On 10 April 2012 Sir Paul Stephenson was appointed to the board as a Non-Executive Director

On 26 July 2012 the following changes were made to the Board

Resigned – Harvey Samson (Group Finance Director)
 Appointed – Adam Councell (Group Finance Director)

Information on directors' remuneration, share options, long-term incentive plans, pension contributions and benefits is set out in the Remuneration Report on pages 24 and 25

The Company maintains liability insurance for its Directors and Officers

SHARE CAPITAL

Full details of the authorised and issued share capital of the Company are set out in note 24 to the financial statements

SUBSTANTIAL SHAREHOLDINGS

At 9 April 2013 the Company had been notified of the following interests amounting to 3% or more of the Company's issued share capital

PROPERTY VALUES

The Directors are aware that a significant difference may exist between market and book values, as shown in the Consolidated Statement of Financial Position at 31 December 2012, for a number of the Group's freehold properties, all of which have a market value in excess of the book value recorded. The Directors believe that this excess is in the region of £7.4 million

EMPLOYEES

The Group's people are its most important asset. Our policy is to employ the best people irrespective of race, gender, nationality, disability or sexual orientation. Consultation with employees or their representatives occurs at all levels, with the aim of ensuring their views are taken into account when decisions are made that are likely to affect their interests

DISABLED EMPLOYEES

Applications for employment by disabled persons are given full and fair consideration for all vacancies, having regard to their particular aptitudes and abilities. In the event of an employee becoming disabled, every effort is made to retain them in order that their employment with the Group may continue. It is the policy of the Group that training, career development and promotion opportunities should be available to all employees

	Number of 0.1p ordinary shares	Percentage of issued share capital
Geraldton Services Inc	32,630,904	43.6
Legal & General	11,312,323	15.1
Hargreave Hale Limited	6,649,420	8.9
Cazenove	6,264,383	8.4
Investec	2,716,263	3.6

Directors'

report (continued)

ENVIRONMENTAL POLICY

Maintaining and improving the quality of the environment in which we live is an important concern for the Group, our staff, customers, suppliers, sub-contractors and communities in which we operate. We have adopted high standards of environmental practices and aim to minimise our impact on the environment wherever this is practical. In particular, we comply with, and endeavour to exceed the requirements of all laws and regulations relating to the environment.

HEALTH AND SAFETY

The Group recognises the importance of maintaining high standards of health and safety for everyone working within our business and also for anyone who may be affected by our business. Health and safety is a particular concern to our customers. Consequently, each of our business segments has appointed Health and Safety Officers who report to their respective managing directors.

The Group's operational report to the board on a monthly basis includes a section on all health and safety matters.

FINANCIAL RISK MANAGEMENT

Information in respect of the financial risk management objectives and policies of the Group, including the policy for hedging each major type of forecasted transaction for which hedge accounting is used and the exposure of the Group to market risk, credit risk, liquidity risk and cash flow risk is contained in note 3.

PAYABLES PAYMENT POLICY

The Group policy for payment to suppliers is to delegate to individual business units the responsibility for agreeing the terms and conditions under which they conduct transactions with their suppliers. The creditor days were 53 days at 31 December 2012 (2011: 38 days).

POLITICAL AND CHARITABLE DONATIONS

No donations were made by the Group for charitable purposes during the year (2011: £nil). The Group does not make political donations.

POST BALANCE SHEET EVENTS

On 20 March 2013 the Company announced that it had entered into a sale and purchase agreement to acquire File &

Data Storage, the records management division of OfficeTeam Group Limited. The company also announced its intention to raise up to £7.0m after expenses from institutional investors via a placing. See note 36 for further details.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

The Directors in office on 9 April 2013 have confirmed that, as far as they are aware, there is no relevant audit information of which the auditor is unaware. Each of the Directors has confirmed that they have taken all steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

ANNUAL GENERAL MEETING

The notice of the Annual General Meeting to be held on 30 May 2013 is set out on pages 86 to 90.



Sarah Waudby
Company Secretary
9 April 2013

Corporate governance statement

The policy of the Board is to manage the affairs of the Company having regard to the terms of the UK Corporate Governance Code. The Directors support the principles underlying these requirements insofar as is appropriate for a group of the size of Restore plc.

THE BOARD OF DIRECTORS

The Group is led and controlled by a Board comprising two Executive Directors and four Non-Executive Directors.

Board meetings are held on a regular basis and no significant decision is made other than by the directors.

All directors participate in the key areas of decision-making, including the appointment of new directors. There is no separate Nomination Committee due to the current size of the Board. The Board receives timely information on all material aspects of the Group to enable it to discharge its duties.

All directors submit themselves for re-election at the Annual General Meeting at regular intervals. The following were Directors during the year.

DIRECTORS' REMUNERATION

The Company has an established Remuneration Committee.

Details of the remuneration of each director are set out in the Remuneration Report on page 24.

ACCOUNTABILITY AND AUDIT

The Company has established an Audit Committee comprising the Chairman and Non-Executive Directors who are responsible for reviewing the scope and results of the audit, its cost effectiveness and the independence and objectivity of the auditor.

RELATIONS WITH SHAREHOLDERS

The Chief Executive and the Group Finance Director are the Company's principal contact for investors, fund managers, the press and other interested parties. At the Annual General Meeting, investors are given the opportunity to question the entire Board.

	Number of Board meetings attending during the year ended 31 December 2012 Total 10	Number of Audit Committee meetings attended during the year ended 31 December 2012 Total 2	Number of Remuneration Committee meetings attended during the year ended 31 December 2012 Total 1
Executive Directors			
Charles Skinner	8	2	1
Harvey Samson*	1	1	1
Adam Councill**	6	1	-
Non-Executive Directors			
Sir William Wells	8	2	1
Andy Wilson	8	2	1
Dr John Forrest	8	2	1
Sir Paul Stephenson***	5	1	-

The Executive Directors are not members of the Audit Committee or Remuneration Committee but attended the meetings as a guest of the chair of the committee.

* Resigned 26 July 2012

** Appointed 26 July 2012

*** Appointed 10 April 2012

Corporate governance statement (continued)

INTERNAL CONTROL

The Board acknowledges its responsibility for establishing and monitoring the Group's systems of internal control. Although no system of internal control can provide absolute assurance against material mis-statement or loss, the Group's systems are designed to provide the directors with reasonable assurance that problems are identified on a timely basis and dealt with appropriately.

The key procedures that have been established and which are designed to provide effective control are as follows:

Management structure – The Board meets regularly to discuss all issues affecting the Group.

Investment appraisal – The Group has a clearly defined framework for investment appraisal and approval is required by the Board where appropriate.

The Board regularly reviews the effectiveness of the systems of internal control and considers the major business risks and the control environment. No significant control deficiencies have come to light during the year and no weakness in internal financial control has resulted in any material losses, contingencies or uncertainties which would require disclosure as recommended by the Turnbull guidance for directors on reporting on internal financial control.

The Board considers that in light of the control environment described above, there is no current requirement for a separate internal audit function. The Board will continue to review the need to put in place an internal audit function.

GOING CONCERN

As more fully explained in note 2, having made appropriate enquiries and having examined the major areas which could affect the Group's financial position, the directors are satisfied that the Group has adequate resources to continue in operation for the foreseeable future.

Remuneration report

REMUNERATION COMMITTEE

The Company has an established remuneration committee consisting of the Chairman and the Non-Executive Directors. The Chairman and Non-Executive Directors are responsible for the consideration and approval of the terms of service, remuneration, bonuses, share options and other benefits of the other directors. All decisions made are after giving due consideration to the size and nature of the business and the importance of retaining and motivating management. The committee will meet at least once a year and at other times as appropriate.

DIRECTORS' CONTRACTS AND LETTERS OF APPOINTMENT

The Company's policy on Executive Directors' service contracts is that, in line with the best practice provisions of the UK Corporate Governance code, they are to be terminable by the Company on one year's or 6 months notice.

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

Executive Directors	Date of contract	Notice period
Charles Skinner	8 June 2009	12 months
Harvey Samson (resigned 26 July 2012)	3 May 2011	6 months
Adam Councill (appointed 26 July 2012)	1 May 2012	6 months

Non-Executive Directors	Date of letter	Notice period
Sir William Wells	8 June 2009	3 months
Andrew Wilson	8 June 2009	3 months
Dr John Forrest	8 November 2011	3 months
Sir Paul Stephenson (appointed 10 April 2012)	10 April 2012	3 months

DIRECTORS' EMOLUMENTS

The aggregate emoluments of the directors of the Company were

£'000	Salary & Fees	Benefits	Pension Costs	Total 2012	Salary & Fees	Benefits	Total 2011
Executive Directors							
Charles Skinner	268	9	60	337	320	4	324
Harvey Samson**	105	1	-	106	120	-	120
Adam Councill***	65	-	4	69	-	-	-
Non-Executive Directors							
Sir William Wells	60	-	-	60	55	-	55
Andrew Wilson	35	-	-	35	33	-	33
Dr John Forrest	35	-	-	35	27	-	27
Sir Paul Stephenson*	25	-	-	25	-	-	-
	593	10	64	667	555	4	559

* Appointed 10 April 2012

** Resigned 26 July 2012

*** Appointed 26 July 2012

Remuneration report (continued)

DIRECTORS' INTERESTS IN SHARES AND OPTIONS

The beneficial interests of the Directors who were in office at 31 December 2012 in the shares of the Company, including family interests were as follows

	Number of 5p ordinary shares 31 December 2012	Number of 5p ordinary shares 31 December 2011 (or date of appointment if later)
Charles Skinner	541,415	541,415
Adam Councill	-	-
Sir William Wells	352,553	352,553
Andrew Wilson	8,000	8,000
Dr John Forrest	7,692	7,692
Sir Paul Stephenson	-	-

As at 9 April 2013 there has been no change in any of the above holdings

The Directors believe that the success of the Group will depend to a high degree on the future performance of the management team. The Company has established incentive arrangements which will reward the Directors when shareholder value is created, thereby aligning the interests of the management directly with those of the shareholders.

RESTORE SHARE OPTION SCHEME – 2012 GRANTS

Employee Share Options

The following options have been granted to employees within the Group during the year

Date of Grant	Granted	Number of ordinary shares of 5p each 31 December 2012	Exercise price	Date from which exercisable	Expiry date
21 June 2012	3,422,588	3,422,588	83p	21 June 2014	31 June 2022

The share options granted have no performance conditions. See note 30 for details of the grant.

The closing price for Restore shares at 31 December 2012 was 110.0 pence. During the year the market price of the Company's ordinary shares ranged between 75.5 pence and 111.0 pence.

The directors' interests in the share options schemes are as follows

	Number of 5p ordinary shares 31 December 2012	Number of ordinary share of 5p each 31 December 2011
Charles Skinner	2,699,611	1,411,200
Sir William Wells	1,053,389	537,600
Harvey Samson	-	1,250,000
Adam Councill	400,000	-

By order of the Board



Sir William Wells

Chairman of the Remuneration Committee

Statement of directors' responsibilities

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare group and company financial statements for each financial year. The directors are required by the AIM Rules of the London Stock Exchange to prepare group financial statements in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union ("EU") and have elected under company law to prepare the company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law)

The Group financial statements are required by law and IFRS adopted by the EU to present fairly the financial position and performance of the group, the Companies Act 2006 provides in relation to such financial statements that references in the relevant part of that Act to financial statements giving a true and fair view are references to their achieving a fair presentation

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and the company and of the profit or loss of the Group for that period

In preparing each of the group and company financial statements, the directors are required to

- a select suitable accounting policies and then apply them consistently,
- b make judgements and accounting estimates that are reasonable and prudent,
- c for the group financial statements, state whether they have been prepared in accordance with IFRSs adopted by the EU and for the company financial statements state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the company financial statements,
- d prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and the company will continue in business

The directors are responsible for keeping adequate accounting records that are sufficient to show and

explain the group's and the company's transactions and disclose with reasonable accuracy at any time the financial position of the group and the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the group and the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Restore plc website

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions

Independent auditor's report to the members of Restore Plc

For the year ended 31 December 2012

We have audited the group and parent company financial statements ("the financial statements") on pages 28 to 82. The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

Respective responsibilities of directors and auditor

As more fully explained in the Statement of Directors' Responsibilities set out on page 26, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion:

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

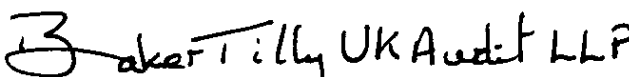
Opinion on other matter prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

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

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


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

9 April 2013

Consolidated statement of comprehensive income

For the year ended 31 December 2012

	Note	Year Ended 31 December 2012			Year Ended 31 December 2011		
		Before exceptional items £'m	Exceptional items (note 5) £'m	After exceptional items £'m	Before exceptional items £'m	Exceptional items (note 5) £'m	After exceptional items £'m
REVENUE	4	43 3	-	43 3	18 8	-	18 8
Cost of sales		(22 3)	-	(22 3)	(9 5)	-	(9 5)
Gross Profit		21 0	-	21 0	9 3	-	9 3
Administrative expenses		(14 3)	(3 0)	(17 3)	(5 1)	(1 4)	(6 5)
Amortisation of intangible assets	12	(0 9)	-	(0 9)	(0 5)	-	(0 5)
Impairment of intangible assets	12	-	(0 4)	(0 4)	-	-	-
OPERATING PROFIT	6	5 8	(3 4)	2 4	3 7	(1 4)	2 3
Finance costs	7	(0 9)	-	(0 9)	(0 9)	(0 2)	(1 1)
PROFIT BEFORE TAX		4 9	(3 4)	1 5	2 8	(1 6)	1 2
Income tax (charge)/credit	8	(0 5)	0 6	0 1	(1 0)	1 1	0 1
PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS		4 4	(2 8)	1 6	1 8	(0 5)	1 3
Profit from discontinued operations	4	0 1	-	0 1	0 7	-	0 7
Profit for the year attributable to owners of the parent		4 5	(2 8)	1 7	2 5	(0 5)	2 0
Other comprehensive income for the year net of tax		-	-	-	-	-	-
Total comprehensive income for the year attributable to owners of the parent		4 5	(2 8)	1 7	2 5	(0 5)	2 0
Earnings per share (pence)	9						
Basic		7 1p		2 7p	4 1p		3 1p
Diluted		7 0p		2 6p	4 8p		3 8p
Earnings per share from continuing operations	9						
Basic		6 9p		2 5p	3 6p		2 6p
Diluted		6 8p		2 4p	3 6p		2 6p
Earnings per share from discontinued operations	9						
Basic		0 2p		0 2p	0 5p		0 5p

Consolidated statement of changes in equity

For the year ended 31 December 2012

	Attributable to owners of the parent				Total equity £'m
	Share Capital £'m	Share Premium £'m	Share based payments reserve £'m	Retained earnings /(deficit) £'m	
Balance at 1 January 2011	2 3	52 4	0 3	(38 3)	16 7
Profit for the year	-	-	-	2 0	2 0
Total comprehensive income for the year	-	-	-	2 0	2 0
Transactions with owners					
Issues of shares during the year	0 4	4 2	-	-	4 6
Issue costs	-	(0 2)	-	-	(0 2)
Capital reduction	-	(52 3)	-	52 3	-
Share based payments charge	-	-	0 2	-	0 2
	0 4	(48 3)	0 2	52 3	4 6
Balance at 31 December 2011	2 7	4 1	0 5	16 0	23 3
Balance at 1 January 2012	2 7	4 1	0 5	16 0	23 3
Profit for the year	-	-	-	1 7	1 7
Total comprehensive income for the year	2 7	4 1	0 5	17 7	25 0
Transactions with owners					
Issues of shares during the year	0 7	11 0	-	-	11 7
Issue costs	-	(0 5)	-	-	(0 5)
Dividends	-	-	-	(0 9)	(0 9)
Deferred tax on share based payments	-	-	-	0 6	0 6
Share based payments charge	-	-	0 4	-	0 4
	0 7	10 5	0 4	(0 3)	11 3
Balance at 31 December 2012	3 4	14 6	0 9	17 4	36 3

Consolidated statement of financial position

For the year ended 31 December 2012

Company registered no 05169780

	Note	31 December 2012 £'m	31 December 2011 £'m
ASSETS			
NON-CURRENT ASSETS			
Intangible assets	12	32.7	22.1
Property, plant and equipment	13	17.6	13.6
Investment in joint venture	14	-	0.3
Investments	15	0.5	-
Deferred tax asset	23	2.0	1.0
		52.8	37.0
CURRENT ASSETS			
Inventories	16	0.2	0.2
Trade and other receivables	17	17.4	10.9
Cash and cash equivalents	21	2.7	3.5
		20.3	14.6
TOTAL ASSETS		73.1	51.6
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	18	(12.1)	(8.3)
Financial liabilities – borrowings	19	(6.4)	(4.4)
Other financial liabilities	20	(0.3)	(0.1)
Current tax liabilities		(0.1)	(0.5)
Provisions	22	(0.5)	(0.2)
		(19.4)	(13.5)
NON CURRENT LIABILITIES			
Financial liabilities - borrowings	19	(10.1)	(10.1)
Other long term liabilities	11	(0.8)	-
Deferred tax liability	23	(3.9)	(3.6)
Provisions	22	(2.6)	(1.1)
		(17.4)	(14.8)
TOTAL LIABILITIES		(36.8)	(28.3)
NET ASSETS		36.3	23.3
EQUITY			
Share capital	24	3.4	2.7
Share premium account	25	14.6	4.1
Share based payments reserve	26	0.9	0.5
Retained earnings	27	17.4	16.0
EQUITY ATTRIBUTABLE TO THE OWNERS OF THE PARENT		36.3	23.3

These financial statements were approved by the Board of Directors and authorised for issue on 9 April 2013 and were signed on its behalf by


Adam Councill
 Group Finance Director


Charles Skinner
 Chief Executive

Consolidated statement of cashflows

For the year ended 31 December 2012

	Note	Year ended 31 December 2012 £'m	Year ended 31 December 2011 £'m
NET CASH (USED IN)/GENERATED FROM OPERATIONS	28	(0 1)	2 0
Net finance costs		(0 8)	(0 7)
Income taxes paid		(0 5)	(0 5)
NET CASH (USED IN)/GENERATED FROM OPERATING ACTIVITIES		(1 4)	0 8
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(1 9)	(1 4)
Purchase of applications software		-	(0 1)
Purchase of subsidiary undertakings including acquisition costs, net of cash acquired	11	(12 0)	(2 7)
Sale of subsidiary net of cash disposed		0 6	-
Investment in joint venture	14	-	(0 3)
CASH FLOWS USED IN INVESTING ACTIVITIES		(13 3)	(4 5)
CASH FLOWS FROM FINANCING ACTIVITIES			
Net proceeds from share issues		11 2	4 4
Dividends paid		(0 9)	-
Repayment of bank borrowings		(0 9)	(12 0)
Drawdown of indebtedness		1 4	1 6
New bank loans raised		1 5	11 0
(Increase)/decrease in bank overdrafts		(1 2)	1 3
Finance lease repayments		(0 6)	-
Repayment of other loans		-	(2 3)
NET CASH GENERATED FROM FINANCING ACTIVITIES		10 5	4 0
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(4 2)	0 3
CASH AND CASH EQUIVALENTS AT START OF YEAR		2 9	2 6
CASH AND CASH EQUIVALENTS AT END OF YEAR	21	(1 3)	2 9
CASH AND CASH EQUIVALENTS SHOWN ABOVE COMPRISE			
Cash at bank		2 7	3 5
Balance on invoice discounting facility		(4 0)	(0 6)
		(1 3)	2 9

Notes to the financial statements

For the year ended 31 December 2012

1 GENERAL INFORMATION

Restore plc and its subsidiaries specifically focus on Document Management and Office relocation. The Group operates in the UK. The Company is a public limited company incorporated and domiciled in the United Kingdom. The address of its registered office is The Databank, Unit 5, Redhill Distribution Centre, Salbrook Road, Redhill, Surrey RH1 5DY.

The Company is listed on the AIM market.

These Group consolidated financial statements were authorised for issue by the board of directors on 9 April 2013.

2 SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PREPARATION

The consolidated financial statements of Restore plc have been prepared in accordance with EU endorsed International Financial Reporting Standards (IFRS), IFRIC interpretations and the Companies Act 2006 applicable to companies reporting under IFRS.

The financial statements have been prepared on a historical cost basis although derivatives are reflected at their fair value. The preparation of financial statements in conformity with IFRS requires the use of certain accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed later in this note.

The consolidated financial statements are presented in pounds sterling and, unless stated otherwise, shown in pounds million to one decimal place.

GOING CONCERN

The Group's business activities, together with the factors likely to affect its future development, performance, financial position, its cash flows, and liquidity position are set out in the Business Review on pages 10 to 16. In addition, the Directors' report details the principal risks and uncertainties affecting the business and note 3 to the financial statements includes the company's objectives, policies and processes for managing its capital, its financial risk management objectives, and its exposures to credit risk and liquidity risk.

The Group meets its day-to-day working capital requirements through its financing facilities which are due to expire between June 2014 and June 2016. Details of the Group's borrowing facilities are given in note 21 of the financial statements.

The Group's budgets for 2013 and forecasts for 2014, taking account of reasonably possible changes in trading performance, show that the Group should be able to operate within the level of its current facility.

The directors have considered the overdue debt as set out on page 40 and have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

BASIS OF CONSOLIDATION

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) made up to 31 December each year. Control is achieved where the Company has the power to govern the financial and operating policies of an investee entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the Consolidated Statement of Comprehensive Income from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by the Group.

Notes to the financial statements (continued)

For the year ended 31 December 2012

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

All intra-group transactions, balances, income and expenses are eliminated on consolidation

The acquisition method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued, contingent consideration and liabilities incurred or assumed at the date of exchange. Costs directly attributable to the acquisition are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are initially measured at fair value at the acquisition date.

Provisional fair values are adjusted against goodwill if additional information is obtained within one year of the acquisition date, about facts or circumstances existing at the acquisition date. Other changes in provisional fair values are recognised through profit or loss.

Changes in contingent consideration arising from additional information, obtained within one year of the acquisition date, about facts or circumstances that existed at the acquisition date are recognised as an adjustment to goodwill.

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

SEGMENTAL REPORTING

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker.

In the opinion of the Directors, the chief operating decision maker is the Board of Restore plc and there are two segments, Document Management and Office Relocation, whose reports are reviewed by the Board in order to allocate resources and assess performance. Segment revenue comprises sales to external customers all of whom are located in the UK. Services are provided from the UK.

REVENUE RECOGNITION

Revenue is measured as the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts, VAT, returns, rebates and after eliminating intra-group sales.

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and when specific criteria have been met for each of the Group's activities as described below.

Sale of services – Document Management

Revenue from Records Management represents amounts billed or due for the storage and retrieval of customers' files and boxes. Revenue is recognised on retrieval of documents or time-apportioned for the period for which the documents are stored.

The Group sells scanning and IT services which are provided on a time basis or as a fixed price contract with contract terms ranging up to three years, in which case revenue is recognised based upon the value of work completed, or revenue may be received on a contractual basis, either as a fixed proportion of managed costs or other fee mechanism, in which case revenue is recognised once those contractual conditions have been satisfied, either based on managed costs incurred, on a time basis, or other appropriate contractual measurement.

The Group provides all round secure document destruction and recycling process, including the rental and servicing of office recycling units as well as larger secure waste containers providing a confidential waste destruction process. Revenue is recognised on a time apportioned basis in respect of rental and when destruction is complete.

Notes to the financial statements (continued)

For the year ended 31 December 2012

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

Sale of services – Relocation

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

Interest income

Interest income is accrued on a time basis by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Dividend income

Dividend income is recognised when the right to receive payment is established.

DISCONTINUED OPERATIONS

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

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

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

EXCEPTIONAL ITEMS

Exceptional items are those significant items which are separately disclosed by virtue of their size or incidence to enable a full understanding of the group's financial performance. Transactions which may give rise to exceptional items are principally gains or losses on disposal of investments and subsidiaries, redundancy, integration and other restructuring costs, provisions made in respect of onerous leases and acquisition costs relating to business combinations.

GOODWILL

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

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount

Notes to the financial statements (continued)

For the year ended 31 December 2012

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

of the cash generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit

On disposal of a subsidiary, the attributable amount of goodwill is included in the determination of the profit or loss on disposal

INTANGIBLE ASSETS

Intangible assets are recognised when they are controlled through contractual or other legal rights, or are separable from the rest of the business, and their fair value can be reliably measured

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

Customer relationships

Acquired customer relationships are identified as a separate intangible asset as they are separable and can be reliably measured by valuation of future cash flows. This valuation also assesses the life of the particular relationship. The life of the relationship is assessed annually. Customer relationship assets are being written off on a straight line basis over a remaining life of 5 to 10.5 years, except where the relationships have been assessed as having an indefinite life. These relationships are considered indefinite due to the business having a strong relationship and low attrition rates with its customers. The customer lists are considered annually to ensure that this classification is still appropriate.

Trade names

Acquired trade names are identified as a separate intangible asset. The life of the trade name is assessed annually. Trade names are being written off on a straight line basis over 10 years, except where the trade names are assessed as having an indefinite life due to the history of trading and the Group being a market leader in the services provided.

Application software and IT

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised on a straight line basis over their estimated useful lives (three to five years).

Costs associated with developing or maintaining computer software programmes are recognised as an expense as incurred. Costs that are directly associated with the development of identifiable and unique software products controlled by the Group, and that will probably generate economic benefits exceeding costs beyond one year, are recognised as intangible assets.

Computer software development costs recognised as assets are amortised on a straight line basis over their estimated useful lives (expected to be up to five years). Residual values and useful lives are reviewed each year.

Notes to the financial statements (continued)

For the year ended 31 December 2012

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment is stated at historical cost, less accumulated depreciation and accumulated impairment losses. Depreciation is provided on a straight line basis on all property, plant and equipment, except freehold land.

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

LEASED ASSETS

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

Where property lease contracts contain guaranteed minimum incremental rental payments, the total committed cost is determined and is amortised on a straight-line basis over the life of the lease.

Leases of property, plant and equipment which transfer substantially all the risks and rewards of ownership to the Group are classified as finance leases. Finance leases are classified as a financial liability and measured at amortised cost. Finance leases are capitalised at the inception of the lease at the lower of the fair value of the leased property, plant and equipment and the present value of the minimum lease payments and depreciated over the period of the lease. The resulting lease obligations are included in liabilities. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability.

INVESTMENTS

Loan notes are loans and receivables and measured at amortised cost. Impairment losses are recognised in profit or loss when there is evidence of impairment. Available for sale investments are non-derivative assets and are initially recognised at fair value net of any transaction costs and are subsequently carried at fair value. Fair value gains and losses are recognised in other comprehensive income and are recycled to profit or loss on disposal of the investment. If a fair value for an investment cannot be reliably measured, due to the variability in the range of reasonable fair value estimates being significant, or the probabilities of the various estimates within the range not being able to be reasonably assessed, that investment will be carried at cost. An impairment test is performed annually on the carrying value of the investment. An impairment loss is recognised for the amount by which the asset's carrying value exceeds its recoverable amount, when there is objective evidence for impairment including significant or prolonged decline in fair value below cost.

Investments which are held for the long term and which management does not exercise significant control are carried at cost. An impairment review is carried out annually.

Notes to the financial statements (continued)

For the year ended 31 December 2012

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

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

INVENTORIES

Inventories are stated at the lower of cost and net realisable value. Cost is determined on a first in first out basis. Net realisable value is the price at which inventories can be sold in the normal course of business. Provision is made where necessary for obsolete, slow moving and defective inventories.

TRADE AND OTHER RECEIVABLES

Trade receivables, classified as loans and receivables in accordance with IAS 39 'Financial Instruments: Recognition and Measurement', are recorded initially at fair value and subsequently measured at amortised cost. A provision for impairment of trade receivables is established when there is evidence that the Group will not be able to collect all amounts due according to the original terms. The amount of the provision is the difference between the assets' carrying amount and the present value of future cash flows discounted at the effective interest rate. The movement in the provision is recognised in profit or loss. Any other receivables are recognised at their initial fair value less an allowance for any doubtful amounts. An allowance is made when collection of the full amount is no longer considered probable.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents as defined for the Consolidated Statement of Cash flows comprise cash in hand, cash held at bank with immediate access, other short-term investments and bank deposits with maturities of three months or less from the date of inception, less amounts owed under invoice discounting facilities.

ASSETS HELD FOR SALE

Assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than continuing use. This condition is regarded as met only when a sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale which should be expected to qualify for recognition as a completed sale within one year from the date of classification. If this condition is no longer met and the assets and disposal groups are held for continuing use they are transferred out of assets held for sale in the current year. Disposal groups are groups of assets, and liabilities directly associated with those assets, that are to be disposed of together as a group in a single transaction.

Non-current assets and disposal groups classified as held for sale are initially measured at the lower of carrying value and fair value less costs to sell. At subsequent reporting dates non-current assets (and disposal groups) are measured to the latest estimate of fair value less costs to sell. As a result of this measurement any impairment is recognised by charging to profit or loss.

TRADE PAYABLES

Trade payables, classified as other liabilities in accordance with IAS 39, are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method. Other payables are stated at amortised cost.

Notes to the financial statements (continued)

For the year ended 31 December 2012

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

BORROWINGS

Borrowings are classified as other liabilities in accordance with IAS 39 and are recorded at the fair value of the consideration received, net of direct transaction costs. Finance charges are accounted for in profit or loss over the term of the instrument using the effective interest rate method.

TAXATION

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

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from accounting profit as reported in the Consolidated Statement of Comprehensive Income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted at the reporting date.

Deferred tax

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

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based upon tax rates that have been enacted or substantively enacted at the reporting date. Deferred tax is charged or credited in profit or loss, except when it relates to items charged or credited directly to other comprehensive income and equity, in which case the deferred tax is also dealt with in other comprehensive income and equity.

PROVISIONS

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made. If the effect is material, provisions are determined by discounting the expected future cash flows at an appropriate pre-tax discount rate.

PENSIONS

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

EQUITY INSTRUMENTS

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

Notes to the financial statements (continued)

For the year ended 31 December 2012

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

SHARE OPTION SCHEMES

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

The Group issues equity-settled share-based payments to certain employees. Equity-settled share-based payments are measured at fair value at the date of grant. The fair value determined at the grant date of equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of shares that will eventually vest. Fair value is measured by use of a stochastic pricing model. Where employees' contracts are terminated the options are treated as having been forfeited and accordingly previous charges are credited back to profit or loss if the option has not yet vested or retained earnings if the option has vested.

FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are recognised on the Group's Statement of Financial Position when the Group has become party to the contractual provisions of the instrument. The Group uses derivative financial instruments such as interest rate caps to hedge its risks associated with interest rates. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

Any gains or losses arising from changes in fair value on derivatives during the year that do not qualify for hedge accounting are taken directly to profit or loss.

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimates, which have the most significant effect on the amounts recognised in the financial statements:

Income taxes

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

Deferred tax is measured on a non-discounted basis at tax rates that are expected to apply in the periods in which the temporary differences reverse based on tax rates in place at the Balance Sheet date. Deferred tax assets are recognised where their recovery is considered more likely than not in the expectation that there will be suitable taxable profits from which the future reversal of underlying temporary differences can be deducted. This assessment is inherently judgemental. Details of the amounts of deferred tax assets recognised and not recognised are given in note 23.

Notes to the financial statements (continued)

For the year ended 31 December 2012

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below

Impairment of non-financial assets

The Group assesses whether there are any indicators of impairment for all non-financial assets at each reporting date. Goodwill and other indefinite life intangibles are tested for impairment annually and at other times when such indicators exist. Other non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable.

When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows. Further details are given in note 12.

Investments

The Group holds a 50% investment in Relocon Limited. This shareholding is being held as an investment at historic cost (note 15).

Valuation of separable intangibles on acquisition

When valuing the intangibles acquired in a business combination, management estimate the expected future cash flows from the asset and choose a suitable discount rate in order to calculate the present value of those cash flows. Separable intangibles valued on acquisitions made in the year were £4.1m (2011: £1.1m) as detailed further in notes 11 and 12.

Credit risk

Within accounts receivable is a balance of £916k which includes a sum of £640k which having fallen past due the company has agreed to defer payment until quarter two 2013. The debt relates to commercial relocation services provided by Sargents Trading Limited to one of its major customers and since the acquisition of Sargents in 2011 the level of this debt has been managed closely but has continued to run at high levels. Following identification of the potential recoverability issues on this debt, the directors have maintained close contact with the management of the company concerned and have closely reviewed the trading and cash flow forecasts, putting in place a payments plan for the recovery of the debt. At the time of issuing this report the payments are up to date as per the scheduled plan, and the exposure to the year end debt has been reduced to £746k.

The directors are mindful that the company has other liabilities which it needs to service and there are challenging demands put on the cash flows of the business. This may therefore call into question the ability of Sargents to recover the accounts receivable balance through trading cash flows. In response to this risk, the Directors secured a second charge over the assets of the company concerned ranking behind the existing bank debt and have considered the ability to recover the debts due by applying this charge. Having reviewed the latest available financial information of the company concerned, the directors are confident that there is sufficient value within the company such that, after taking into account the repayment of the bank debt under the first charge, Sargents will be able to recover the debt owed to them in full and on that basis do not believe that there is a material uncertainty over the recoverability of the debt and have concluded that no provision is needed against this balance.

Share-based payments

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value requires determining the most appropriate valuation

Notes to the financial statements (continued)

For the year ended 31 December 2012

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

model for a grant of equity instruments, which is dependent on the terms and conditions of the grant. This also requires determining the most appropriate inputs to the valuation model including the expected life of the option, volatility and dividend yield and making assumptions about them. The assumptions and models used are disclosed in note 30.

Revenue

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

Provisions

Other provisions for onerous leases/dilapidations are made when the Group has a present legal or constructive obligation and based on the directors' best estimate of the amount, and timing of future cash flows. Details of the provisions made are given in note 22.

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

(a) New and amended standards adopted by the Group during the year beginning 1 January 2012

The group has adopted the following new and amended IFRSs from their effective date

IAS 12 – Deferred tax: recovery of underlying assets. Applicable for periods commencing on or after 1 January 2012. IAS 12 requires the measurement of deferred tax liabilities and deferred tax assets to reflect the tax consequences that would follow from the manner in which the entity expects to recover or settle the carrying amount of its assets and liabilities.

IAS 1 – Clarification of the Statement of Changes in Equity ('SOCE'). The amendments are applicable for periods beginning on or after 1 January 2011 and clarify that an entity will present an analysis of other comprehensive income for each component of equity, either in the statement of changes in equity or in the notes to the financial statements.

(b) Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the group

Amendments to IFRS 10 – Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities. Transition Guidance. The standard is applicable for periods beginning on or after 1 January 2013. The amendments to IFRS 10 clarify the first time application of the standard, when the standard need not apply, retrospective adjustment to comparative periods and the use of transitional relief.

IAS 1 – Presentation of Financial Statements. Specifies requirements for comparative information when an entity provides more than the minimum required, plus additional disclosures required on a change of accounting policy or retrospective restatement or reclassification. Applicable for periods beginning on or after 1 January 2013.

IAS 32 – Financial Instruments: Presentation. Applicable for periods beginning on or after 1 January 2013, income tax relating to distributions to holders of an equity instrument and income tax relating to transaction costs of an equity transaction should be accounted for in accordance with IAS 12 Income Taxes.

IAS 34 Interim Financial Reporting. Total assets and liabilities for a reportable segment need to be disclosed only when the amounts are regularly provided to the chief operating decision maker and there has been a material change in the total assets and liabilities for that segment from the amount disclosed in the last annual financial statements. Applicable for periods beginning on or after 1 January 2013.

Amendments to IAS 32 – Offsetting Financial Assets and Financial Liabilities. The amendments provide additional guidance in respect of offsetting financial instruments and therefore changes have also been made to IFRS 7 as noted below. Applicable for periods beginning on or after 1 January 2014.

Notes to the financial statements (continued)

For the year ended 31 December 2012

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

IFRS 7 - Financial Instruments Disclosures – Offsetting financial assets and financial liabilities Applicable for periods beginning on or after 1 January 2013 In order to enable users of the financial statements, this amendment requires disclosure of gross financial assets and liabilities for which there are legally enforceable rights of set-off as well as details of the amounts set-off and information about financial assets and financial liabilities subject to enforceable master netting agreements, including details of collateral

IFRS 10 – Consolidated Financial Statements The standard re-defines control (which is the basis of determining which entities are consolidated) The standard also provides additional guidance on how to apply the control principle Applicable for periods beginning on or after 1 January 2013*

IFRS 11 – Joint Arrangements This new standard replaces IAS 31 “Interests in Joint Ventures” and SIC 13 “Jointly Controlled Entities – Non-monetary contributions by Venturers” and establishes consistent principles for financial reporting for all types of jointly controlled arrangements Applicable for periods beginning on or after 1 January 2013*

IFRS 12 – Disclosure of Interests in Other Entities This new standard applies to entities that have interests in subsidiaries, joint arrangements, associates and other unconsolidated structured entities and aims to make those disclosures consistent Applicable for periods beginning on or after 1 January 2013*

IFRS 13 – Fair Value Measurement This standard defines fair value, and sets out in a single IFRS a framework for measuring fair value and requires disclosures about fair value measurements IFRS 13 applies when other IFRSs require or permit fair value measurements It does not introduce any new requirements to measure an asset or a liability at fair value, change what is measured at fair value in IFRSs or address how to present changes in fair value Applicable for periods commencing on or after 1 January 2013

IAS 27 – Separate Financial Statements The revised standard contains accounting and disclosure requirements for investments in subsidiaries, joint ventures and associates when an entity presents separate financial statements Applicable for periods beginning on or after 1 January 2013*

IAS 28 – Interests in Associates and Joint Ventures The amendments to this standard provide that the equity method of accounting should be used to account for investments in associates and joint ventures in consolidated financial statements and thus, eliminates the choice to proportionately consolidate joint ventures that was previously available under IAS 31 (revised 2008) In addition, the equity method must also be used in the individual financial statements of an investor that does not have any subsidiaries Applicable for periods beginning on or after 1 January 2013*

IFRS 9 - Financial Instruments IAS 39 will be replaced by this standard over 3 phases IFRS 9 specifies how an entity should classify and measure financial assets, including some hybrid contracts plus requirements on accounting for financial liabilities Applicable for periods commencing on or after 1 January 2015

* Whilst the IASB effective dates for IFRS 10, 11 and 12 and amended IAS 27 and 28 is periods beginning on or after 1 January 2013, EU companies are permitted an extra year before they are required to apply them

The directors anticipate that the adoption of these Standards and Interpretations as appropriate in future periods will have no material impact on the financial statements of the Group

3 FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks: market risk (including fair value interest rate risk and cash flow interest rate risk), credit risk and liquidity risk The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance The Group uses derivative financial instruments to hedge certain risk exposures

Risk management is carried out centrally under policies approved by the Board of directors The Group evaluates and hedges financial risks The Board provides written principles for overall risk management

Notes to the financial statements (continued)

For the year ended 31 December 2012

3 FINANCIAL RISK MANAGEMENT (continued)

(a) Market risk

(i) Foreign exchange risk

The Group operates in the UK and is not exposed to foreign exchange risk

(ii) Cash flow and fair value interest rate risk

The Group's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. During 2012 and 2011, the Group's borrowings at variable rates were denominated in the UK pound. The Group analyses its interest rate exposure using financial modelling. Based on the various scenarios, the Group manages its cash flow interest rate risk by using interest rate collars. Such interest rate collars have the economic effect of converting borrowings from floating rates to fixed rates at a certain level. The interest rate collar is an agreement with other parties at quarterly intervals, to exchange the difference between fixed and floating rate calculated by reference to the notional principal amount as shown in note 21.

(b) Credit risk

Credit risk is managed on a Group basis, except for credit risk relating to accounts receivable balances. Each local entity is responsible for managing and analysing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Credit risk arises from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures to retail customers, including outstanding receivables and committed transactions.

The maximum exposure is the carrying amount as disclosed in note 17. With respect to credit risk arising from the other financial assets of the Group, which comprise cash and cash equivalents, the Group's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments as also shown in note 17.

(c) Liquidity risk

The Group monitors its risk to a shortage of funds using a forecasting model. This model considers the maturity of both its financial assets and financial liabilities (e.g. accounts receivables, other financial assets) and projected cash flows from operations. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, bank loans and finance in order to ensure that there is sufficient cash or working capital facilities to meet the requirements of the Group for its current business plan. A detailed analysis of the Group's debt facilities is given in note 21.

Capital risk management

The Group's main objective when managing capital is to protect returns to shareholders by ensuring the Group will trade profitably in the foreseeable future. The Group also aims to maximise its capital structure of debt and equity so as to minimise its cost of capital.

The Group manages its capital with regard to the risks inherent in the business and the sector within which it operates by monitoring its gearing ratio on a regular basis. The Group considers its capital to include share capital, share premium, retained earnings and net debt as noted below. Net debt includes short and long term borrowings (including overdrafts and lease obligations) net of cash and cash equivalents.

No changes were made in the objectives, policies or processes during the years ending 31 December 2012 and 31 December 2011.

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

Notes to the financial statements (continued)

For the year ended 31 December 2012

3 FINANCIAL RISK MANAGEMENT (continued)

Debt to Capital Ratio	2012 £'m	2011 £'m
Total debt	16.5	14.5
Less cash and cash equivalents (note 21)	1.3	(2.9)
Net debt	17.8	11.6
Total equity	36.3	23.3
Debt to capital ratio	0.5	0.5

The gearing, during 2012 stayed unchanged as a result of the equity raised (note 24) and additional debt to acquire Harrow Green. The Group does not have any externally imposed capital requirements.

Fair value estimation

The fair value of financial instruments is market value.

4 SEGMENTAL ANALYSIS

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

Notes to the financial statements (continued)

For the year ended 31 December 2012

4 SEGMENTAL ANALYSIS (continued)

REVENUE

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

Continuing Operations		2012 £'m			
	Document Management	Office Relocation	Head Office	Total	
Sales of services	21 0	22 3	-	43 3	
Segment adjusted operating profit/(loss)	7 5	1 2	(1 6)	7 1	
Exceptional items				(3 0)	
Share based payments charge				(0 4)	
Amortisation and impairment of intangible assets				(1 3)	
Operating profit				2 4	
Finance costs				(0 9)	
Profit before tax				1 5	
Tax charge				0 1	
Profit after tax				1 6	
Segment assets	50 1	17 8	5 2	73 1	
Segment liabilities	9 4	12 2	15 2	36 8	
Capital expenditure	1 7	0 2	-	1 9	
Depreciation and amortisation	1 2	0 5	-	1 7	

		2011 £'m			Total
	Document Management	Building Repair	Office Relocation	Head Office	
Sales of services	15.6	-	3.2	-	18.8
Segment adjusted operating profit/(loss)	5.4	-	0.3	(1.3)	4.4
Exceptional items					(1.4)
Share based payments charge					(0.2)
Amortisation of intangible assets					(0.5)
Operating profit					2.3
Net Finance costs					(1.1)
Profit before tax					1.2
Tax credit					0.1
Profit after tax					1.3
Segment assets	41.8	6.9	2.3	0.6	51.6
Segment liabilities	7.0	3.8	2.4	15.1	28.3
Capital expenditure	1.3	0.1	-	-	1.4
Depreciation and amortisation	1.0	0.2	-	-	1.2

Notes to the financial statements (continued)

For the year ended 31 December 2012

4 SEGMENTAL ANALYSIS (continued)

MAJOR CUSTOMERS

For the years ended 31 December 2012 and 2011 no customers accounted for more than 3% of the Group's total revenue

Discontinued Operations	Year ended 31 December 2012 £'m	Year ended 31 December 2011 £'m
RESULTS		
Revenue	8.7	16.0
Operating profit	0.2	0.8
Profit before tax	0.2	0.8
Income tax expense	(0.1)	(0.1)
Profit for the year from discontinued operations	0.1	0.7
Profit on disposal	-	-
Total profit from discontinued operations	0.1	0.7

On 3 August 2012 the Group sold Peter Cox Limited ("Peter Cox"), its building repair business, to Castlefield House Limited for a total consideration of £3.6m. Castlefield House Limited is a company controlled by Harvey Samson, previously Group Finance Director of Restore. Under the terms of the disposal the Group received £2.2m on 3 August 2012 and a further £0.5m on 24 December 2012. Further payments of £0.3m each will be made in September 2013, 2014 and 2015. There are no performance criteria related to the deferred payments. Cash flows arising from discontinued operations are given in note 28.

5 EXCEPTIONAL ITEMS – CONTINUING OPERATIONS

	Year ended 31 December 2012 £'m	Year ended 31 December 2011 £'m
Relocation costs of integration	0.5	0.5
Incremental costs of integration	0.5	0.3
Redundancy costs	0.8	0.3
Acquisition costs	0.6	0.3
Restructuring	0.6	-
Total exceptional items	3.0	1.4

Staff/redundancy costs of 0.8m include the cost of restructuring the Office Relocation division and the integration of Harrow Green's records management business into the Document Management division.

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

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

Notes to the financial statements (continued)

For the year ended 31 December 2012

5 EXCEPTIONAL ITEMS – CONTINUING OPERATIONS (continued)

Restructuring costs largely reflect the cost of the hive up of companies into Restore plc

Acquisition costs relate mainly to fees incurred during the acquisition of Harrow Green (note 11)

Total exceptional costs associated with Harrow Green were £2.0m

6 OPERATING PROFIT

	Year ended 31 December 2012 £'m	Year ended 31 December 2011 £'m
The following items have been included in arriving at operating profit		
Amortisation of intangible assets	0.9	0.5
Depreciation of property, plant and equipment	0.8	0.7
Impairment of intangible assets	0.4	-
Share based payments charge	0.4	0.2
Operating leases – plant and machinery	1.3	0.1
Operating leases – land and buildings	0.9	0.5
Auditors' remuneration		
Parent and consolidated financial statements	0.1	-
Audit of company's subsidiaries pursuant to legislation	0.1	0.1
Tax services – compliance	0.1	0.1
Expenses by function		
Staff costs (note 31)	12.7	7.4
Depreciation, amortisation and impairment	2.1	1.1
Premises costs	5.9	3.9
Materials	1.2	0.2
Subcontractors	2.3	0.5
Selling and distribution expenses	0.3	0.2
Agency costs	9.2	0.8
Transport costs	2.5	0.2
Computer costs	0.3	0.2
Audit and tax services	0.3	0.2
Legal and professional	0.2	0.2
Telecommunication costs	0.2	0.1
Exceptional items	3.0	1.4
Other expenses	0.7	0.1
Total cost of sales and administrative expenses	40.9	16.5

Notes to the financial statements (continued)

For the year ended 31 December 2012

7 FINANCE COSTS

	Year ended 31 December 2012 £'m	Year ended 31 December 2011 £'m
Interest on bank loans and overdrafts	0.9	0.6
Interest on loan from ultimate parent company	-	0.1
Interest rate cap	-	0.2
	0.9	0.9
Exceptional finance costs	-	0.2
Total	0.9	1.1

The exceptional costs shown above in 2011 relate to costs associated with the change in borrowing facilities

8 TAXATION

	Year ended 31 December 2012 £'m	Year ended 31 December 2011 £'m
Current tax		
UK corporation tax on profit for the year	-	0.5
Adjustments in respect of previous periods	-	0.1
Total current tax	-	0.6
Deferred tax (note 23)		
Current year	(0.3)	(0.9)
Acquisitions and disposals	0.2	-
Adjustments in respect of previous periods	-	0.2
Total deferred tax	(0.1)	(0.7)
Total tax credit	(0.1)	(0.1)

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

	Year ended 31 December 2012 £'m	Year ended 31 December 2011 £'m
Profit before tax – continuing operations	1.5	1.2
Profit before tax multiplied by the rate of corporation tax of 24.5% (2011: 26.5%)	0.4	0.3
Effects of		
Expenses not deductible for tax purposes	0.2	0.3
Losses previously not recognised for deferred tax	(0.5)	(0.8)
Effect of change in rate used for deferred tax	(0.2)	(0.2)
Adjustments in respect of current income tax of previous years	-	0.1
Adjustments in respect of deferred income of previous years	-	0.2
Tax credit	(0.1)	(0.1)

Notes to the financial statements (continued)

For the year ended 31 December 2012

9 EARNINGS PER ORDINARY SHARE

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

	Year ended 31 December 2012 £'m	Year ended 31 December 2011 £'m
Weighted average number of shares in issue	63,554,430	48,977,496
Profit for the year	£1 7m	£2 0m
Total basic earnings per ordinary share (pence)	2 7p	3 1p
Profit for the year – continuing operations	£1 6m	£1 2m
Basic earnings per ordinary share – continuing operations (pence)	2 5p	2 6p
Profit after taxation on ordinary activities – discontinued operations (£'m)	0 1	0 7
Basic earnings per ordinary share – discontinued operations (pence)	0 2p	0 5p
Weighted average number of shares in issue	63,554,430	48,977,496
Share options	2,180,504	1,596,923
Weighted average fully diluted number of shares in issue	65,734,934	50,574,419
Total fully diluted earnings per share (pence)	2 6p	3 8p
Fully diluted earnings per share – continuing operations (pence)	2 4p	2 6p
	£'m	£'m
Profit before tax – continuing operations	1 5	1 2
Adjustments		
Amortisation of intangible assets	0 9	0 5
Impairment of intangible assets	0 4	-
Exceptional items	3 0	1 4
Share based payments charge	0 4	0 2
Other finance costs	-	0 4
Adjusted profit for the year – continuing operations	6 2	3 7

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

Notes to the financial statements (continued)

For the year ended 31 December 2012

9 EARNINGS PER ORDINARY SHARE (continued)

ADJUSTED EARNINGS PER SHARE

The additional adjusted earnings per share, based on the weighted average number of shares in issue during the year, 63.6m (2011: 63.6m – the 2012 weighted average has been applied to give a comparative calculation) is calculated below

	2012	2011
Adjusted profit before taxation (£'m)	6.2	3.7
Tax at 24.5%/26.5% (£'m)	(1.5)	(1.0)
Adjusted profit after taxation (£'m)	4.7	2.7
Adjusted basic earnings per share (pence)	7.4p	4.3p

10 DIVIDENDS

In respect of the current year, the directors propose a final dividend of 1.1 pence per share (2011: 1.0p) will be paid to ordinary shareholders on 9 July 2013. This dividend is subject to approval by shareholders at the Annual General Meeting and has not been included as a liability in these financial statements. An interim dividend of 0.4p per share (2011: nil) was paid during the year. The proposed final dividend for 2012 is payable to all shareholders on the Register of Members on 4 June 2013. The total estimated dividend to be paid is £0.7m.

11 BUSINESS COMBINATIONS

On 1 March 2012, the Group acquired Harrow Green Group Limited (Harrow Green), a records management and office relocation business, for cash of £6.1m, with up to a further £1.0m payable in 2015.

	Fair value at acquisition £'m
Intangible assets	3.2
Property, plant and equipment	2.7
Investments	0.5
Trade receivables	4.3
Other receivables	0.9
Bank overdraft	(0.4)
Trade and other payables	(5.4)
Invoice discounting facility	(2.2)
Current tax assets	0.2
Deferred tax liabilities	(0.2)
Finance leases	(0.6)
Provisions	(2.6)
Other loans	(0.6)
Net liabilities acquired	(0.2)
Goodwill	7.1
Consideration	6.9
Satisfied by	
Cash to vendors	6.1
Contingent consideration	0.8

Notes to the financial statements (continued)

For the year ended 31 December 2012

11 BUSINESS COMBINATIONS (continued)

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

The intangibles capitalised represent £1.7m in respect of customer relationships and £1.5m in respect of the trade name. Deferred tax at 23% has been provided on the value of intangible assets (note 23). Acquisition costs of £561,000 were incurred and have been charged to profit or loss.

The contingent consideration of up to £1.0m is payable in 2015 (discounted value £0.8m) depending on the performance in 2014. The consideration is payable at a rate of double the amount at which gross profit exceeds £7.0m up to a maximum of £1.0m. The directors believe that the consideration will be payable in full.

On 9 July 2012, the Group acquired Restore Shred Limited, a shredding services company (which it previously owned 50% of), for cash of £0.2m.

	Fair value at acquisition £'m
Intangible assets	
Property, plant and equipment	0.5
Trade receivables	0.2
Other receivables	0.1
Trade and other payables	(0.3)
Finance leases	(0.2)
Net assets acquired	0.3
Goodwill	0.2
Consideration	0.5
Satisfied by	
Cash to vendors	0.2
Investment in joint venture	0.3

The goodwill represents the value attributable to new business and the assembled and trained workforce. On 10 August 2012, Restore Shred acquired the assets of M&L document destruction for £0.3m, which was book and fair value.

On 1 October 2012, the Group acquired Drawlin Limited (trading as Archive Solutions), a Records Management business, for cash of £2.6m.

Notes to the financial statements (continued)

For the year ended 31 December 2012

11 BUSINESS COMBINATIONS (continued)

	Fair value at acquisition £'m
Intangible assets	0.9
Property, plant and equipment	0.3
Trade receivables	0.3
Cash	0.2
Trade and other payables	(0.3)
Current tax liabilities	(0.1)
Deferred tax liabilities	(0.2)
Other loans	(0.1)
Net assets acquired	1.0
Goodwill	1.6
Consideration	2.6
Satisfied by	
Cash to vendors	2.6

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

The intangibles capitalised represent £0.9m in respect of customer relationships. Deferred tax at 23% has been provided on the value of intangible assets (note 23). Acquisition costs of £37,000 were incurred and have been charged to profit or loss.

POST ACQUISITION RESULTS

	Harrow Green £'m	Restore Shred £'m	Archive Solutions £'m
Revenue	18.6	0.4	0.4
(Loss)/profit before tax since acquisition included in the Consolidated Statement of Comprehensive Income	(0.4)	-	0.1

If the acquisitions had been completed on the first day of the financial year, Group revenues would have been £48.3m and Group loss before tax would have been £0.6m.

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

Notes to the financial statements (continued)

For the year ended 31 December 2012

12 INTANGIBLE ASSETS

	Goodwill £'m	Customer relationships £'m	Trade names £'m	Applications software & IT £'m	Total £'m
Cost					
1 January 2011	25.7	9.7	1.3	1.6	38.3
Additions – external	-	-	-	0.1	0.1
Arising on acquisition of subsidiary	1.6	0.9	0.2	-	2.7
Adjustments*	(2.9)	(3.1)	-	-	(6.0)
31 December 2011	24.4	7.5	1.5	1.7	35.1
Cost					
1 January 2012	24.4	7.5	1.5	1.7	35.1
Additions – external	0.1	-	-	0.2	0.3
Arising on acquisition of subsidiary	8.9	2.6	1.5	0.5	13.5
Disposals	(0.4)	(0.1)	(1.0)	(0.4)	(1.9)
31 December 2012	33.0	10.0	2.0	2.0	47.0
Accumulated amortisation and impairment					
1 January 2011	13.5	4.2	-	0.8	18.5
Charge for the year	-	0.3	-	0.2	0.5
Adjustments*	(2.9)	(3.1)	-	-	(6.0)
31 December 2011	10.6	1.4	-	1.0	13.0
Accumulated amortisation and impairment					
1 January 2012	10.6	1.4	-	1.0	13.0
Charge for the year	-	0.5	0.1	0.3	0.9
Impairment	-	-	0.4	-	0.4
31 December 2012	10.6	1.9	0.5	1.3	14.3
Carrying amount					
31 December 2012	22.4	8.1	1.5	0.7	32.7
31 December 2011	13.8	6.1	1.5	0.7	22.1
1 January 2011	12.2	5.5	1.3	0.8	19.8

*The adjustments shown above relate to fully amortised intangibles disposed of in previous years but not eliminated

Customer relationships include assets which are considered to have an indefinite life due to the business having a strong relationship and low attrition rates with its customer groups. The carrying amount of these assets is £2.9m (2011: £3.1m). The remaining relationships have a life of 5 – 10.5 years. Trade names include assets considered to have an indefinite life due to the history of trading and the Group being a market leader in the services provided. The carrying amount of these assets is £nil (2011: £1.0m). The remaining trade names are being written off over 10 years.

Notes to the financial statements (continued)

For the year ended 31 December 2012

12 INTANGIBLE ASSETS (continued)

The changes to goodwill during the year were as follows

	£'m
Cost	
1 January 2011	25.7
Acquired – Sargents	0.3
Acquired – Management Archives	0.6
Acquired – Paterson	0.2
Acquired – Brunswick	0.5
Adjustments*	(2.9)
31 December 2011 and 1 January 2012	24.4
Addition – ROC	0.1
Acquired – Harrow Green	7.1
Acquired – Restore Shred	0.2
Acquired – Archive Solutions	1.6
Disposed – Peter Cox	(0.4)
31 December 2012	33.0
Accumulated impairment	
1 January 2011	13.5
Adjustments*	(2.9)
31 December 2011 and 31 December 2012	10.6
Carrying amount at 31 December 2012	22.4
Carrying amount at 31 December 2011	13.8
Carrying amount at 1 January 2011	12.2

Allocation of goodwill to cash-generating units

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

The carrying value is as follows

	Goodwill		Indefinite life intangibles	
	2012	2011	2012	2011
	£'m	£'m	£'m	£'m
Document Management	19.2	13.1	2.9	3.1
Building Repair	-	0.4	-	1.0
Office Relocation	3.2	0.3	-	-
	22.4	13.8	2.9	4.1

Notes to the financial statements (continued)

For the year ended 31 December 2012

12 INTANGIBLE ASSETS (continued)

Annual test for impairment

For the purpose of impairment testing, goodwill and other intangibles are allocated to business segments which represent the lowest level that those assets are monitored for internal management purposes. The recoverable amount of each cash generating unit is determined from value-in-use calculations. The calculations use pre tax cash flow projections based on financial budgets approved by the Directors for year one and cash flow projections for years two and three using growth rates that are considered to be in line with the general trends in which each cash generating unit operates. Terminal cash flows are based on these 3 year projections, assumed to grow perpetually at 1%. In accordance with IAS 36, the growth rates for beyond the forecasted three years do not exceed the long term average growth rate for the industry. The key assumptions forming inputs to the cash flows are in revenues and margins. Revenues for 2013 have been assessed by reference to existing contracts and market volumes. Margins have been assumed to increase from those achieved in 2012 due to a reduction in operating costs as a result of synergies and overhead savings that have been implemented in the office relocation division. Margins have been assumed to be consistent in the Records management division. The forecasts have been discounted at a pre-tax rate of 12.8% (2011: 8.3%). This discount rate was calculated using a pre-tax rate based on the weighted average cost of capital for the Group.

The key assumptions used for the value in use calculations are as follows:

	Records Management	Office Relocation
Revenue growth – average over 3 years	4%	2%
Revenue growth – remainder	1%	1%
Cost growth – employee/overheads	4%	1%

Sensitivity

For the scanning business the recoverable amount calculated as value in use exceeded the carrying value by £1.9 million. A 10% worsening of the key assumptions would not cause the value in use to fall below the carrying value. The Group has not identified any reasonably possible changes to key assumptions that would cause the carrying value of goodwill or intangible to exceed its recoverable amount.

Group reorganisation

In 2013, the scanning business of Document Control Services Limited has been rebranded as Restore Scan and therefore the trade name of this business has been impaired at 31 December 2012 (£264,000). In addition to this Sargents Trading has been merged into Harrow Green Limited, and its trade name has also been fully impaired in the year (£116,000).

Notes to the financial statements (continued)

For the year ended 31 December 2012

13 PROPERTY, PLANT AND EQUIPMENT

	Freehold and long leasehold land & buildings £'m	Leasehold improvements £'m	Racking plant & machinery £'m	Office equipment fixtures & fittings £'m	Motor vehicles £'m	Total £'m
Cost						
1 January 2011	9 8	0 4	4 6	1 8	0 7	17 3
Additions	0 6	0 1	0 5	0 2	-	1 4
Acquisitions	-	-	0 1	0 4	0 1	0 6
31 December 2011	10 4	0 5	5 2	2 4	0 8	19 3
At 1 January 2012	10 4	0 5	5 2	2 4	0 8	19 3
Additions*	0 5	1 4	5 5	2 5	0 3	10 2
Disposals	-	-	(0 1)	(0 8)	-	(0 9)
31 December 2012	10 9	1 9	10 6	4 1	1 1	28 6
Accumulated Depreciation						
1 January 2011	0 6	0 2	2 8	1 2	0 2	5 0
Charged in the year	0 1	-	0 4	0 2	-	0 7
31 December 2011	0 7	0 2	3 2	1 4	0 2	5 7
At 1 January 2012	0 7	0 2	3 2	1 4	0 2	5 7
Charged in the year	0 1	0 1	0 3	0 2	0 1	0 8
Disposals	-	-	(0 1)	(0 5)	-	(0 6)
Acquisitions	-	0 7	2 4	1 8	0 2	5 1
31 December 2012	0 8	1 0	5 8	2 9	0 5	11 0
Net book value						
31 December 2012	10 1	0 9	4 8	1 2	0 6	17 6
31 December 2011	9 7	0 3	2 0	1 0	0 6	13 6
1 January 2011	9 2	0 2	1 8	0 6	0 5	12 3

* Additions for the year ended 31 December 2012 include £8 3m relating to acquisitions in the year

Capital expenditure contracted for but not provided in the financial statements is shown in note 33

Depreciation is charged to profit or loss as an administrative expense £0 3m (2011 £nil) of racking is held under a finance lease

Notes to the financial statements (continued)

For the year ended 31 December 2012

14 JOINT VENTURES

Interest in joint ventures	2012 £'m	2011 £'m
At 31 December	-	0 3
Represented by		
Property, plant and equipment	-	0 2
Current assets	-	0 2
Current liabilities	-	(0 1)
Share of net assets	-	0 3

On 9 July 2012, the Group acquired the remaining 50% share of Restore Shred Limited (note 11)

15 INVESTMENTS

	2012 £'m	2011 £'m
Investments	0 5	-

The Group holds a 50% investment in Relocom Limited, a specialist IT relocations company. The shareholding is being held as an investment at historic cost, as due to the shareholder structure the Directors do not have the ability to exhibit significant influence over the operations of the business.

16 INVENTORIES

	2012 £'m	2011 £'m
Finished goods and goods for resale	0 2	0 2

£0.1m (2011: £0.1m) of inventories were recognised as an expense in cost of sales in the year.

Notes to the financial statements (continued)

For the year ended 31 December 2012

17 TRADE AND OTHER RECEIVABLES

	2012 £'m	2011 £'m
Trade receivables	12.4	7.8
Less provision for impairment of trade receivables	(0.1)	(0.1)
Trade receivables – net	12.3	7.7
Other receivables	1.8	0.5
Prepayments and accrued income	3.3	2.7
	17.4	10.9

Included within other receivables is the discounted consideration of £0.5m due after more than one year in respect of Peter Cox limited (note 4), which is payable in tranches in September 2014 and September 2015

The average credit period is 85 days (2011: 67 days). No interest is charged on the trade receivables for the first 30 days from the date of the invoice. Thereafter, interest may be charged at 2% per annum on the outstanding balance. Trade receivables are provided for based on estimated irrecoverable amounts, determined by reference to past payment history and the current financial status of the customers.

Movement in the allowance for impairment	2012 £'m	2011 £'m
Balance at beginning and end of the year	0.1	0.1

In determining the recoverability of the trade receivables, the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date. See note 21 for an analysis of trade receivables that were past due but not impaired.

18 TRADE AND OTHER PAYABLES

	2012 £'m	2011 £'m
Trade payables	3.1	3.0
Other taxation and social security	1.6	1.7
Other payables	4.3	1.6
Accruals and deferred income	3.1	2.0
	12.1	8.3

Other payables includes the fair value of the interest rate cap and collar of £0.3m (2011: £0.2m), see note 21.

The Group has financial risk management policies in place to ensure that all payables are paid within the credit time frame. Trade and other payables principally comprise amounts outstanding for trade purchases and ongoing costs. The average credit period for trade purchases is 53 days (2011: 38 days).

Notes to the financial statements (continued)

For the year ended 31 December 2012

19 LOANS AND OVERDRAFTS

	2012 £'m	2011 £'m
Current		
Bank loans and overdrafts due within one year		
Overdrafts on demand	1 8	1 9
Bank loans – secured	4 6	2 5
	6 4	4 4
Non-current		
Bank loans – secured	10 1	10 1
	10 1	10 1

The bank debt is due to Barclays bank plc and is secured by a fixed and floating charge over the assets of the Group. The interest rate profile and an analysis of borrowings is given in note 21. Under the bank facility the Group is required to meet quarterly covenant tests in respect of cash flow cover, interest cover and leverage. All tests were met during the year and the directors expect to continue to meet these tests.

Analysis of net debt

	2012 £'m	2011 £'m
Cash at bank and in hand	2 7	3 5
Balance on invoice discounting facility	(4 0)	(0 6)
Bank loans and overdrafts due within one year	(6 4)	(4 4)
Bank loans due after one year	(10 1)	(10 1)
	(17 8)	(11 6)

20 OTHER FINANCIAL LIABILITIES

	2012 £'m	2011 £'m
Obligations under finance leases	0 3	0 1
Repayable by instalments		
In less than one year	0 1	0 1
Over 1 year	0 2	-
	0 3	0 1

Notes to the financial statements (continued)

For the year ended 31 December 2012

21 FINANCIAL INSTRUMENTS

The Group's financial instruments comprise cash, bank and various other receivable and payable balances that arise from its operations. The main purpose of these financial instruments is to finance the Group's operations.

CASH AND CASH EQUIVALENTS NET OF INVOICE DISCOUNTING

	2012 £'m	2011 £'m
Cash at bank and in hand	2.7	3.5
Invoice discounting facility	(4.0)	(0.6)
	(1.3)	2.9

As at 31 December 2012 trade receivables of £3.6m (2011: £2.3m) were past due but not impaired. These relate to a number of independent customers with no recent history of default as well as the balance detailed on page 40. The ageing analysis of these trade receivables is as follows:

	2012 £'m	2011 £'m
60 – 90 days	1.3	1.1
Greater than 90 days	2.3	1.2

The main financial risks arising from the Group's financial instruments are interest rate risk and liquidity risk. The directors review and agree policies for managing each of these risks. Interest rates are regularly reviewed to ensure competitive rates are paid. Detailed cash flows are produced on a regular basis to minimise liquidity risks.

CARRYING VALUE OF FINANCIAL ASSETS AND (LIABILITIES) EXCLUDING CASH AND BORROWINGS

	2012 £'m	2011 £'m
Loans and receivables	14.1	8.2
Derivatives used for hedging	(0.3)	(0.2)
Financial liabilities measured at amortised cost	(11.1)	(5.4)

CURRENCY AND INTEREST RATE RISK PROFILE OF FINANCIAL LIABILITIES

All bank borrowings are subject to floating interest rates, at LIBOR plus a margin of 2.85% on the original term loan, 3.5% on the new £1.5m term loan, 3.5% on the RCF, 3.5% on the overdraft and 2.5% on the invoice discounting facility.

Notes to the financial statements (continued)

For the year ended 31 December 2012

21 FINANCIAL INSTRUMENTS (continued)

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

	Total	Fixed rate financial liabilities	Floating rate financial liabilities	Subject to interest rate collar	Weighted average interest rates %
	£'m	£'m	£'m	£'m	
Currency					
Sterling at 31 December 2012	16.5	-	10.0	6.5	4.7
Sterling at 31 December 2011	14.5	-	9.0	5.5	3.5

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

	2012 £'m	2011 £'m
6 months or less	16.5	14.5

INTEREST RATE SENSITIVITY

At 31 December 2012 if interest rates had been 50 basis points higher and all other variables were held constant, it is estimated that the Group's profit before tax would be approximately £44,000 (2011: £36,000) lower. This is mainly attributable to the Group's exposure to interest rates on its variable rate borrowings and is based on the change taking place at the beginning of the financial year and held constant throughout the year.

The Group's sensitivity to interest rates has increased during the current year mainly due to the increased debt.

FINANCIAL ASSETS RECOGNISED IN THE STATEMENT OF FINANCIAL POSITION AND INTEREST RATE PROFILE

All financial assets are short term receivables and cash in hand. The cash in hand earns interest based on the variable bank base rate and is held with Barclays Bank plc.

Notes to the financial statements (continued)

For the year ended 31 December 2012

21 FINANCIAL INSTRUMENTS (continued)

MATURITY OF FINANCIAL LIABILITIES

The maturity profile of the carrying amount of the Group's financial liabilities (including interest payments), other than short term trade payables and accruals which are due within one year was as follows

	Bank Debt	Other financial liabilities	2012 Total	Bank Debt	Other financial liabilities	2011 Total
	£'m	£'m	£'m	£'m	£'m	£'m
Within one year, or on demand	10.7	0.3	11.0	5.0	0.1	5.1
Between one and two years	1.6	-	1.6	1.3	-	1.3
Between two and five years	8.5	1.0	9.5	10.9	-	10.9
	20.8	1.3	22.1	17.2	0.1	17.3

BORROWING FACILITIES

The Group has a finance facility with Barclays Bank plc. This facility comprises a Term loan of £11.7 million expiring on 30 June 2016, a 3 year revolving credit facility (RCF) of £3.0 million, an on demand net overdraft facility of £1.5 million and an invoice discounting facility of £5.25m (2011: a term facility of £11.0 million and RCF of £3.0 million and an overdraft of £1.5 million). An offset facility is in place and on a gross basis, £1.8 million of the overdraft was utilised at 31 December 2012. Details of security are given in note 19. Committed but undrawn borrowing facilities as at 31 December 2012 amounted to £3.6m (2011: £2.9m).

All of the Group's borrowings are in Sterling.

FAIR VALUES OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

The Group's financial assets and liabilities bear floating interest rates and are relatively short term in nature. In the opinion of the directors the book values of the assets and liabilities equate to their fair value.

INTEREST RATE MANAGEMENT

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

	Average contracted fixed interest rate		Notional principal amount		Fair value	
	2012 %	2011 %	2012 £'m	2011 £'m	2012 £'m	2011 £'m
1 to 2 years	2-4	2-4	4.1	4.6	-	-
2 to 5 years	2-4	2-4	0.9	0.9	(0.3)	(0.2)
2 to 5 years	1.48	-	1.5	-	-	-

Notes to the financial statements (continued)

For the year ended 31 December 2012

21 FINANCIAL INSTRUMENTS (continued)

The interest rate cap settles on a quarterly basis. The interest rate cap was for £4.6 million amortising on a straight line basis to £3.8 million on 30 July 2012. The floor rate is 2% and the cap rate 4% and expired on 30 July 2012. The interest rate swap of 2.80% was entered into on 13 July 2012, expires on 30 June 2016 and settles on a quarterly basis. The swap is for £5.0m and increases/decreases on a straight line basis so that the total of the collar and cap total 50% of the term loan facility. A further swap was entered into on 13 March 2013 for £1.5 million in order to hedge the additional £1.5 million term loan, put in place to fund the acquisition of Harrow Green. As the hedge was not designated as effective on inception the movement in fair value has been taken to profit or loss. The valuation of derivatives is within level 2 of the fair value hierarchy as the significant inputs to the valuation are observable.

22 PROVISIONS

	Onerous lease provision £'m	Remedial provision £'m	Total £'m
1 January 2012	0.8	0.5	1.3
Used during the year	(0.3)	-	(0.3)
Disposed	-	(0.5)	(0.5)
Arising on acquisition of Harrow Green (note 11)	2.6	-	2.6
31 December 2012	3.1	-	3.1

The onerous leases provision relates to future payments on onerous leases as required in the lease agreements. £0.5 million of costs are expected to be incurred within one year and the balance over the next 10 years.

The provision arising on the acquisition of Harrow Green relates to a number of onerous leases expiring between 2013 and 2022 in relation to paying over market rent. This provision has been discounted at 8%.

The remedial provision related to 25 year guarantees that Peter Cox had issued to its customers in respect of damp proofing work. The amount of the provision was calculated on the level of customer claims made on a historic basis. Peter Cox was disposed of during the year (note 4).

Provisions are analysed as follows:

	2012 £'m	2011 £'m
Current	0.5	0.2
Non-current	2.6	1.1
Total	3.1	1.3

Notes to the financial statements (continued)

For the year ended 31 December 2012

23 DEFERRED TAX

	2012 £'m	2011 £'m
Summary of balances		
Deferred tax liabilities	(3 9)	(3 6)
Deferred tax asset	2 0	1 0
Net position at 31 December	(1 9)	(2 6)

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

	2012 £'m	2011 £'m
1 January	(2 6)	(3 0)
Credit to profit or loss for the year	0 3	0 7
Transactions with owners	0 6	-
Acquisitions	(0 4)	(0 3)
Disposals	0 2	-
31 December	(1 9)	(2 6)

The following are the major deferred tax liabilities and assets recognised by the Group and the movements thereon during the year

DEFERRED TAX LIABILITIES

	Accelerated capital allowances £'m	On intangible assets £'m	Properties £'m	Total £'m
1 January 2011	(0 4)	(1 8)	(1 3)	(3 5)
Credit to income for the year	-	0 2	-	0 2
Acquisitions	-	(0 3)	-	(0 3)
31 December 2011	(0 4)	(1 9)	(1 3)	(3 6)
Credit/(charge) to income for the year	(0 1)	0 5	0 1	0 5
Acquisitions	-	(1 1)	-	(1 1)
Disposals	-	0 3	-	0 3
31 December 2012	(0 5)	(2 2)	(1 2)	(3 9)

Notes to the financial statements (continued)

For the year ended 31 December 2012

23 DEFERRED TAX (continued)

DEFERRED TAX ASSETS

	Share based payments	Losses	Depreciation in excess of capital allowances	Temporary differences	Total
	£'m	£'m	£'m	£'m	£'m
1 January 2011	-	-	0.5	-	0.5
Credit/(charge) to income for the year	-	0.8	(0.3)	-	0.5
31 December 2011	-	0.8	0.2	-	1.0
Credit/(charge) to income for the year	0.2	(0.3)	-	(0.1)	(0.2)
Acquisitions	-	-	0.2	0.5	0.7
Disposals	-	-	(0.1)	-	(0.1)
Transactions with owners	0.6	-	-	-	0.6
31 December 2012	0.8	0.5	0.3	0.4	2.0

A deferred tax asset has been recognised on the share based payment charge. An amount of £0.6m relating to prior years has been taken directly to equity.

A deferred tax asset of £0.5m (2011: £0.8m) has been recognised on brought forward tax losses due to greater certainty over recoverability of the asset. The unrecognised deferred tax asset amounts to £nil (2011: £0.5m) on tax losses of £1.8m (2011: £1.9m).

24 CALLED UP SHARE CAPITAL

	2012 £'m	2011 £'m
Authorised		
199,000,000 ordinary shares of 5p each	9.9	9.9
50,000,000 deferred shares of 0.1p each	0.1	0.1
	10.0	10.0
Allotted, issued and fully paid		
68,207,932 (2011: 53,099,791) ordinary shares of 5p each	3.4	2.7
50,000,000 (2011: 50,000,000) deferred shares of 0.1p each	-	-
	3.4	2.7

Notes to the financial statements (continued)

For the year ended 31 December 2012

24 CALLED UP SHARE CAPITAL (continued)

The issued ordinary share capital is as follows

Date	Number of ordinary shares	Issue price
1 January 2012	53,099,791	
2 March 2012 – equity raised to acquire Harrow Green	11,333,334	75 0p
24 May 2012 – exercise of share options	100,800	32 5p
1 June 2012 – exercise of share options	84,000	32 5p
3 October 2012 – equity raised to acquire Archive Solutions	3,225,807	93 0p
3 October 2012 – exercise of share options	364,200	32 5p
31 December 2012	68,207,932	

25 SHARE PREMIUM ACCOUNT

	2012 £'m	2011 £'m
1 January	4 1	52 4
Premium on shares issued during the year	11 0	4 2
Share issue costs	(0 5)	(0 2)
Capital reduction	-	(52 3)
31 December	14 6	4 1

The Company may use the reserve to reduce a deficit in the Profit and Loss account of the Company from time to time subject to shareholders and court approval, and the Company may release the reserve upon transferring to a blocked trust bank account a sum equal to the remaining amount outstanding to non-consenting creditors that existed at the date of the capital reduction

26 SHARE BASED PAYMENTS RESERVE

	2012 £'m	2011 £'m
1 January	0 5	0 3
Charge for the year	0 4	0 2
31 December	0 9	0 5

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

Notes to the financial statements (continued)

For the year ended 31 December 2012

27 RETAINED EARNINGS/(DEFICIT)

	2012 £'m	2011 £'m
1 January	16 0	(38 3)
Profit for the year	1 7	2 0
Capital reduction	-	52 3
Dividends paid	(0 9)	-
Deferred tax on share based payments	0 6	-
31 December	17 4	16 0

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

28 CASH (OUTFLOW)/INFLOW FROM OPERATIONS

	Year ended 31 December 2012 £'m	Year ended 31 December 2011 £'m
Continuing operations		
Profit before tax	1 5	1 2
Depreciation of property, plant and equipment	0 8	0 7
Amortisation of intangible assets	0 9	0 5
Impairment of intangible assets	0 4	-
Net finance costs	0 9	1 1
Income tax credit	(0 1)	-
Share based payments charge	0 4	0 2
Increase in inventories	-	(0.1)
Increase in trade and other receivables	(3 9)	(2 5)
(Decrease)/increase in trade and other payables	(1 6)	0 2
CASH (USED IN)/GENERATED FROM CONTINUING OPERATIONS	(0 7)	1 3
Discontinued operations		
Profit for the year	0 2	0 7
Amortisation of intangible assets	-	0 1
Income tax expense	-	0 1
Decrease/(increase) in trade and other receivables	0 8	(0 5)
(Decrease)/increase in trade and other payables	(0 4)	0 3
CASH GENERATED FROM DISCONTINUED OPERATIONS	0 6	0 7
NET CASH (USED IN)/GENERATED FROM OPERATIONS	(0 1)	2 0

Notes to the financial statements (continued)

For the year ended 31 December 2012

29 PENSIONS

The Group operates a number of defined contribution schemes for all qualifying employees. The assets of the schemes are held separately from those of the Group in funds under the control of trustees. The total cost charged to income of £0.1m (2011: £0.1m) represents contributions payable to these schemes by the Group at rates specified in the rules of the plan.

30 SHARE BASED PAYMENT

Share options scheme

The Restore share option scheme was introduced in May 2005. Under the scheme the Remuneration Committee can grant options over shares in the Company to directors and employees of the Group. Options are granted at a fixed price equal to the market price of the shares under option at the date of grant. The contractual life of the option is 10 years. Awards under the scheme are generally reserved for employees at senior management level and above.

On 21 June 2012, 30 July 2011, 3 May 2011 and on 16 April 2010 the Company made a grant of options to senior management and directors, on which there are no performance conditions and which are exercisable within 2 – 10 years. Prior to this the Company made five grants. The share options issued prior to 2010 were cancelled in 2011.

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

Grant date	21 June 2012	30 July 2011	3 May 2011	16 April 2010
Share price at grant date	83.0p	60.0p	53.0p	41.0p
Exercise price	83.0p	69.5p	50.0p	32.5p
Number of employees	13	1	4	7
Share options granted	3,422,588	400,000	1,160,000	3,360,000
Vesting period (years)	2	2	2	2
Expected volatility	30%	30%	30%	30%
Option life (years)	10	10	10	10
Expected life (years)	6	6	6	6
Risk free rate	4.0%	4.0%	4.0%	5.6%
Expected dividends expressed as a dividend yield	0%	0%	0%	0%
Fair value per option	30.4p	18.9p	21.0p	5.0p

The total fair value of options issued in the year was £1.0m (2011: £0.3m). The volatility is measured by calculating the standard deviation of the natural logarithm of share price movements.

Notes to the financial statements (continued)

For the year ended 31 December 2012

30 SHARE BASED PAYMENT (continued)

A reconciliation of share option movements over the two years to 31 December 2012 is

Grant date	Number	2012 Weighted average exercise price	Number	2011 Weighted average exercise price
Outstanding at 1 January	4,920,000	40p	3,431,062	834p
Granted	3,422,588	83p	1,560,000	55p
Cancelled	(1,250,000)	56p	(71,062)	849p
Exercised	(549,000)	32 5p	-	-
Outstanding at 31 December	6,543,588	60p	4,920,000	40p
Exercisable at 31 December	2,811,000	32 5p	-	-

The options outstanding at 31 December 2012 had an exercise price of between 32 5p and 83p and a weighted average remaining contractual life of 7 6 years (2011 8 6 years)

31 DIRECTORS AND EMPLOYEES

	2012 £'m	2011 £'m
Staff costs during the year were as follows		
Wages and salaries	10 9	6 6
Social security costs	1 2	0 6
Pension costs	0 2	-
Share based payments charge	0 4	0 2
	12 7	7 4

	Number	Number
The average monthly number of employees during the year was		
Directors	6	5
Management	39	22
Administration	136	38
Operatives	384	233
	565	298

Notes to the financial statements (continued)

For the year ended 31 December 2012

31 DIRECTORS AND EMPLOYEES (continued)

	2012 £'m	2011 £'m
The total amounts for directors' remuneration and other benefits was as follows		
Emoluments for directors' services	0.7	0.6
Directors' remuneration shown above included the following amounts in respect of the highest paid director		
Salary and pension	0.3	0.3
	2012 £'m	2011 £'m
Key management compensation		
Short-term employment benefits	2.1	1.3
Post employment benefits	0.1	-
Other benefits	0.1	0.1
Share based payments	0.4	0.2
	2.7	1.6

The key management of the Group are management attending board meetings within each division

32 LEASING COMMITMENTS

The Group leases various premises under non-cancellable operating lease agreements of varying terms. The majority of the lease agreements are renewable at the end of the lease period at market rate.

	2012 £'m	2011 £'m
The future aggregate minimum lease payments under non-cancellable operating leases were as follows		
Operating leases which expire		
Within one year	0.5	0.3
Within two to five years	2.8	1.5
Over five years	19.8	11.9
	23.1	13.7

The operating leases represent rentals payable by the Group for certain properties, vehicles and equipment

Notes to the financial statements (continued)

For the year ended 31 December 2012

33 CAPITAL COMMITMENTS

	2012 £'m	2011 £'m
Capital expenditure		
Contracted for but not provided in the financial statements	0.1	-

34 CONTINGENT LIABILITIES

The Company has entered into a bank cross guarantee with its subsidiaries. The guarantee amounts to £13.7m at 31 December 2012 (2011: £12.0m). The assets of the Company and its subsidiaries are pledged as security for the bank borrowings, by way of a fixed and floating charge.

35 RELATED PARTY TRANSACTIONS AND CONTROLLING PARTY

The remuneration of key management personnel and details of the Directors' emoluments are shown in note 31.

36 POST BALANCE SHEET EVENTS

On 20 March 2013 the Company announced that it has entered into a sale and purchase agreement to acquire File & Data Storage, the records management division of OfficeTeam Group Limited. The Company also announced its intention to raise up to £7.0m after expenses from institutional investors by way of a share placing.

Founded in 1996, File & Data Storage provides records management services to a broad base of predominantly large organisations in both the private and public sector, and currently operates from sites in East London, Tewkesbury, Leeds, Newcastle-upon-Tyne and Manchester.

The acquisition will further strengthen Restore's position as one of the UK's leading providers of records management services and brings the benefit of some strong and long-standing customer relationships.

The initial consideration was £6.1m. The transaction also includes a cash earn-out capped at £150,000 and dependent on the performance of File & Data in the twelve months following completion. In addition to funds raised by the placing, an additional banking facility of £3.5m has been put in place.

Due to the limited time available between the acquisition and the approval of these financial statements, the Group is still in the process of establishing the fair value of the assets and liabilities acquired but it is anticipated that the fair value of the consideration paid over the book value of the net assets acquired will compromise customer relationships, trade names and goodwill representing the value attributable to new business and the assembled and trained workforce. As of 31 March 2013, File and Data Storage had net assets of £0.9m at book value under its previous accounting policies.

For the twelve months ended 31 December 2012, the draft statutory accounts of File & Data Storage recorded an EBIT before exceptionals of £0.8m on a turnover of £3.2m.

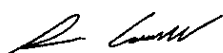
In 2013, the scanning business of Document Control Services was rebranded Restore Scan and Sargents Trading was merged into Harrow Green (note 12).

Company balance sheet

At 31 December 2012

Company registered no 05169780			
	Note	2011 £'m	2012 £'m
FIXED ASSETS			
Intangible assets	37	10.2	11.3
Tangible fixed assets	38	9.3	6.3
Investments	39	26.1	19.8
		45.6	37.4
CURRENT ASSETS			
DEBTORS Due within one year	40	7.6	4.5
DEBTORS Due after more than one year	40	7.1	2.8
Cash at bank		1.7	1.5
		16.4	8.8
CREDITORS Amounts falling due within one year	41	(9.5)	(7.3)
NET CURRENT ASSETS		6.9	1.5
TOTAL ASSETS LESS CURRENT LIABILITIES		52.5	38.9
CREDITORS Due after more than one year	42	(22.7)	(20.4)
PROVISIONS FOR LIABILITIES	44	(0.5)	(0.7)
NET ASSETS		29.3	17.8
CAPITAL AND RESERVES			
Called up share capital	45	3.4	2.7
Share premium account	46	14.6	4.1
Share based payments reserve	47	0.9	0.5
Profit and loss account	48	10.4	10.5
SHAREHOLDERS' FUNDS	49	29.3	17.8

These financial statements were approved by the board of directors and authorised for issue on 9 April 2013 and were signed on its behalf by



Adam Councill
Group Finance Director



Charles Skinner
Chief Executive

Company accounting policies

For the year ended 31 December 2012

These Financial Statements for the Company have been prepared under the historical cost convention and in accordance with the Companies Act 2006 and applicable Accounting Standards in the United Kingdom (UK GAAP). The Directors consider that the accounting policies set out below are suitable, are supported by reasonable judgements and estimates and have been consistently applied except where stated below. A summary of the more important accounting policies is set out below.

GOING CONCERN

The going concern basis has been applied in these accounts on the basis that funds will be made available from other group companies.

The going concern position is discussed further in the consolidated financial statements of the Group on page 32 and applies to the Company.

COMPANY PROFIT AND LOSS ACCOUNT

In accordance with section 408 of the Companies Act 2006 the Company is exempt from the requirement to present its own profit and loss account. The result for the financial year of the Company is disclosed in note 48 to these Financial Statements.

DIVIDEND INCOME

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

INVESTMENTS

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

TANGIBLE FIXED ASSETS

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

	% per annum
Freehold and long leasehold buildings	2–5%
Long leasehold land	over the remaining life of the lease
Leasehold improvements	over the life of the lease
Plant and machinery	5–50%
Racking	5%
Office equipment, fixtures and fittings	10–40%
Motor vehicles	20–25%
Software	20–33%

Company accounting policies (continued)

For the year ended 31 December 2012

DEFERRED TAXATION

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

SHARE OPTION SCHEMES

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

PROVISIONS FOR LIABILITIES

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made. If the effect is material, provisions are determined by discounting the expected future cash flows at an appropriate pre-tax discount rate.

GOODWILL

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

Notes to the financial statements

For the year ended 31 December 2012

37 INTANGIBLE ASSETS

Goodwill

	£'m
Cost	
1 January 2012 and 31 December 2012	11.3
Accumulated amortisation	
1 January 2012	-
Charge for the year	1.1
31 December 2012	1.1
Carrying amount	
31 December 2012	10.2
31 December 2011	11.3

38 TANGIBLE FIXED ASSETS

	Freehold and long leasehold and buildings	Leasehold improvements	Racking, plant and machinery	Office equipment, fixtures and fittings	Motor vehicles	Software	Total
	£'m	£'m	£'m	£'m	£'m	£'m	£'m
Cost							
1 January 2012	4.2	0.2	0.5	0.9	0.1	0.4	6.3
Additions	0.6	0.2	2.1	0.3	-	0.2	3.4
31 December 2012	4.8	0.4	2.6	1.2	0.1	0.6	9.7
Accumulated depreciation							
1 January 2012	-	-	-	-	-	-	-
Charged in the year	0.1	0.1	-	-	-	0.2	0.4
31 December 2012	0.1	0.1	-	-	-	0.2	0.4
Net book value							
31 December 2012	4.7	0.3	2.6	1.2	0.1	0.4	9.3
31 December 2011	4.2	0.2	0.5	0.9	0.1	0.4	6.3

Notes to the financial statements (continued)

For the year ended 31 December 2012

39 INVESTMENTS

	Shares in joint venture £'m	Shares in subsidiary undertakings £'m	Total £'m
1 January 2012	0.3	46.9	47.2
Additions			
Harlow Green Limited	-	7.5	7.5
Restore Shred Limited	(0.3)	0.5	0.2
Drawlin Limited	-	2.6	2.6
Total	-	57.5	57.5
Disposal			
Peter Cox Limited	-	(4.0)	(4.0)
31 December 2012	-	53.5	53.5
Impairment			
1 January and 31 December 2012	-	27.4	27.4
Net book value			
31 December 2012	-	26.1	26.1
31 December 2011	0.3	19.5	19.8

Notes to the financial statements (continued)

For the year ended 31 December 2012

39 INVESTMENTS (continued)

At 31 December 2012 the Company held directly and indirectly equity and voting rights of the following undertakings

Company	Class of holding	% held	Country of incorporation	Nature of business
Document Management Division				
*Restore Group Holdings Limited**	Ordinary	100%	England and Wales	Records Management
*Restore (Wansdyke) Limited**	Ordinary	100%	England and Wales	Records Management
*Restore (Scotland) Limited**	Ordinary	100%	Scotland	Records Management
*Datacare Business Systems Limited**	Ordinary	100%	England and Wales	Records Management
*Formsafe Limited**	Ordinary	100%	England and Wales	Records Management
*Brunswick Document Management Limited**	Ordinary	100%	England and Wales	Records Management
*Wansdyke Secury Limited**	Ordinary	100%	England and Wales	Records Management
Wansdyke 1 Limited	Ordinary	100%	England and Wales	Dormant
Wansdyke 2 Limited	Ordinary	100%	England and Wales	Dormant
*Drawlin Limited**	Ordinary	100%	England and Wales	Records Management
Document Control Services Limited**	Ordinary	100%	England and Wales	Value added scanning
*Stapledon Holdings Limited**	Ordinary	100%	England and Wales	Holding company
*Restore Shred Limited**	Ordinary	100%	England and Wales	Shredding Services
Office Relocation Division				
*Sargents Trading Limited**	Ordinary	100%	England and Wales	Relocations
*Harrow Green Group Limited**	Ordinary	100%	England and Wales	Holding Company
*Harrow Green Limited	Ordinary	100%	England and Wales	Relocations
Exclusive Group Limited	Ordinary	100%	England and Wales	Dormant
Relocom Limited	Ordinary	50%	England and Wales	Relocations
Anderson Office Moves Limited	Ordinary	100%	England and Wales	Dormant
Interior Crafts Limited	Ordinary	100%	England and Wales	Dormant
Corporate Purchase and Facilities Limited	Ordinary	100%	England and Wales	Dormant

*=Held directly

** The Company has taken the exemption under section 394 of the Companies Act 2006 not to produce audited accounts

Notes to the financial statements (continued)

For the year ended 31 December 2012

40 DEBTORS

	2012 £'m	2011 £'m
Trade debtors	2.9	0.2
Amounts due from Group undertakings	-	2.3
Other debtors	2.5	-
Prepayments and accrued income	1.9	1.3
Deferred tax asset	0.3	0.7
	7.6	4.5
Due after more than one year		
Amounts due from Group undertakings	7.1	2.8
Total	14.7	7.3

41 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2012 £'m	2011 £'m
Bank overdraft	0.2	1.2
Bank loans	4.5	2.5
Trade creditors	0.9	1.2
Amounts due to Group undertakings	0.6	0.2
Other taxation and social security	0.5	0.4
Corporation tax	0.6	-
Other creditors	0.9	0.9
Accruals and deferred income	1.3	0.9
	9.5	7.3

Notes to the financial statements (continued)

For the year ended 31 December 2012

41 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR (continued)

Bank overdrafts and loans are classified as follows

	2012 £'m	2011 £'m
Current		
Bank loans and overdrafts due within one year		
Overdrafts on demand	0.2	1.2
Bank loans – secured	4.5	2.5
	4.7	3.7
Non-current (note 42)		
Bank loans – secured	10.1	10.1

42 CREDITORS

Amounts falling due after more than one year

	2012 £'m	2011 £'m
Bank loans	10.1	10.1
Other long term liabilities	0.8	-
Amounts due to group undertakings	11.8	10.3
	22.7	20.4
Amounts falling due		
After one and within two years	1.6	1.2
Between two years and five years	21.1	19.2
	22.7	20.4

The bank debt is due to Barclays bank plc and is secured by a fixed and floating charge over the assets of the Group. The interest rate applied to the amounts due to group undertakings was 3.25% above base rate until 27 June 2012, 3.74% to 27 September 2012, 3.86% to 27 December 2012 and 3.99% above base rate thereafter. An analysis of Group borrowings is given in note 21.

The other long term liability relates to the deferred consideration on Harrow Green (note 11).

Notes to the financial statements (continued)

For the year ended 31 December 2012

43 DEBT

Analysis of net debt

	At 1 January 2012 £'m	Cash flow £'m	At 31 December 2012 £'m
Bank loans and overdrafts due within one year	3.7	1.0	4.7
Bank loans due after one year	10.1	-	10.1
	13.8	1.0	14.8

44 PROVISIONS FOR LIABILITIES

	Property provision £'m
1 January 2012	0.7
Transfer to profit and loss	(0.2)
31 December 2012	0.5

45 SHARE CAPITAL

	2012 £'m	2011 £'m
Authorised		
199,000,000 ordinary shares of 5p each	9.9	9.9
50,000,000 deferred shares of 0.1p each	0.1	0.1
	10.0	10.0
Allotted, issued and fully paid		
68,207,932 (2011: 53,099,791) ordinary shares of 5p each	3.4	2.7
50,000,000 (2011: 50,000,000) deferred shares of 0.1p each	-	-
	3.4	2.7

Notes to the financial statements (continued)

For the year ended 31 December 2012

45 SHARE CAPITAL (continued)

The issued ordinary share capital is as follows

Date	Number of ordinary shares	Issue price
1 January 2012	53,099,791	
2 March 2012 – equity raised to acquire Harrow Green	11,333,334	75 0p
24 May 2012 – exercise of share options	100,800	32 5p
1 June 2012 – exercise of share options	84,000	32 5p
3 October 2012 – equity raised to acquire Archive Solutions	3,225,807	93 0p
3 October 2012 – exercise of share options	364,200	32 5p
31 December 2012	68,207,932	

46 SHARE BASED PREMIUM ACCOUNT

	2012 £'m	2011 £'m
1 January	4 1	52 4
Premium on shares issued during the year	11 0	4 2
Share issue costs	(0 5)	(0 2)
Capital reduction	-	(52 3)
31 December	14 6	4 1

47 SHARE BASED PAYMENTS RESERVE

	2012 £'m	2011 £'m
1 January	0 5	0 3
Charge for the year	0 4	0 2
31 December	0 9	0 5

Notes to the financial statements (continued)

For the year ended 31 December 2012

48 PROFIT AND LOSS ACCOUNT

	2012 £'m	2011 £'m
1 January	10.5	(41.8)
Capital reduction	-	52.3
Profit for the year	0.8	-
Dividends	(0.9)	-
31 December	10.4	10.5

The Company has taken advantage of section 408 of the Companies Act 2006 and has not included its own profit and loss account in these financial statements. The Company's profit for the financial year was £819,000 (2011: £43,500).

49 RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	2012 £'m	2011 £'m
Profit for the financial year	0.8	-
Issue of shares	11.7	4.6
Share issue costs	(0.5)	(0.2)
Share based payments charge	0.4	0.2
Dividends (0.4p per share)	(0.9)	-
Net addition to shareholders' funds	11.5	4.6
Opening shareholders' funds	17.8	13.2
Closing shareholders' funds	29.3	17.8

50 LEASING COMMITMENTS

	2012 £'m	2011 £'m
The annual commitment under non-cancellable operating leases in respect of land and buildings was as follows:		
Operating leases which expire		
Within one year	0.2	0.2
In two to five years	0.4	0.5
In more than five years	1.6	1.3

51 CONTINGENT LIABILITIES

The Company has entered into a bank cross guarantee with its subsidiaries. The guarantee amounts to £13.7m at 31 December 2012 (2011: £12.0m). The assets of the Company and its subsidiaries are pledged as security for the bank borrowings by way of a fixed and floating charge.

Trading record

For the year ended 31 December 2012

Year ended 31 December 2012	2012 ¹ £'m	2011 ¹ £'m	2010 ¹ £'m	2009 ¹ £'m	2008 ¹ £'m
Revenue	43.3	18.8	27.7	27.0	31.5
Adjusted profit/(loss) before taxation*	6.2	3.7	2.6	(0.1)	0.9
Basic earnings/(loss) per share*	7.4p	4.3p	3.5p	(107.6p)	(376.0p)
Net debt	(17.8)	(11.6)	(12.3)	(21.6)	(35.1)
Net assets	36.3	23.3	16.7	4.0	15.2

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

¹ Not restated for continuing operations

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