



29 August 2008

REGUS GROUP PLC INTERIM MANAGEMENT REPORT - SIX MONTHS ENDED 30 JUNE 2008

Regus, the world's largest provider of outsourced workplaces, announces today its half yearly report for the six months ended 30 June 2008.

FINANCIAL HIGHLIGHTS

- Revenues up by 23.3% to £507.5m (H1, 2007: £411.5m)
- Gross profit (Centre contribution) up 27.8% to £150.2m (H1, 2007: £117.5m)
- Operating profit up 31.9% to £74.4m (H1, 2007: £56.4m)
- Cash from operations up 45.0% to £123.4m (H1, 2007: £85.1m)
- Profit before tax up by 39.0% to £74.5m (H1, 2007: £53.6m)
- Basic EPS up 26.7% to 5.7p (H1, 2007: 4.5p)
- Net cash up 38.3% since the year end to £140.2m (December 2007: £101.4m)
- Maiden interim dividend of 0.6p per share (2007: nil)

OPERATIONAL HIGHLIGHTS

- Total capacity, including workstations in non-consolidated businesses, increased 6.3% to 165,103 in the six months to 30 June 2008 of which 154,690 workstations were fully consolidated (an increase of 8.5%)
- Average available workstations increased by 16.6% to 149,087 (H1, 2007: 127,858)
- Average occupancy increased by 0.6 points to 83.4% (H1, 2007: 82.8%)
- A further 72 new centres opened in the six month period to 30 June 2008 (H1, 2007: 61)
- Proposed creation of a new UK listed, Jersey incorporated holding company with its head office and strategic management processes resident in Luxembourg (see separate release)
- Appointment of three new non-executive directors

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

"We have delivered another strong performance across all regions producing record operating profits, a net cash balance that exceeds £140m and paying a maiden interim dividend. Our eighth consecutive half of growth has been driven by improvements in our mature business, targeted centre acquisitions, the opening of new centres and continued ongoing investment in our people, products and technology. Our robust business model has also delivered mature margin and occupancy improvements across all our regions.

Whilst we remain alert to the impact of difficult economic conditions, our outlook for the remainder of 2008 remains unchanged. We believe that our flexible offering, strong brand, extensive geographic reach, diverse client base and range of innovative products are proving even more attractive to global businesses and small and medium enterprises during these uncertain times. Our strong balance sheet and ongoing cash generation ensures that we are well positioned to exploit opportunities to drive continued growth."

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Interim Management Report - Chief Executive's Review

Overview

I am pleased to announce continued improvements in our key business metrics including revenues, profit and earnings per share for the eighth consecutive six month period. Our net cash balance has also increased from £101.4 million to a record £140.2 million over the last six months reflecting improvements in our mature business and additional contribution from acquisitions and centres opened in 2007. These improvements have allowed us to continue to invest in our people, products and technology providing an enhanced level of service to our customers.

Our consistent long term strategy of the measured and sustainable growth in our business has seen us open or acquire an additional 72 centres which will enables us to continue delivering benefits across our business. Our global footprint continues to develop with the opening in the new market of El Salvador, bringing the total number of countries in which we operate to 71.

Operational Review

On a regional basis, revenues and centre contribution can be analysed as follows:

(£ million)	Revenue		Contribution		Mature Margin*		Mature Occupancy*	
	2008	2007	2008	2007	2008	2007	2008	2007
Americas	190.5	162.0	56.1	48.8	33%	31%	87%	85%
EMEA	150.8	114.5	52.2	38.6	37%	35%	90%	86%
Asia Pacific	55.0	34.9	17.6	12.2	38%	38%	84%	79%
UK	111.2	100.1	24.3	17.9	24%	19%	85%	82%
Other								
	507.5	411.5	150.2	117.5	32%	30%	87%	84%

* The mature business is defined as the performance from centres owned and operated at 1 January 2007.

OVERALL

The Group's strategy of controlled and disciplined growth has resulted in an increase in total capacity (including non-consolidated workstations) of 6.3% to 165,103 workstations in the first six months of the year and the number of actual workstations by 8.5% to 154,690 workstations worldwide. The Group has opened or acquired 72 new centres since December with the total number of centres now standing at 950. The new centres include 14 centres in emerging markets reflecting the Group's strategy of focusing on diverse growth opportunities and 88% of new centres opened were on variable or flexible lease deals reflecting the focus on low risk opportunities.

AMERICAS

Our business in the Americas comprises Canada, USA and South America, encompassing 496 centres across 14 countries. Our main business in the USA operates 416 centres. During the first half, we added 32 centres and closed 29 centres (including 22 non-consolidated centres), which increased the average number of consolidated workstations from 58,594 in 2007 to 68,944 in 2008. We acquired our first centre in the new market of El Salvador. At actual exchange rates, the region delivered revenues of £190.5 million - up 17.6% on 2007 and average mature occupancy of 87% during the period (2007: 85%).

Through the remainder of 2008 we will continue to pursue low risk growth opportunities through the identification of new and existing markets where we currently have a limited presence. In addition we

will continue to focus on maximising margins in our existing centres through maximising our occupancy and maintaining a robust control on our costs.

EMEA

Our business in EMEA encompasses 223 centres across 41 countries. During the half year we opened 17 new centres and closed four centres, which increased the average number of consolidated workstations from 28,598 in 2007 to 31,331 in 2008. We opened centres in emerging markets including an additional four centres in Eastern Europe and two centres in the Middle East, with a continued focus on low-risk transactions. The region continued to deliver strong performance, with revenues of £150.8 million - up 31.7% on 2007 - and achieved an average mature occupancy of 90% (2007: 86%). Mature occupancy traded above 90% for first time during H1.

Looking ahead, we will continue to focus expansion into new emerging markets across the region whilst consolidating our position in more mature markets.

ASIA PACIFIC

Our business in Asia operates in 104 centres across 14 countries. During the half year we opened 12 new centres, which increased the average number of consolidated workstations from 13,157 in 2007 to 19,127 in 2008. The region delivered revenues of £55.0 million - up 57.6% on 2007 and achieved an average mature occupancy of 84% (2007: 79%).

Looking ahead, we will continue to pursue our focused and controlled growth plans across the region, developing our position as the largest provider of serviced offices across all the Asia Pacific markets. As our growth in the region continues we will continue to leverage our scale efficiencies within our support functions.

UK

Our business in the UK encompasses 127 centres, with the opening of 11 centres and the closure of seven managed centres during the period, which increased the average number of consolidated workstations from 27,509 in 2007 to 29,685 in 2008. The growth in workstations principally reflected the completion of the acquisition of three high quality city centre locations in Manchester, Birmingham and Reading previously operated by Stonemartin during the period. The region delivered revenues of £111.2 million - up 11.1% on 2007 and achieved an average mature occupancy of 85% (2007: 82%).

We will continue to pursue low risk growth opportunities to expand our business into new regional markets.

Strategy and objectives

Our strategic approach remains consistent – to continue to grow profit and cash generation through controlled and disciplined capacity growth. Our scalable business model provides opportunities for significant additional growth and development both within our existing markets and expansion into new and developing markets. Our first half results continue to demonstrate the benefits of this strategy through maximising the profitability of our existing centres alongside expanding our global network through both organic and acquisitive growth and provide the continuing opportunity for long term development of our business.

Key to our strategy is our focus on improving the experience for customers and driving efficiency in our business through focus on the following areas:

- Our brand and product development
- Our systems and technology
- Our people and processes

Brand and product development

Our customers remain our key priority and we continue to look at opportunities to develop our products and services to meet their changing needs and demands across our global network. In doing so we are able to enhance our customer's experience in doing business with us and differentiating ourselves from our competitors. New products and services are complemented by our core marketing campaigns that aim to promote our products in locally targeted ways.

Following the launch of our first re-designed Business Lounge in the UK in the second half of 2007, the product was introduced into the US during the first half of 2008 with our first dedicated street-level business lounge in Cupertino, California. We are continuing to roll-out this product concept with its introduction to the Asia Pacific market planned for later this year.

The first half of the year also saw the launch of "BusinessWorld", our new membership card initiative which enables customers to join the scheme and enjoy the Regus global network. Our "Platinum Plus" card enables customers to have access to offices and meeting rooms across our global network for a simple upfront fee.

We also launched our new disaster recovery product – "Workplace Recovery" – which allows customers to access the Regus network in the event that their existing offices become unavailable as a result of unexpected emergencies. This enables customers to relocate to a productive workplace and resume their business operations and offers customers either a straightforward solution or a solution tailored to the specific customer's needs.

Systems and technology

We have continued to develop our inventory, reservation and billing system, the latest updates of which are being rolled out across our worldwide network – with the number of our centres utilising the latest version in their day to day operations increasing from 495 in December 2007 to 800 in June 2008. This system is now in use in all of our global regions and is delivering ongoing improvements in the experience our customers have with Regus.

The global refresh of our website continued during the first half of 2008 – to all 66 country sites. In addition to the ease of navigation for our customers which has helped improve enquiry conversion levels globally, this has also enabled the speed of delivery to the marketplace of new products to be improved. The continued investment in our global websites will continue allowing our customers to do business with Regus wherever and whenever.

People and processes

Key to the success of the delivery of our brand is our 5,337 team members who work for the Regus network. Their enthusiasm, dedication and commitment to delivering outstanding customer service have been key to the improvements in operational processes and customer satisfaction across our network and I extend my thanks to them. We will continue to recruit the best candidates and provide them with opportunities for their growth and development.

Ongoing career development, recognition of our employees' achievements and the provision of training are integral to our strategy. This ensures our team members are motivated to deliver their best and that they have necessary skills to perform their roles. Examples of developments in our training programmes during the first half of 2008 include:

- over 1,500 team members participated in classroom training, at a cost of over £0.8m
- the creation of over 20 new online training modules for centre team members
- the completion of approximately 13,000 hours of online training

In addition, we have continued our programme to develop of business processes and procedures across the network to ensure the best possible experience for our customers. The use of subject matter experts based in either regional centres or the head office have continued to identify operational compliance improvements resulting in improved controls and margin improvements

Corporate responsibility

Corporate Responsibility remains at the heart of our business and we aim to be a socially responsible organisation in the way we conduct our business. We have continued to support our wider stakeholders through our environmental policies, charitable support and ongoing commitment to our employees.

Change of residence and appointment of three new non-executive directors

In a separate statement released today, Regus announced proposals relating to the corporate structure and organisation of Regus, including the creation of a new UK listed, Jersey incorporated holding company with its central administration (head office) and tax residence in Luxembourg. Subject to approval, this is expected to be effective mid to late October 2008.

In conjunction with this, three non-executive directors will be appointed to the Regus Board namely Douglas Sutherland, Lance Browne and Ulrich Ogiermann. In addition, Rudy Lobo, Stephen East and Roger Orf will resign from the Regus Board once this has become effective.

Dividend

Given the robust first half performance, the Board is expecting to pay a maiden interim dividend of 0.6p. The interim dividend will be paid on October 10, 2008 to shareholders on the register at the close of business on September 10, 2008.

Outlook

Given our current forward order book our outlook for the remainder of 2008 remains unchanged.

Looking towards 2009, while we are now seeing a softening in one or two of our leading indicators, we believe our business model with its broad range of customers and geographies and the flexibility in its cost base and lease portfolio is well placed to meet these challenges.

Additionally our strong balance sheet and ongoing cash generation ensures that we are well positioned to exploit opportunities to drive continued growth.

Mark Dixon
Chief Executive
29 August 2008

Interim Management Report - Financial Review

Introduction

The first six months of the year have seen profitability improvements from both our mature sites as well as the sites we opened and acquired in 2007. This has enabled continued investment in capacity growth, the return of cash to shareholders through dividends and share buybacks as well as the further strengthening of our balance sheet with the increase in our gross cash to £168.6 million and our net cash balance to £140.2 million.

Capacity across our global network, measured by the weighted average number of workstations, rose by 16.6% to 149,087. Average occupancy of these workstations increased from 82.8% to 83.4%. Average revenue per occupied workstation (REVPOW) increased 5.1% (from £7,772 in 2007 to £8,165 in 2008) whilst average revenue per available workstation (REVPAW) improved 5.8%.

These factors delivered an £18.0 million increase in operating profit rising from £56.4 million in 2007 to £74.4 million in 2008.

Revenue and gross profit (centre contribution)

Revenue for the Group rose 23.3% to £507.5 million (H1, 2007: £411.5 million) and gross profit (centre contribution) increased 27.8% to £150.2 million (H1, 2007: £117.5 million).

This movement can be analysed as follows:

(£ million)	Revenue	Gross profit	Margin %
30 June 2007	411.5	117.5	28.6%
Impact of exchange rates	19.7	6.0	
30 June 2007 at constant exchange rates	431.2	123.5	28.6%
Growth in mature business	26.0	18.2	
Centres added in 2007	44.9	13.5	
Centres added in 2008	6.7	(4.7)	
Centres closed	(1.3)	(0.3)	
30 June 2008	507.5	150.2	29.6%

Sterling weakened in value between the first half of 2007 and the first half of 2008 against the euro by an average of 15.0%, although this was partially offset by a strengthening of sterling against the US dollar. This increased our revenue by £19.7 million and contribution by £6.0 million. This exchange effect formed only part of the overall improvement in our business.

Our mature or “like for like” business increased its revenues by £26.0 million and contribution by £18.2 million driven by improvements in occupancy and price.

Centres added in 2007 contributed a further £44.9 million of revenue and £13.5 million of contribution, reflecting the improving occupancy and ability to improve pricing as centres mature.

New centres added in 2008, both organic and by acquisition, contributed a further £6.7 million of revenue but reduced contribution by £4.7 million due to the normal start up losses incurred in establishing new centres.

The year on year impact of centre closures was to reduce revenue by £1.3 million and contribution by £0.3 million.

Taking all this together contribution margins improved from 28.6% to 29.6%.

Administration expenses

Administrative expenses increased by £14.7 million to £75.8 million in the first half of 2008 compared to the first half of 2007. As a percentage of revenue they have remained broadly unchanged at 14.9% (H1, 2007: 14.8%).

The increase in administrative expenses reflects the investment in our infrastructure, people and process efficiencies that commenced in the second half of 2007. The focus of this investment has been to leverage future savings in procurement and centre operations as well as enhancing our marketing capabilities.

Operating profit

Operating profit was £74.4 million (H1, 2007: £56.4 million), representing a margin of 14.7% (H1, 2007: 13.7%).

Share of profit in joint ventures and associates

In the period ended 30 June 2008, the share of joint venture profits attributable to Regus increased to £1.2 million (H1, 2007: £nil). This reflected improving profitability in mature joint ventures in Americas and EMEA combined with the profitability generated from new joint ventures opened in late-2006 and early 2007 in the Middle East.

Financing costs

Financing costs can be summarised as follows:

(£ million)	H1 2008	H1 2007
Interest payable on bank loans	(1.9)	(2.3)
Interest receivable	2.2	1.1
Finance lease interest	(0.1)	(0.1)
Non-cash: Amortisation of deferred financing fees	(0.2)	(0.3)
Non-cash: UK acquisition related	(1.1)	(1.2)
Total financing costs	(1.1)	(2.8)

The lower interest payable reflects the reduction in the Group's average debt over the period, including the £12 million scheduled repayment in April 2008. The average Libor rate for the first half of 2008 was 5.56% compared to 5.51% for 2007.

The £1.1 million increase in interest receivable reflects the increase in the Group's average free cash balance to £132.8 million (H1, 2007: £69.3 million) and the increase in the effective interest rates on the Group's cash year over year. The movement in the cash balance has been explained in the cash flow section below.

Underlying finance lease costs have remained unchanged reflecting new finance leases offsetting the repayment of older leases. The amortisation of deferred financing fees relates to loan arrangement costs incurred for the new credit facilities entered into during 2006 to fund the UK acquisition. The unwinding of discounted fair value adjustments on the Regus UK acquisition resulted in a non cash net financing charge of £1.1 million in the period to 30 June 2008.

Taxation

The continued improvements in the Group results have meant that there are less unrecognised losses available to be offset in the income statement against rising current tax charges. Consequently the

Group has recognised a £20.0 million tax charge for the period (representing an accounting tax rate of 27% of profit before tax) compared to a charge of £9.1 million (17%) in the comparative period.

The current tax charge for the period was £13.5 million (H1, 2007: £8.8 million), an increase from 16% to 18% of profit before tax. Deferred tax was a £6.5 million charge in the period (H1, 2007: £0.3 million charge). On a cash tax basis the Group paid £12.9 million in tax. Cash tax represents approximately 17.3% of profit before tax compared to 11.4% in the same period in 2007.

Earnings per share

Earnings per share for the half year increased 26.7% from 4.5p to 5.7p. The average number of shares in issue during the first half reflected the re-purchase of Regus shares under the share buy-back programme and reduced to 952,704,784 (H1, 2007: 984,382,474).

Dividend

A payment of 1.0p per share was paid in May 2008 following shareholder approval (2007: 0.6p per share).

A maiden interim dividend of 0.6p per share will be paid on October 10, 2008 to shareholders on the register at the close of business on September 10, 2008.

Cash flow

Strong operating cash flow remains a prime feature and continued objective of the Group. Driven by the improvement in operating profit and an improved working capital performance, operating cash flow increased by £38.3 million to £123.4 million (H1, 2007: £85.1 million). The Group's cash flow statement has been summarised below:

(£ million)	H1 2008	H1 2007
Cash generated from operations	123.4	85.1
Tax, net interest paid and dividend income	(12.3)	(7.3)
Maintenance capex	(13.8)	(11.1)
Free cash flow	97.3	66.7
New centre openings	(25.5)	(21.5)
Other acquisitions and JV investments	(9.0)	(5.0)
Loan repayment, share buy back and dividend	(40.7)	(31.6)
Change in cash	22.1	8.6
Opening cash	142.9	80.9
Change in cash	22.1	8.6
Effect of exchange rates on cash held	3.6	(0.6)
Closing cash	168.6	88.9

The strong cash performance has enabled the Group to invest in growth. Specifically, during the first six months, 48 new centres were opened at a cost of £25.5 million. A further 24 business centres were acquired for a net cash consideration of £9.0 million.

To highlight, during the half year, the Group has:

- repaid to our investors £26.9 million through both our share-buyback and dividend activity
- reduced our debt by £13.8 million

and still ended the half-year with an increased cash position. This can be analysed as follows:

(£ million)	June 2008	June 2007
Cash and cash equivalents	168.6	88.9
Bank and other loans	(26.9)	(41.7)
Finance leases	(1.9)	(1.7)
Un-amortised financing fees	0.4	0.6
Net financial assets/net cash	140.2	46.1

Principal risks and uncertainties

The principal risks and uncertainties affecting Regus Group plc remain unchanged from those detailed on pages 30 and 31 of the Regus Group plc 2007 Annual Report and Accounts.

The principal risks and uncertainties described in the 2007 Annual Report and Accounts are:

- Risk of economic downturn in significant markets;
- Exposure to movements in property markets;
- Exposure to movements in exchange rates.

The operational and financial reviews above describe the effects of the principal risks and uncertainties on the financial performance of the business during the period.

Related parties

Details of related party transactions that have taken place in the period can be found in note 9 to the interim financial statements. There have been no changes to the type of related transactions entered into by the Group as described in the Regus Group plc 2007 Annual Report and Accounts that had a material effect on the interim financial statement for the period ended 30 June 2008.

Overall the Group enters the second half of 2008 in a strong financial position.

Stephen Gleadle
Chief Financial Officer
29 August 2008

Condensed Consolidated Financial Information

Consolidated Income Statement (unaudited)

£m	Note	Six months ended 30 June 2008	Six months ended 30 June 2007
Revenue	2	507.5	411.5
Cost of sales		(357.3)	(294.0)
Gross profit (centre contribution)		150.2	117.5
Administration expenses		(75.8)	(61.1)
Operating profit		74.4	56.4
Share of post-tax profit of joint ventures		1.2	--
Profit before financing costs		75.6	56.4
Finance expense		(3.5)	(4.2)
Finance income		2.4	1.4
Profit before tax for the period		74.5	53.6
Tax charge		(20.0)	(9.1)
Profit after tax for the period		54.5	44.5
Attributable to:			
Equity shareholders of the parent		54.0	44.5
Minority interests		0.5	--
Minority interests		54.5	44.5
Earnings per ordinary share (EPS):			
Basic (p)		5.7	4.5
Diluted (p)		5.6	4.5

Consolidated Balance Sheet

£m	As at 30 June 2008 (unaudited)	As at 30 June 2007 (unaudited) <i>Restated*</i>	As at 31 Dec 2007**
Non-current assets			
Goodwill	225.9	214.0	223.0
Other intangible assets	46.5	47.8	46.9
Property, plant and equipment	204.8	143.4	184.7
Deferred tax assets	40.2	37.5	46.8
Other long term receivables	23.9	21.6	24.1
Investments in joint ventures	1.6	1.1	1.6
	542.9	465.4	527.1
Current assets			
Trade and other receivables	207.5	160.2	186.4
Corporation tax receivable	4.8	2.9	5.1
Cash and cash equivalents	168.6	88.9	142.9
	380.9	252.0	334.4
Total assets	923.8	717.4	861.5
Current liabilities			
Trade and other payables	(178.1)	(118.5)	(168.9)
Customer deposits	(142.3)	(114.2)	(130.4)
Deferred income	(108.8)	(82.5)	(96.0)
Corporation tax payable	(33.9)	(28.1)	(33.2)
Obligations under finance leases	(0.9)	(0.7)	(0.8)
Bank and other loans	(14.4)	(5.6)	(15.5)
Provisions	(2.8)	(3.7)	(3.4)
	(481.2)	(353.3)	(448.2)
Net current liabilities	(100.3)	(101.3)	(113.8)
Total assets less current liabilities	442.6	364.1	413.3
Non-current liabilities			
Other payables	(76.7)	(63.7)	(62.4)
Obligations under finance leases	(1.0)	(1.0)	(0.7)
Bank and other loans	(12.1)	(35.5)	(24.5)
Deferred tax liability	(5.8)	(1.3)	(6.4)
Provisions	(5.6)	(7.8)	(7.4)
Provision for deficit on joint ventures	(1.4)	(2.7)	(2.1)
	(102.6)	(112.0)	(103.5)
Total liabilities	(583.8)	(465.3)	(551.7)
Total assets less liabilities	340.0	252.1	309.8
Total equity			
Issued share capital	49.2	49.2	49.2
Treasury shares	(30.8)	(10.5)	(13.4)
Foreign currency translation reserve	(20.0)	(21.8)	(20.1)
Revaluation reserve	10.0	10.0	10.0
Other reserves	(22.6)	(22.6)	(22.6)
Retained earnings	353.2	247.8	306.2
Total shareholders' equity	339.0	252.1	309.3
Minority interests	1.0	--	0.5
Total equity	340.0	252.1	309.8

* For details of the restatement see Note 1

** Extracted from the audited financial statements for the year ended 31 December 2007

Consolidated Cash Flow Statement (unaudited)

£m	Six months ended 30 June 2008	Six months ended 30 June 2007
Profit before tax for the period	74.5	53.6
Adjustments for:		
Net finance costs	1.1	2.8
Net share of profit on joint ventures	(1.2)	--
Depreciation charge	25.5	17.8
(Profit)/loss on disposal of property, plant and equipment	--	--
Amortisation of intangible assets	3.0	3.2
Decrease in provisions	(2.9)	(3.3)
Other non-cash movements – share based payment	2.5	2.2
Operating cash flows before movements in working capital	102.5	76.3
Increase in trade and other receivables	(14.9)	(18.0)
Increase in trade and other payables	35.8	26.8
Cash generated from operations	123.4	85.1
Interest paid on finance leases	(0.1)	(0.1)
Interest paid on credit facilities	(2.1)	(2.2)
Tax paid	(12.9)	(6.1)
Net cash inflows from operating activities	108.3	76.7
Investing activities		
Purchase of subsidiary undertakings (net of cash acquired)	(9.0)	(5.0)
Purchase of interest in joint venture	--	(0.1)
Dividends received from joint ventures	0.6	--
Sale of property, plant and equipment	--	0.1
Purchase of property, plant and equipment	(37.6)	(32.3)
Purchase of intangible assets	(1.7)	(0.3)
Interest received	2.2	1.1
Cash outflows from investing activities	(45.5)	(36.5)
Financing activities		
Net proceeds from issue of loans	--	1.3
Repayment of loans	(13.4)	(14.4)
Repayment of principal under finance leases	(0.4)	(2.1)
Purchase of treasury shares	(17.4)	(10.5)
Payment of ordinary dividend	(9.5)	(5.9)
Cash (outflows) from financing activities	(40.7)	(31.6)
Net increase in cash and cash equivalents	22.1	8.6
Cash and cash equivalents at beginning of period	142.9	80.9
Effect of exchange rate fluctuations on cash held	3.6	(0.6)
Cash and cash equivalents at end of period	168.6	88.9

Consolidated Statement of Changes in Equity (Unaudited)

£m	Attribute to equity holders of the parent (note a)						Minority interests	Total equity
	Share capital	Treasury shares	Foreign currency translation reserve	Revaluation reserve	Other	Retained earnings		
Balance at 1 January 2007	49.2	--	(17.5)	10.0	(22.6)	205.4	--	224.5
Profit attributable to equity holders	--	--	--	--	--	44.5	--	44.5
Currency translation differences	--	--	(4.3)	--	--	--	--	(4.3)
Deferred tax effect of share options	--	--	--	--	--	1.6	--	1.6
Total recognised income and expense for the period			(4.3)	--	--	46.1	--	41.8
Share based payments	--	--	--	--	--	2.2	--	2.2
Ordinary dividend paid	--	--	--	--	--	(5.9)	--	(5.9)
Purchase of treasury shares	--	(10.5)	--	--	--	--	--	(10.5)
Balance at 30 June 2007	49.2	(10.5)	(21.8)	10.0	(22.6)	247.8	--	252.1
Balance at 1 January 2008	49.2	(13.4)	(20.1)	10.0	(22.6)	306.2	0.5	309.8
Profit attributable to equity holders	--	--	-	--	--	54.0	--	54.0
Profit attributable to minority interests	--	--	--	--	--	--	0.5	0.5
Currency translation differences	--	--	0.1	--	--	--	--	0.1
Deferred tax effect of share options	--	--	--	--	--	--	--	--
Total recognised income and expense for the period			0.1	--	--	54.0	0.5	54.6
Share based payments	--	--	--	--	-	2.5	--	2.5
Ordinary dividend paid	--	--	--	--	--	(9.5)	--	(9.5)
Purchase of treasury shares	--	(17.4)	--	--	--	--	--	(17.4)
Balance at 30 June 2008	49.2	(30.8)	(20.0)	10.0	(22.6)	353.2	1.0	340.0

(a) Total reserves attributable to equity holders of the parent:

- Share capital represents the nominal value arising on the issue of the Company's equity share capital.
- Treasury shares represent 34,822,702 ordinary shares of the Group that were acquired for the purposes of the Group's employee share option plans and the share buyback programme. During the period 22,875,000 shares were purchased and none were utilized to satisfy the exercise of share options by employees. At 29 August 2008, 36,571,702 treasury shares were held.
- The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries and joint ventures.
- The revaluation reserve arose on the restatement of the assets and liabilities of the UK associate from historic cost to fair value at the time of the acquisition of the outstanding 58% interest.
- Other reserves include £29.2 million arising from the Scheme of Arrangement undertaken in 2003, partly offset by £6.5 million relating to merger reserves and £0.1 million to the redemption of preference shares.

Notes to the Interim Accounts (unaudited)

Note 1: Basis of preparation and accounting policies

Regus Group plc is a public limited company incorporated and domiciled in England and Wales under the Companies Act 1985. The Company's ordinary shares are traded on the London Stock Exchange.

The unaudited condensed consolidated financial information as at and for the six months ended 30 June 2008 included within the half yearly report:

- was prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting" ("IAS 34") as adopted by the European Union ("adopted IFRS"), and were prepared in accordance with the Disclosure and Transparency Rules ("DTR") of the Financial Services Authority;
- is presented on a condensed basis as permitted by IAS 34 and therefore does not include all disclosures that would otherwise be required in a full set of financial statements and should be read in conjunction with the Regus Group plc Annual Report and Accounts for the year ended 31 December 2007;
- comprise the Company and its subsidiaries (the Group) and the Group's interests in jointly controlled entities;
- do not constitute statutory accounts as defined in section 240 of the Companies Act 1985. It should be read in conjunction with the statutory accounts for the year ended 31 December 2007, which were prepared in accordance with the IFRSs as adopted by the European Union and have been filed with the Registrar of Companies. The comparative figures for the financial year ended 31 December 2007 are not the Company's statutory accounts for that financial year. Those accounts have been reported on by the company's auditors and the report of the auditors was (i) unqualified, (ii) did not include a reference to any matters to which the auditors drew attention by way of emphasis without qualifying their report, and (iii) did not contain a statement under 237(2) or (3) of the Companies Act 1985. These accounts are available from the Company's website - www.regus.com;
- The condensed consolidated interim financial information was approved by the Board of Directors on 29 August 2008.

The basis of preparation and accounting policies set out in the Report and Accounts for the year ended 31 December 2007 have been applied in the preparation of this half yearly report. In preparing these condensed consolidated interim financial statements, the significant judgments made by management and the key sources of estimation uncertainty were the same as those that applied to the Report and Accounts for the year ended 31 December 2007.

The balance sheet as at 30 June 2007 has been restated for the following items:

- (i) Certain amounts included in the interim statements for the period ending 30 June 2007 relating to business combinations completed prior to that date were included in those financial statements on a provisional basis. These provisional amounts were finalised during the 12 month period following the acquisition. Adjustments to the acquisition accounting have been reflected as if they had been recognised at the acquisition date. As a result the following changes have been made:
- The carrying value of goodwill has reduced by £1.0 million as a result of the finalisation of the acquisition accounting in relation to deferred tax assets resulting in an increase in deferred tax assets of £1.3 million and an increase in deferred consideration of £0.3 million;
 - The carrying value of goodwill was increased by £0.4 million as a result of the finalisation of the fair value adjustments in relation to property, plant and equipment. This reduced the carrying value of property, plant and equipment by £0.4 million.;

Note 2: Segmental analysis

	Americas 2008	EMEA 2008	Asia Pacific 2008	UK 2008	Other 2008	Total 2008
Mature						
Workstations	57,187	27,536	11,823	25,796	--	122,342
Occupancy (%)	87.1	89.6	83.5	85.0	--	86.9
Revenue (£m)	171.1	135.0	40.6	100.4	--	447.1
Contribution (£m)	55.8	49.6	15.5	23.7	--	144.6
2007 Expansions						
Workstations	9,379	3,000	6,149	2,643	--	21,171
Occupancy (%)	76.3	72.4	68.5	72.5	--	73.0
Revenue (£m)	17.9	13.9	13.4	8.2	--	53.4
Contribution (£m)	1.8	3.5	3.9	1.0	--	10.2
2008 Expansions						
Workstations	2,378	795	1,155	1,246	--	5,574
Occupancy (%)	49.8	38.6	31.8	56.0	--	45.9
Revenue (£m)	1.5	1.7	1.0	2.5	--	6.7
Contribution (£m)	(1.5)	(1.0)	(1.8)	(0.4)	--	(4.7)
2008 Closures						
Workstations	--	--	--	--	--	--
Occupancy (%)	--	--	--	--	--	--
Revenue (£m)	--	0.2	--	0.1	--	0.3
Contribution (£m)	--	0.1	--	--	--	0.1
Totals						
Workstations	68,944	31,331	19,127	29,685	--	149,087
Occupancy (%)	84.3	86.7	75.5	82.6	--	83.4
Revenue (£m)	190.5	150.8	55.0	111.2	--	507.5
Contribution (£m)	56.1	52.2	17.6	24.3	--	150.2
Management fees – income/(charges) (£m)	(8.8)	(8.2)	(2.7)	(4.5)	24.2	--
Segment Operating profit (£m)	24.8	25.0	8.9	7.7	8.0	74.4
REVP AW (£)	5,527	9,624	5,753	7,491	--	6,808

Note 2: Segmental analysis (continued)

	Americas	EMEA	Asia Pacific	UK	Other	Total
	2007	2007	2007	2007	2007	2007
Mature						
Workstations	56,759	27,534	11,348	26,398	--	122,039
Occupancy (%)	85.3	85.9	79.0	81.8	--	84.1
Revenue (£m)	159.2	111.6	34.2	96.8	--	401.8
Contribution (£m)	49.3	39.4	12.9	18.6	--	120.2
2007 Expansions						
Workstations	1,685	880	1,809	1,111	--	5,485
Occupancy (%)	63.4	52.2	19.5	67.7	--	48.0
Revenue (£m)	2.1	2.2	0.7	3.1	--	8.1
Contribution (£m)	(0.5)	(1.0)	(0.7)	(0.9)	--	(3.1)
2007 Closures						
Workstations	--	134	--	--	--	134
Occupancy (%)	--	95.0	--	--	--	95.0
Revenue (£m)	--	0.3	--	--	--	0.3
Contribution (£m)	--	0.1	--	--	--	0.1
2008 Closures						
Workstations	150	50	--	--	--	200
Occupancy (%)	85.3	91.0	--	--	--	86.8
Revenue (£m)	0.7	0.4	--	0.2	--	1.3
Contribution (£m)	--	0.1	--	0.2	--	0.3

Totals						
Workstations	58,594	28,598	13,157	27,509	--	127,858
Occupancy (%)	84.7	84.9	70.8	82.2	--	82.8
Revenue (£m)	162.0	114.5	34.9	100.1	--	411.5
Contribution (£m)	48.8	38.6	12.2	17.9	--	117.5
Management fees – income/(charges) (£m)	(7.5)	(6.2)	(1.8)	(4.2)	19.7	--
Segment Operating profit (£m)	20.1	21.1	5.6	2.6	7.0	56.4
REVPAW (£)	5,531	8,009	5,295	7,277	--	6,436

Notes:

- The mature business is defined as those centres owned and operated at least 12 months prior to 1 January 2007 and therefore have a full six month comparative.
- Expansions include new centres opened and acquired businesses.
- A 2008 closure is defined as a centre closed during the period 1 January 2008 - 30 June 2008. A 2007 closure is defined as a centre closed during the period 1 January 2007 – 31 December 2007.
- Workstation numbers are calculated as the weighted average for the period.
- EMEA represents Europe (excluding UK), Middle East and Africa.

Note 2: Segmental analysis (continued)**Reconciliation of operating profit to adjusted EBIT and EBITDA**

	Americas	EMEA	Asia Pacific	UK	Other	Total
£m	2008	2008	2008	2008	2008	2008
Operating profit (excluding management charges)	33.6	33.2	11.6	12.2	(16.2)	74.4
EBIT	33.6	33.2	11.6	12.2	(16.2)	74.4
Depreciation and amortisation	11.8	5.2	3.5	7.6	0.4	28.5
EBITDA	45.4	38.4	15.1	19.8	(15.8)	102.9

	Americas	EMEA	Asia Pacific	UK	Other	Total
£m	2007	2007	2007	2007	2007	2007
Operating profit (excluding management charges)	27.6	27.3	7.4	6.8	(12.7)	56.4
EBIT	27.6	27.3	7.4	6.8	(12.7)	56.4
Depreciation and amortisation	8.9	3.2	1.9	6.8	0.2	21.0
EBITDA	36.5	30.5	9.3	13.6	(12.5)	77.4

Note 3: Operating profit

There were no items of an unusual nature that have been charged or credited to operating profit during the 6 month period ending 30 June 2008 (2007: Nil). The Group's financial results are not subject to significant seasonal trends.

Note 4: Dividends

Equity dividends on ordinary shares:

	Six months ended	Six months ended
£m	30 June 2008	30 June 2007
Final dividend for the year ended 31 December 2007: 1.0 pence per share (2006: 0.6 pence per share)	9.5	5.9

Note 5: Property, plant and equipment

During the six months ended 30 June 2008, the Group acquired assets with a cost of £37.6 million (30 June 2007: £32.3 million). Assets with a net book of value £nil million (30 June 2007: £0.1 million) were disposed of during the period for £nil million (30 June 2007: £0.1 million).

Capital expenditure authorised and contracted for but not provided for in the accounts amounted to £8.4 million (30 June 2007: £5.1 million).

Note 6: Analysis of net financial resources

	At		Non-cash	Exchange	At 30 June
£m	1 Jan 2008	Cash flow	changes	movement	2008
Cash and cash equivalents	142.9	22.1	--	3.6	168.6
Debt due after one year	(24.5)	12.4	--	--	(12.1)
Debt due within one year	(15.5)	1.0	(0.1)	0.2	(14.4)
Finance leases due after one year	(0.7)	0.2	(0.5)	--	(1.0)
Finance leases due within one year	(0.8)	0.2	(0.3)	--	(0.9)
	(41.5)	13.8	(0.9)	0.2	(28.4)
Net financial assets	101.4	35.9	(0.9)	3.8	140.2

Cash and cash equivalents balances held by the Group that are not available for use amounted to £14.8 million at 30 June 2008 (December 2007: £14.4 million). This cash serves as collateral against certain obligations of the Group.

Cash not available for use at 30 June 2008 includes cash held on deposit of which £0.5 million (December 2007: £2.1 million) relates to collateral against bank loans; £12.2 million (December 2007: £10.2 million) relates to deposits which are held by banks and landlords as security against lease commitments by Regus operating companies and £2.1 million (December 2007: £2.1 million) held by the ESOP Trust. These amounts are blocked and not available for use by the business.

Non-cash changes comprise new finance leases drawn and the amortisation of debt issue costs.

Note 7: Share based payment

During the period the Group awarded 4,331,641 options under the Regus Group Share Option Plan, 6,582,098 options under the Co-Investment Plan and 898,209 conditional share awards under the Co-Investment Plan. In addition, following approval by the Group's shareholders in May, the Group introduced a new performance share plan for senior executives, the Value Creation Plan (VCP). 22,500,000 awards were made under the VCP in May 2008.

In the period to 30 June 2008 the Group charged £2.5 million in the accounts in relation to share based payment (2007: £2.2 million)

Note 8: Contingent liabilities

The Group has bank guarantees and letters of credit held with certain banks amounting to £35.6 million (December 2007: £25.3 million). A number of lawsuits are pending against the Group, the outcome of which in aggregate is not expected to have a material effect on the Group.

Note 9: Related parties

The nature of related parties as disclosed in the consolidated financial statements for the Group as at and for the year ended 31 December 2007 has not changed. Transactions with related parties did not have a material effect on the financial results for the six months ended 30 June 2008. At 30 June 2008, £7.0 million (2007: £11.7 million) was due to the Group from joint ventures of which £nil of this debt has been provided for at the balance sheet date (2007: £nil).

Compensation paid to the key management personnel of the Group will be disclosed in the Group's Annual Report and Accounts for the year ending 31 December 2008.

Note 10: Acquisitions

The following table summarises the acquisitions made during the six month period to June 2008. In certain cases the consideration is subject to adjustment or the allocation of the purchase price to the fair value of assets and liabilities has been included on a provisional basis. All the acquisitions above are providers of outsourced workplace solutions.

All the acquisitions have been aggregated as no single acquisition is material. The transactions have been accounted for using the purchase method of accounting.

£m	Book value	Fair value adjustments	Fair value
Net assets acquired			
Intangible assets	--	0.6	0.6
Property, plant and equipment	4.9	--	4.9
Other non-current assets	0.1	0.7	0.8
Cash	0.1	--	0.1
Other current assets	0.3	0.2	0.5
Current liabilities	(0.7)	(0.1)	(0.8)
Non-current liabilities	--	--	--
	4.7	1.4	6.1
Total consideration			

Cash	8.7
Deferred consideration	--
Directly attributable costs	0.4
	9.1
Goodwill	3.0

Included within the above total consideration was £6.0 million paid to acquire the business centres previously operated by Stonemartin plc. The additional £2.7 million above was paid for one equity acquisition and seven business acquisitions.

There was no contingent consideration arising on the above acquisitions that has not been recognised on the Group balance sheet. Additional consideration of £nil million was paid in the period relating to contractual earn out provisions and additional acquisition costs relating to acquisitions completed prior to 1 January 2008.

If the above acquisitions had occurred on 1 January 2008, the revenue and net retained profit arising from these acquisitions would have been £7.2 million and £0.1 million respectively. In the period to 30 June 2008, these acquisitions contributed revenue of £3.7 million and a net retained loss of £0.5 million.

The goodwill arising on the above acquisitions reflects the anticipated future benefits Regus can obtain from operating the businesses more efficiently, primarily through increasing occupancy and the addition of value adding services.

Note 11: Events after the balance sheet date

There were no material events occurring since the balance sheet date affecting the financial results or financial position of the Group.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

This interim management report is the responsibility of, and has been approved by, the directors of Regus Group plc. The directors confirm that this condensed set of financial statements has been prepared in accordance with IAS 34 as adopted by the European Union, and that the interim management report herein includes a fair review of the information required by DTR 4.2.7 and DTR 4.2.8.

The directors of Regus Group Plc are listed in the Group's Annual Report and Accounts for the year ended 31 December 2007.

By order of the Board

Mark Dixon
Chief Executive Officer

Stephen Gleadle
Chief Financial Officer

29 August 2008

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

INDEPENDENT REVIEW REPORT TO REGUS GROUP PLC

Introduction

We have been engaged by the Company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2008 which comprises the consolidated income statement, consolidated balance sheet, consolidated cash flow statement, consolidated statement of changes in equity and the related explanatory notes. We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

This report is made solely to the company in accordance with the terms of our engagement to assist the Company in meeting the requirements of the Disclosure and Transparency Rules ("the DTR") of the UK's Financial Services Authority ("the UK FSA"). Our review has been undertaken so that we might state to the company those matters we are required to state to it in this 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 for our review work, for this report, or for the conclusions we have reached.

Directors' responsibilities

The half-yearly financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly financial report in accordance with the DTR of the UK FSA.

As disclosed in note 1, the annual financial statements of the Group are prepared in accordance with IFRSs as adopted by the EU. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with IAS 34 *Interim Financial Reporting* as adopted by the EU.

Our responsibility

Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* issued by the Auditing Practices Board for use in the UK. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2008 is not prepared, in all material respects, in accordance with IAS 34 as adopted by the EU and the DTR of the UK FSA.

KPMG Audit Plc

Chartered Accountants

London

29 August 2008

END