Wednesday 6 November 2002

THIRD QUARTER RESULTS
TO 30 SEPTEMBER 2002

Chertsey, UK, 6 November 2002, Regus plc, the global serviced office provider (LSE: RGU.L, NASDAQ:REGS) announces its results for the three months ended 30 September 2002.

Announcing the results, Chairman John Matthews commented: "Revenues have been stable for three consecutive quarters and our cost base is firmly under control. Our forward order book remains strong. By 1 January 2003, we expect to have contracted half of next year's budgeted workstation revenues. Nonetheless, these remain difficult times for the business services sector".

Key financials:

	3 months ended			**9 months ended**		
	30 Sept 2002	30 Sept 2001		**30 Sept 2002**	30 Sept 2001	
	£m	£m		**£m**	£m	
Turnover	**109.3**	123.1	-11.2%	329.4	393.9	-16.4%
Centre Contribution*	**4.9**	11.2	-56.2%	**17.9**	68.4	-73.8%
Operating (loss)*	**(13.1)**	(10.6)	-2.5m	**(32.3)**	(7.3)	-25m
Exceptional Item	**(0.9)**	(87.0)		**(0.9)**	(90.2)	
Operating (loss)	**(14.0)**	(97.6)	83.6m	**(33.2)**	(97.5)	64.3m
EPS (basic & diluted)(p)*	**(2.9)**	(2.8)	-0.1p	**(7.4)**	(4.0)	-3.4p
EPADS (basic & diluted)(c)**	**(22.6)**	(20.3)	-2.3c	**(55.4)**	(29.0)	-26.4c
Average £:$	1.56	1.45		1.49	1.44	

* before exceptional
** based on UK GAAP

Operational

- Regus operates 419 centres in more than 240 cities in 52 countries. We are the world's largest operator of business centres.

- Regus now has the highest number of occupied workstations in its history with more than 57,750 customers using our centres on a daily basis. The average number of occupied workstations in the third quarter was up 18% on the same quarter in 2001.

Financial

- Turnover at £109.3 million for the quarter was down 11.2% on the third quarter of 2001 but flat compared with the second quarter of 2002.

- Revenue per available workstation (REVPAW) from established centres was £1,335 (2001: £1,765), down 2% on the second quarter.

- At £122 million, costs, fixed and variable, were 3% higher on the previous quarter.

- Cash at bank totalled £66.9 million at 30 September 2002 of which £35.4 million was free cash.

- Although net cash increased to £20.7 million at 30 September (30 June: £3.3 million), cash generation remains the Board's priority.

- Capital expenditure in the third quarter was £2.6 million, in line with expectations.

- There were contracted forward orders of £275 million at 30 September 2002 (based on workstation revenue but excluding service revenue).

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THE "SAFE HARBOR" STATEMENT UNDER THE US PRIVATE SECURITIES REFORM ACT OF 1995

This press release contains statements concerning the Group's business, financial condition, results of operations and certain of the Group's plans, objectives, assumptions, projections, expectations or beliefs with respect to these items. These statements are intended as forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These statements include, without limitation, those concerning: the Group's future cash flow position, the Group's cost reduction programme, expectations regarding sales, trading profit and growth, the Group's possible or assumed future results of operations and/or those of the Group's associates and joint ventures, capital expenditure, adequacy of capital and liquidity, financing plans, and those preceded by, followed by, or that include the words "believe", "expect", "intend", "plan", "anticipate" or similar expressions.

The Company cautions that any forward-looking statements in this press release may and often do vary from actual results and the differences between these statements and actual results can be material. Accordingly, readers are cautioned not to place undue reliance on forward-looking statements, which speak only at their respective dates. The Company undertakes no obligation to release publicly the result of any revisions to these forward-looking statements that may be made to reflect events or circumstances after the date of this press release, including, without limitation, changes in the Company's business or acquisition strategy or planned capital expenditures, or to reflect the occurrence of unanticipated events.

By their nature, forward-looking statements involve risk and uncertainty because they relate to events and depend on circumstances that will occur in the future. There are a number of factors that could cause actual results and developments to differ materially from those expressed or implied by these forward looking statements. These factors include, among other things, the nature of the serviced office market, the long-term nature of the Company's lease commitments, its financing requirements, foreign exchange, risks of litigation, and other risks and uncertainties described in the Company's filings with the Securities and Exchange Commission.

You should read the Company's Annual Report on Form 20-F, which is available without charge at the internet site of the Securities and Exchange Commission (http://www.sec.gov), for more information regarding factors that could cause actual results and developments to differ from those expressed or implied by the forward-looking statements in this document.

Results of operations

Review of third quarter 2002

The following table sets forth the Group's revenue, centre contribution and workstations (i.e. weighted average number of available workstations) by geographic region and by established centres compared with new centres:

(in £millions, except workstations)

	2002			2001		
	Revenue	Centre*** Contribution	Workstations	Revenue	Centre*** Contribution	Workstations (re-based)*
UK & Ireland	44.0	7.6	27,168	49.5	11.3	26,422
Rest of Europe	35.6	1.6	31,523	37.1	3.9	28,134
Americas	22.1	(5.0)	23,956	27.9	(4.7)	23,148
Rest of World	7.6	0.7	5,845	8.6	0.7	5,630
	109.3	4.9	88,492	123.1	11.2	83,334
Established centres**	88.7	8.1	66,452	88.1	16.7	49,905
New centres	20.6	(3.2)	22,040	35.0	(5.5)	33,429
	109.3	4.9	88,492	123.1	11.2	83,334

* At 1 January 2002 a complete review of workstation capacity was carried out. The number of workstations in our centres increased by 1,890 and the 2001 comparatives have been updated from those previously reported to reflect the re-basing exercise.
**Established centres are those open for 18 months or more at the period end, new centres are those open for less than 18 months at the period end.
*** Before exceptional items

Revenue

Regus' revenue on a global basis was £109.3 million in the third quarter 2002 (£123.1 million in the third quarter 2001). The weighted average number of available workstations increased 6.2% to 88,492 from 83,334 (re-based) over the same period. In the third quarter 2002, Regus opened three new centres and eight centres were closed.

Revenue from established centres was £88.7 million in the third quarter 2002 (2001: £88.1 million). Revenue per workstation in Regus' established centres was £1,335 (2001: £1,765) reflecting the impact of the new pricing model. Revenue from new centres was £20.6 million (2001: £35.0 million). Revenue per workstation in Regus' new centres was £935 (2001: £1,047).

Revenue in the *UK and Ireland* was £44 million (2001: £49.5 million). Revenue per workstation was £1,620 (2001: £1,873).

Revenue in the *Rest of Europe* was £35.6 million (2001: £37.1 million). Revenue per workstation was £1,129 (2001: £1,319). In the third quarter 2002, two new centres were opened and four centres were closed.

Revenue in the *Americas* was £22.1 million (2001: £27.9 million). Revenue per workstation was £923 (2001: £1,205). Regus opened one new centre in the quarter and closed two centres.

Revenue in the *Rest of the World* was £7.6 million (2001: £8.6 million). Revenue per workstation was £1,300 (2001: £1,528). Two centres were closed in the quarter.

Centre contribution

Centre contribution on a global basis was £4.9 million in the third quarter 2002 (2001: £11.2 million). Centre contribution from established centres was £8.1 million (2001: £16.7 million) with a centre contribution margin in established centres of 9% (2001: 19%). Centre contribution from new centres improved to a negative £3.2 million (2001: negative £5.5 million).

Centre contribution in the *UK and Ireland* was £7.6 million (2001: £11.3 million). Centre contribution margin was 17% in the third quarter (2001: 23%).

In the *Rest of Europe*, centre contribution was £1.6 million (2001: £3.9 million). Centre contribution margin in the Rest of Europe was 4% in the third quarter (2001: 11%).

Centre contribution from the *Americas* was a negative £5 million, compared with a negative £4.7 million in 2001.

Centre contribution in the *Rest of the World* was £0.7 million (2001: £0.7 million) Centre contribution margin in the Rest of the World was 9% in the third quarter (2001: 8%).

Administrative expenses

Administrative expenses including goodwill amortisation decreased 20% to £16.3 million (2001: £20.4 million) due to the effects of the cost reduction programme. Overall, administrative expenses fell to 15% as a percentage of revenues compared to 17% in the third quarter of 2001, before exceptional items. Sales and marketing costs decreased 4% to £8.7 million (2001: £9.1 million), but increased as a percentage of revenue to 8% (2001: 7%) due to increased marketing activity including newspaper inserts and sponsorship of the Ryder cup. Regional and central overheads decreased to £7.5 million (2001: £11.3 million) and decreased as a percentage of revenue to 7% (2001: 9%).

Liquidity and capital resources

Cash at bank and in hand at 30 September 2002 was £66.9 million of which £35.4 million was free cash. This compares with cash at bank at 30 June 2002 of £65.4 million of which £28.8 million was free cash.

Total indebtedness at 30 September 2002 was £18.3 million, which included £12.0 million in respect of the convertible debentures issued in December 2001. The Group also had outstanding finance lease obligations of £28.0 million, of which £11.6 million is due within one year. Total indebtedness at 30 June 2002 was £30.9 million, including £24.0 million in respect of the convertible debentures.

Cash inflow from operating activities in the nine months ended 30 September 2002 was £6.6 million, with working capital management contributing £4.8 million. The net working capital inflow in the three months was £23.7 million and comprised a reduction in debtors of £18.0 million and an increase in creditors of £5.7 million. Working capital in the quarter benefited from the closing out of a currency hedge in respect of short-term intra-group loans and an improvement in collections performance of £9.6 million and £7.3 million respectively. In addition, the closure of the hedge together with other initiatives, resulted in the release of £5.1 million from blocked cash to free cash. Lastly, in the quarter, an insurance receipt of £3.8 million was received in respect of the World Trade Center, New York.

Net cash outflow before management of liquid resources and financing for the nine months was £9.7 million after paying tax of £3.0 million, interest (net) of £2.0 million and capital expenditure of £11.5 million.

By the end of September, the Group had made seven of ten equal monthly repayments of £4 million against the 5 per cent unsecured, senior convertible debentures issued in December 2001. Since the quarter-end, further repayments of £4 million each have been made in October and November.

Net cash (cash at bank less total indebtedness and finance leases) increased from £3.3 million at 30 June 2002 to £20.7 million at 30 September 2002.

Notwithstanding the improvement in liquidity in the third quarter, cash generation remains the Board's priority. Accordingly, the Board continues actively to pursue means of improving the Group's liquidity including, but not limited to, continued cost reduction programmes and the sale of non-core assets.

Listing on NASDAQ

In view of the relatively small number of American Depositary Shares (ADSs) outstanding and the low levels of trading volumes on the NASDAQ National Market in the United States, we have decided to voluntarily delist our ADSs (NASDAQ: REGS) from NASDAQ. The Company's listing on the London Stock Exchange, as well as the Company's registration with the US Securities and Exchange Commission, will be unaffected by this move. As a result of the voluntary delisting, the Company's ADSs will be eligible for quotation in the over-the-counter (OTC) market in the United States. The Company has sent a letter to NASDAQ requesting that the Company's ADSs be delisted from the NASDAQ National Market as of the close of business on 7 November 2002.

Quarterly reporting

In line with the proposed de-listing on NASDAQ and with a view to further cost reductions, we have decided to revert to a semi-annual reporting format with effect from next year. The change in reporting format is in accordance with all applicable UK and US securities laws and the requirements of the London Stock Exchange.

Regus plc
Consolidated profit and loss account
For the 9 months ended 30 September 2002 and 30 September 2001

	3 months ended 30 Sept '02 **(unaudited)** **£'000**	3 months ended 30 Sept '01 (unaudited) £'000	**9 months ended** 30 Sept '02 **(unaudited)** **£'000**	9 months ended 30 Sept '01 (unaudited) £'000
Turnover (including share of joint ventures)	**111,662**	125,908	**336,643**	402,951
Less: Share of turnover of joint ventures	**(2,352)**	(2,814)	**(7,292)**	(9,003)
Turnover	**109,310**	123,094	**329,351**	393,948
Cost of sales (centre costs)*	(104,410)	(111,926)	**(311,403)**	(325,592)
Exceptional Items	(903)	(37,536)	**(903)**	(37,536)
Cost of sales (centre costs)	(105,313)	(149,462)	**(312,306)**	(363,128)
Gross profit (centre contribution)	3,997	(26,368)	**17,045**	30,820
Administration expenses before exceptional items	**(16,281)**	(20,372)	**(45,720)**	(71,863)
Exceptional Items	**-**	(49,432)	**-**	(52,677)
Administration expenses	**(16,281)**	(69,804)	**(45,720)**	(124,540)

Group operating loss	**(12,284)**	(96,172)	**(28,675)**	(93,720)
Share of operating loss in joint ventures	**(1,710)**	(1,416)	**(4,501)**	(3,815)
Total operating loss: Group and share of joint ventures	**(13,994)**	(97,588)	**(33,176)**	(97,535)
Net interest (payable)/receivable				
- Group	**(1,390)**	(347)	**(4,530)**	519
- Joint ventures	**(34)**	(61)	**(111)**	(170)
Loss on ordinary activities before tax	**(15,418)**	(97,996)	**(37,817)**	(97,186)
Tax on loss on ordinary activities**	**(2,087)**	(3,483)	**(6,000)**	(15,400)
Loss on ordinary activities after tax	**(17,505)**	(101,479)	**(43,817)**	(112,586)
Minority interests (equity)	**251**	345	**932**	1,283
Retained loss for the period	**(17,254)**	(101,134)	**(42,885)**	(111,303)
Loss per ordinary share:				
Basic & diluted (p)	**(3.0)**	(17.9)	**(7.6)**	(19.8)
Basic & diluted before exceptional items (p)	**(2.9)**	(2.8)	**(7.4)**	(4.0)

All results arose from continuing operations

* Before exceptional items

** Includes tax credit on exceptional items

Regus plc
Consolidated balance sheets
As at 30 September 2002 and 31 December 2001

	As at 30 Sept 2002 (unaudited)	As at 31 Dec 2001 (audited)
	£'000	£'000
Fixed assets		
Intangible assets	**4,039**	4,307
Tangible assets	**205,599**	242,299
Investments		
Investments in own shares	**3,805**	3,805
Other investments	**30**	33
Interest in joint ventures:		
Share of gross assets	**-**	15,656
Share of gross liabilities	**-**	(14,562)
	-	1,094
Total investments	**3,835**	4,932
	213,473	251,538
Current assets		
Stock	**396**	392
Debtors: amounts falling due within one year	**110,117**	114,288
Debtors: amounts falling due after one year	**3,000**	3,000
Cash at bank and in hand	**66,947**	117,074
	180,460	234,754
Creditors: amounts falling due within one year (including convertible debt)	**(305,652)**	(344,392)
Provision for deficit on joint ventures		
Share of gross assets	**13,576**	-
Share of gross liabilities	**(16,390)**	-
	(2,814)	-
Provisions for liabilities and charges due within one year	**(12,684)**	(19,953)

Net current liabilities	**(140,690)**	(129,591)
Total assets less current liabilities	**72,783**	121,947
Creditors: amounts falling due after more than one year	**(18,538)**	(24,806)
Provisions for liabilities and charges due after more than one year	**(1,514)**	(8,349)
Net assets	**52,731**	88,792
Capital and reserves		
Called up share capital	**29,106**	29,106
Share premium account	**279,765**	279,765
Other reserves	**6,495**	4,056
Profit and loss account	**(262,634)**	(224,482)
Equity shareholders' funds	**52,732**	88,445
Equity minority interests	**(1)**	347
	52,731	88,792

Regus plc
Consolidated cash flow statement
For the nine months ended 30 September 2002 and 30 September 2001

	9 months ended 30 Sept 02 (unaudited) £'000	9 months ended 30 Sept 01 (unaudited) £'000
Cash inflow from continuing operating activities		
Net cash inflow	**6,648**	53,454
Outflow relating to exceptional items	**0**	(7,418)
Net Cash inflow from continuing operating activities	**6,648**	46,036
Returns on investments and servicing of finance		
Interest received	**1,344**	3,618
Interest paid	**(1,361)**	(2,492)
Interest paid on finance leases	**(1,979)**	(2,489)
	(1,996)	(1,363)
Taxation		
Tax paid	**(3,023)**	(8,986)
	(3,023)	(8,986)
Capital expenditure and financial investment		
Purchase of tangible fixed assets	**(11,533)**	(101,106)
Sale of tangible fixed assets	**339**	17
	(11,194)	(101,089)
Acquisitions and disposals		
Purchase of subsidiary undertakings	**649**	(5,832)
Investments in joint ventures	**(745)**	(4,631)
	(96)	(10,463)

Cash outflow before management of liquid resources and financing	**(9,661)**	(75,865)
Management of liquid resources	**58,350**	81,303
Financing	**(38,696)**	(13,095)
Increase/(decrease) in cash in the period	**9,993**	(7,657)

Regus plc
Statement of total recognised gains and losses
For the nine months ended 30 September 2002 and the nine months ended 30 September 2001

	9 months ended 30 Sept 2002 **(unaudited)**	9 months ended 30 Sept 2001 (unaudited)
	£'000	£'000
Retained loss for the financial period	**(42,885)**	(111,303)
Currency translation differences	**4,722**	2,267
Tax charge on exchange differences	-	(295)
Total recognised gains and losses for the period	**(38,163)**	(109,331)

Reconciliation of movements in consolidated shareholders' funds

	9 months ended 30 Sept 2002 **(unaudited)**	12 months ended 31 Dec 2001 (audited)
	£'000	£'000

Retained loss for the financial period	**(42,885)**	(118,238)
Ordinary shares issued net of issue costs	**-**	3,396
Currency translation differences	**4,722**	197
Reclassification of fair value of warrants to non-distributable reserves	**2,450**	-
Decrease in shareholders' funds	**(35,713)**	(114,645)
Shareholders' funds at 1 January	**88,445**	203,090
Shareholders' funds at period end	**52,732**	88,445

Notes

1. Segmental reporting

Turnover:

	3 months ended 30 September		**9 months ended 30 September**	
	2002	2001	**2002**	2001
	(unaudited)	(unaudited)	**(unaudited)**	(unaudited)
	£'000	£'000	**£'000**	£'000
UK & Ireland	**44,764**	49,905	**134,359**	165,285
Rest of Europe	**35,641**	37,084	**104,339**	115,450
Americas	**23,625**	30,361	**75,032**	96,588
Rest of World	**7,632**	8,558	**22,913**	25,628
	111,662	125,908	**336,643**	402,951
Total Group	**109,310**	123,094	**329,351**	393,948
Total joint ventures	**2,352**	2,814	**7,292**	9,003

Loss before interest and tax:

	3 months ended 30 September		**9 months ended** **30 September**	
	2002	2001	**2002**	2001
	(unaudited)	(unaudited & re-stated)	**(unaudited)**	(unaudited & re-stated)
	£'000	£'000	**£'000**	£'000
UK & Ireland	**4,502**	9,468	**14,429**	35,402
Rest of Europe	**(2,386)**	(1,034)	**(5,814)**	1,095
Americas	**(10,409)**	(13,744)	**(28,092)**	(31,566)
Rest of World	**(130)**	(534)	**(1,184)**	(3,896)
Other office costs	**(4,668)**	(4,776)	**(11,612)**	(8,357)
Exceptional Item	**(903)**	(86,968)	**(903)**	(90,213)
	(13,994)	(97,588)	**(33,176)**	(97,535)
Total Group	**(12,284)**	(96,172)	**(28,675)**	(93,720)
Total joint ventures	**(1,710)**	(1,416)	**(4,501)**	(3,815)

Figures for 2001 have been re-stated to exclude internal management fees.

2 . Exceptional charges

Included in the results for the nine months ended 30th September 2002 and 2001 are exceptional charges totalling £0.9 million and £90.2 million respectively. The charges in 2002 relate to a business interruption insurance receipt In respect of the World Trade Centre, New York (£3.8 million) and various centre closure and related costs (£4.7 million). The costs in 2001 relate to fees in respect of the aborted merger with HQ Global Workplaces (£3.2 million); write-down of investment in own shares (£32.9 million); write-down of software assets (£4.6 million); non-recoverable Ryder Cup expenditure (£2.3 million); restructuring and redundancy costs (£5.4 million); write-down of acquisition goodwill (£4.7 million); and costs associated with reducing workstation capacity (£37.1 million).

3. (Loss)/profit per share

Loss per share after exceptional items is based on losses for the three months ended 30 September 2002 and 2001 of £(17,254,000) and £(101,134,000) respectively. Loss per share before exceptional items is based on losses for the three months ended 30 September 2002 of £(16,351,000) and for the 3 months ended 30 September 2001 £(15,780,000) after adjusting for tax of £1,614,000 on the exceptional item. Losses per share are calculated using the following weighted average numbers of shares:

	3 months ended 30 September		**9 months ended 30 September**	
	2002	2001	**2002**	2001
	000's	000's	**000's**	000's
Ordinary shares - basic & fully diluted	**564,070**	563,944	**564,047**	563,370

4. (a) Reconciliation of operating loss to net cash inflow from operating activities

	9 months ended 30 Sept 02 **(unaudited)**	9 months ended 30 Sept 01 (unaudited)
	£'000	£'000
Continuing operations		
Operating loss	**(28,675)**	(93,720)
Depreciation charge	**43,442**	56,672
Goodwill amortisation	**179**	237
Loss on disposal of fixed assets	**472**	50,673
Loss on Business Disposals	**277**	-
(Decrease)/Increase in provisions	**(13,815)**	29,501
Increase in stocks	**(6)**	(61)
Decrease in debtors	**10,687**	10,629
Decrease in creditors	**(5,913)**	(7,895)
Net cash inflow from continuing operations	**6,648**	46,036

The cash inflow for 2002 includes a £14.7 million outflow relating to the exceptional item charged during the previous year. The cash inflow for 2001 includes a £7.4 million outflow relating to the exceptional item charged during that year.

4. (b) Financing and management of liquid resources

	9 months ended 30 Sept 02 **(unaudited)**	9 months ended 30 Sept 01 (unaudited)
	£'000	£'000
Management of liquid resources		
New cash deposits	**(10,952)**	(8,783)
Repayment of cash deposits	**69,302**	90,086
	58,350	81,303
Financing		
New loans	**1,069**	1,689
Repayment of loans	**(28,897)**	(4,287)
Payment of principal under finance leases	**(11,480)**	(12,171)
Issue of equity shares	**612**	1,766
Issue costs	**-**	(92)
	(38,696)	(13,095)

4. (c) Reconciliation of net cash flow to movement in net funds

	9 months ended 30 Sept 02 **(unaudited)**	9 months ended 30 Sept 01 (unaudited)
	£'000	£'000
Increase/(decrease) in cash in the period	**9,993**	(7,657)
Cash outflow from change in borrowings and finance leases	**39,308**	14,769
Cash inflow from change in liquid resources	**(58,350)**	(81,303)
Change in net funds from cash flows	**(9,049)**	(74,191)

Acquisitions	**-**	(663)
Other non-cash items:		
New finance leases	**(3,088)**	(19,820)
Un-amortised warrants reserve	**113**	-
Translation difference	**1,663**	(884)
Movement in net funds in the period	**(10,361)**	(95,558)
Net funds at 1 January	**31,029**	130,013
Net funds at 30 September	**20,668**	34,455

4. (d) Analysis of changes in net funds

	At 1 Jan 2002	Cashflow	**Non-cash changes**	**Exchange movement**	**At 30 September 2002**
	£'000	£'000	£'000	£'000	**£'000**
Cash at the bank and in hand	24,247	8,572	-	(200)	**32,619**
Overdrafts	(2,781)	1,421	-	78	**(1,282)**
	21,466	9,993	-	(122)	**31,337**
Debt due after 1 year	(1,330)	(720)	(17)	45	**(2,022)**
Debt due within 1 year	(43,961)	28,547	130	272	**(15,012)**
Finance leases due after 1 year	(23,064)	8,335	(2,606)	935	**(16,400)**
Finance leases due within 1 year	(14,909)	3,146	(482)	682	**(11,563)**
	(83,264)	39,308	(2,975)	1,934	**(44,997)**
Liquid resources	92,827	(58,350)	-	(149)	**34,328**
	31,029	**(9,049)**	**(2,975)**	**1,663**	**20,668**

Liquid Resources at 30 September 2002 include cash held on deposit of which £2.9 million (December 2001: £3.2 million) relates to collateral against bank loans and £28.7 million (December 2001: £28.4 million) relates to deposits which are held by banks as security for the issuance of bank guarantees to support lease commitments by Regus operating companies. These amounts are blocked and are not available for use by the business.

Non-cash changes comprise new finance leases, reclassifications between categories and the balance of the warrants reserve after amortisation based on a constant rate of return on the outstanding balance. At 30 September the warrant reserve is £2,450,000 of which £2,337,000 has been charged to the profit and loss account.

4. (e) Consolidated cash flow statement for the three months ended 30 September 2002

	3 months ended 30 Sept 02 (unaudited) £'000
Cash inflow from continuing operating activities	
Net cash inflow	**22,328**
Returns on investments and servicing of finance	
Interest received	**128**
Interest paid	**(422)**
Interest paid on finance leases	**(574)**
	(868)
Taxation	
Tax paid	**(612)**
	(612)
Capital expenditure and financial investment	
Purchase of tangible fixed assets	**(2,561)**
Sale of tangible fixed assets	**33**
	(2,528)
Acquisitions and disposals	
Purchase of subsidiary undertakings	**693**

Investments in joint ventures	**-**
	693
Cash inflow before management of liquid resources and financing	**19,013**
Management of liquid resources	**3,676**
Financing	**(15,703)**
Increase in cash in the period	**6,986**

5. Basis of preparation

The financial information set out above does not constitute the Company's statutory accounts. The financial information for 2001 is derived from the statutory accounts for the year, which have been delivered to the Registrar of companies. The report of the auditors on those accounts was unqualified and did not contain a statement under section 237 (2) or (3) of the Companies Act 1985.

The directors have reviewed the Group's cash resources and projections in the context of the current and expected future levels of trading having regard to the planned actions described on page 5 of the announcement under the heading "Liquidity and capital resources". Notwithstanding that the Group has suffered a net cash outflow of £9.7 million before management of liquid resources and financing for the nine months ended 30 September 2002 and that the Group has net current liabilities, the financial statements have been prepared on a going concern basis.