

Praesepe – the story so far

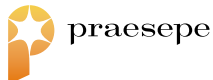
Praesepe plc (formerly Aldgate Capital plc) was established in 2007 with a mandate from shareholders to acquire and develop businesses in the low-stake high-volume gaming market in the United Kingdom and Europe.

Praesepe's strategy is to create a multifaceted mid-cap gaming business, located in the United Kingdom but with operations in the United Kingdom and Europe. Specific areas of interest are gaming machines, cash bingo and sports betting, and potentially also include on-line gaming and casinos. We have put together an experienced team with an excellent mix of skills, including grass-roots gaming experience, and proven business acquisition and integration expertise. We are interested in acquiring businesses in both the United Kingdom and Europe.

The Group's first acquisition of a 31-site adult gaming centre (AGC) business was completed in July 2008 and this business was quickly rebranded and relaunched as "Cashino". To date, this acquisition has been followed by the opening of four Greenfield venues, the acquisition of a further five AGCs in the North of England in June 2009 and the acquisition of the iconic flagship AGC venue in Leicester Square in London, The Crystal Rooms, in September 2009.

Management continues to evaluate potential acquisition opportunities across the low stake, high volume gaming sector.

The Praesepe is a cluster of stars, which is precisely what we intend to create!



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Chief Executive and Chief Financial Officers' statement

BUSINESS REVIEW

The continued economic downturn has affected all businesses but we are pleased to report that our business has proved resilient and revenues are very close to those achieved (on a like-for-like basis) in 2008. The objective for the Group continues to be the establishment, largely through acquisition, of a mid-market gaming group whose activities include bingo, betting and the operation of low stake gaming machines. As investors know, when you are looking for quality businesses, particularly in the current market, you have to kiss some frogs and we have looked at a range of acquisition opportunities over the past six months. This has meant that the Group has expended time and resource on some aborted due diligence exercises, although we have kept any aborted costs to a minimum. We are delighted that we have completed the acquisitions of two businesses that are both of good quality and with strong growth potential, and in our view will each make a significant contribution to the Group going forward. We also have a strong pipeline of potential acquisition opportunities which we are actively pursuing.

The first of these acquired businesses was Classic Leisure (Northern) Limited, a small group of AGCs in the north of England. This acquisition was completed in early June 2009. Jonathon Hughes and his operations team quickly got to grips with the fundamentals of the business and implemented an injection of new equipment, together with a thorough review of the cost base; these actions should mean that this business exceeds our expectations. The second acquisition, which completed after the end of the first half, was of the company which operates The Crystal Rooms in Leicester Square. We were offered this business on an exclusive basis at very short notice and we are delighted to have successfully completed the deal within the time frame that we were given. We have a significant amount of work to do with this venue, as it has been neglected over the past couple of years, but with a daily passing footfall of a quarter of a million people we are confident that it will become not only a flagship venue for Praesepe but also a significant profit centre within the Group in due course.

Whilst most of the attention of the senior team has been on the evaluation of opportunities (both in the United Kingdom and Europe) the Cashino management team have been battling with the significant delay in the introduction of the new format Category C gaming machines. Our 2009 budget assumed (following advice from the regulator) that these new machines would be available to the market in February 2009. For various, bureaucratic, reasons these machines were not authorised for use in the United Kingdom market until early June 2009. This delay has had a double effect on the Cashino business in the first half. Firstly the revenue uplift anticipated from the introduction of increased stakes and prizes on Category C gaming machines will come much later in the year and, secondly, it was not possible (or sensible) to purchase replacement games during this period which meant that the business experienced a slow down in customer spending. Gaming businesses tend to have a largely fixed cost base and any shortfall in revenues drops directly through to impact profit contribution in short order (the reverse of course is also true). We are, however, pleased to note that the new machines are now performing well and we are working with a number of manufacturers to finesse games software and ensure that we derive maximum benefit from all new games which are sited. It is also worth noting that we are encouraging all gaming machine manufacturers to supply machines to us on a revenue share basis.

Chief Executive and Chief Financial Officers' statement continued

BUSINESS REVIEW CONTINUED

The traditional model with machine manufacturers in the United Kingdom has always been one of direct machine sales to operators which has meant that not only does the business require a significant amount of capital injection each year but also that there is a danger that some machines don't meet expectations and are consigned to gathering dust in a warehouse. A revenue share model means that there is a symbiotic relationship between the manufacturer and the operator and if games don't perform well they are simply replaced at nil cost. It also means that whilst operating profits are adversely impacted to a limited extent by the revenue share cost, the requirement for large amounts of new machine capital expenditure disappears and the overall cash profile of the business improves significantly.

The Cashino management team has also launched three new Greenfield venues in the first half of this year and the capex required was garnered from the existing capex budget which we feel demonstrates excellent husbandry of the Group's financial resources. Greenfield business in this sector tends to take eighteen months of operation to mature into a cash positive position. This has had a short-term adverse impact on profits but one which we are happy to recommend and support as these businesses will become profit generators within the time frame of our overall business strategy.

We would like to thank our Cashino staff for all their hard work and efforts during the first six months of the year. Despite the early disappointments resulting from the delay in new equipment coming into the market, staff morale has remained high and we have no doubt that we are well placed to move ahead in the second half of the year. We would also like to thank our Non-executive Directors whose insightful and frank contributions to Board meetings are always welcome and extremely helpful.

CHANGE IN INTERIM ACCOUNTS REPORTING DATE

In the prior year the Group reported its interim results for the six months ended 30 June 2008. Following the acquisition of the Cashino business in July 2008, during the current year the Group has reviewed the financial reporting periods of the Cashino trading business and, in line with many other businesses operating in the gaming and retail sector, has amended its financial reporting timetable to report trading for the year on the basis of thirteen, four-weekly accounting periods ending on the last Sunday in December each year. As a result, the Interim reporting period for the first half trading results in 2009 comprises the 28 weeks ended 12 July 2009.

FINANCIAL REVIEW

The results of the Group for the 28 weeks ended 12 July 2009 are set out on page 4. It should be noted that the Cashino trading business was acquired in July 2008 and therefore the comparative results for the first half of 2008 comprise solely of the head office costs incurred at Praesepe plc.

The Group generated revenues for the first half of 2009 of £5.7 million (2008: £nil).

The revenues of £5.7 million in the period under review were approximately 3% higher than those generated in the comparative 28 week period in the previous year (which was prior to Praesepe's acquisition of the Cashino business). This growth includes the benefit of the new Greenfield sites which have opened during the past year and the five AGC sites acquired in June 2009. On a like-for-like basis, revenues declined by approximately 1% year-on-year which, given the current economic environment, illustrates the success of the Group's continued focus on our customers, our people and our service culture, and the favourable impact on trading of the numerous performance initiatives which the management team have implemented across the Cashino, Greenfield and acquired venues – for example, the introduction of customer loyalty programmes, improved customer service standards, additional licensed areas to ensure our customers are being offered the products they prefer, and the roll out of staff incentive schemes.

During the period under review, the Group delivered earnings before interest, tax, depreciation and amortisation (EBITDA) of £0.5 million (30 June 2008: loss of £1.0 million) which includes the adverse impact of the Greenfield sites which are still in their maturity phase, although this is offset by the cost savings implemented at the plc level, as illustrated below.

	28 weeks ended 12 July 2009 £'000	Six months ended 30 June 2008 £'000	Year ended 31 December 2008 £'000
EBITDA (pre-exceptional expenses)			
Cashino like-for-like estate	1,176	—	950
Greenfield venues	(110)	—	—
Acquired sites	79	—	—
Total Cashino EBITDA	1,145	—	950
Group overheads (plc costs)	(693)	(1,002)	(2,063)
Group EBITDA (pre-exceptional expenses)	452	(1,002)	(1,113)

The interim loss before taxation amounted to £0.5 million (30 June 2008: loss of £2.5 million).

As at 12 July 2009, the Group had cash at bank and in hand of £4.5 million (30 June 2008: £8.0 million) and bank debt of £3.7 million (30 June 2008: £nil).

Subsequent to the end of the first half, in September 2009 the Group acquired the entire issued share capital of United Leisure Limited, which operates The Crystal Rooms, the iconic AGC venue in Leicester Square, London, for a purchase price of £1. Praesepe has also assumed net liabilities on behalf of United Leisure Limited of £3.3 million, which were funded through a new bank loan from RBS of £2 million, assuming an existing loan within United Leisure of £0.3 million, and £1.0 million of cash from Praesepe's existing resources.

EQUITY

On 2 March 2009, the Company announced that it had completed the placing of 51,000,000 ordinary shares of ten pence each at a placing price of ten pence per share to raise £5.1 million before expenses. The proceeds of the placing provided the Group with additional working capital and funds for further acquisitions in the United Kingdom gaming sector.

DIVIDENDS

No interim dividend has been paid or proposed (30 June 2008: £nil). The Directors continue to believe that the main focus of the Company should be on delivering capital growth for shareholders, in line with its stated strategy. However, the dividend policy of the Company continues to be regularly reviewed.



NICK HARDING
Chief Executive Officer
2 October 2009



MATTHEW PROCTOR
Chief Financial Officer

Consolidated income statement

For the 28 weeks ended 12 July 2009

	Notes	28 weeks ended 12 July 2009 £'000	Six months ended 30 June 2008 £'000	Year ended 31 December 2008 £'000
Revenue		5,736	—	4,462
Cost of sales		(2,543)	—	(1,948)
Gross profit		3,193	—	2,514
Administrative expenses		(3,372)	(1,021)	(4,234)
Exceptional expenses	6	(174)	(1,691)	(1,800)
Operating loss	7	(353)	(2,712)	(3,520)
Finance revenue	9	1	167	226
Finance costs	9	(171)	—	(173)
Loss before tax		(523)	(2,545)	(3,467)
Taxation credit	10	97	—	92
Loss for the period		(426)	(2,545)	(3,375)
Loss per share				
Basic and fully diluted loss per share	11	(0.2)p	(3.7)p	(3.0)p

All the Group's activities derive from continuing operations. The consolidated income statement for the period under review includes the trading results from the five AGC venues acquired in June 2009. These results have not been disclosed separately as they are not material in the context of the overall Group results for the period under review.

Consolidated statement of changes in equity

For the 28 weeks ended 12 July 2009

	Share capital £'000	Share premium £'000	Share-based payments reserve £'000	Retained losses £'000	Total £'000
At 1 January 2008	5,000	—	—	(965)	4,035
Share issue on 7 March 2008	2,954	3,546	—	—	6,500
Share issue on 25 July 2008	8,957	10,748	—	—	19,705
Costs relating to shares issued	—	(997)	—	—	(997)
Loss for the year	—	—	—	(3,375)	(3,375)
Share-based payments charge	—	—	52	—	52
At 31 December 2008	16,911	13,297	52	(4,340)	25,920
Share issue on 2 March 2009	5,100	—	—	—	5,100
Costs relating to shares issued	—	(282)	—	—	(282)
Loss for the period	—	—	—	(426)	(426)
Share-based payments charge	—	—	62	—	62
At 12 July 2009	22,011	13,015	114	(4,766)	30,374

Consolidated balance sheet

As at 12 July 2009

	Notes	12 July 2009 £'000	30 June 2008 £'000	Restated 31 December 2008 £'000
Non-current assets				
Goodwill	12	21,348	—	19,719
Other intangible assets	13	477	—	504
Premiums on operating leases	14	447	187	440
Property, plant and equipment	15	8,337	92	8,356
		30,609	279	29,019
Current assets				
Inventories		81	—	76
Prepayments and accrued income		1,239	597	1,350
Cash at bank and in hand	16	4,515	7,987	2,334
		5,835	8,584	3,760
Total assets		36,444	8,863	32,779
Current liabilities				
Trade and other payables		(1,922)	(1,134)	(2,633)
Non-current liabilities				
Loan		(3,715)	—	(3,674)
Deferred liabilities		(433)	—	(552)
		(4,148)	—	(4,226)
Total liabilities		(6,070)	(1,134)	(6,859)
Total net assets		30,374	7,729	25,920
Equity				
Share capital	18	22,011	7,954	16,911
Share premium		13,015	3,285	13,297
Share-based payments reserve		114	—	52
Retained losses		(4,766)	(3,510)	(4,340)
Total equity attributable to equity holders of the parent		30,374	7,729	25,920

Approved by the Board of Directors on 2 October 2009 and signed on its behalf by:



MATTHEW PROCTOR
Chief Financial Officer

Consolidated cash flow statement

For the 28 weeks ended 12 July 2009

	28 weeks ended 12 July 2009 £'000	Six months ended 30 June 2008 £'000	Year ended 31 December 2008 £'000
Notes			
Operating activities			
Operating loss	(353)	(2,712)	(3,520)
Adjustments to reconcile operating loss for the period to net cash outflow from operating activities:			
Depreciation and amortisation	631	19	607
Loss on sale of fixed tangible assets	1	—	—
(Increase)/decrease in stocks	(4)	—	3
Decrease/(increase) in prepayments and accrued income	131	(539)	(724)
Decrease/(increase) in trade and other payables	(573)	1,002	(173)
Share-based payments charge	62	—	52
Net cash flows from operating activities	(105)	(2,230)	(3,755)
Investing activities			
Purchase of business	(1,822)	—	(23,918)
Purchase of plant, property and equipment	(297)	(217)	(636)
Purchase of premiums on operating leases	(13)	—	(440)
Purchase of intangible assets	—	—	(25)
Proceeds from disposal of fixed assets	39	—	204
Interest received	1	167	243
Net cash flows from investing activities	(2,092)	(50)	(24,572)
Financing activities			
Drawdown of loan facilities	—	—	3,795
Fees associated with loan facilities	41	—	(153)
Proceeds from share issue	4,818	6,239	22,208
Interest paid	(171)	—	(83)
Taxation paid	(467)	—	(168)
Net cash flows from financing activities	4,221	6,239	25,599
Net increase/(decrease) in cash and cash equivalents	2,024	3,959	(2,728)
Cash and cash equivalents at beginning of period	2,334	4,028	4,028
Cash acquired on acquisition of business	157	—	1,034
Cash and cash equivalents at end of period	4,515	7,987	2,334

Notes to the financial information

For the 28 weeks ended 12 July 2009

1. GENERAL INFORMATION

The financial information contained in this report has been prepared in accordance with the requirements of IAS 34 "Interim Financial Reporting". It has not been audited and does not constitute statutory accounts within the meaning of Section 434 of the Companies Act 2006. The statutory accounts for 2008, which were prepared under International Accounting Standards (IAS), have been delivered to the Registrar of Companies with an unqualified audit opinion. The audit report did not contain a statement under Section 231(2) and Section 231(3) of the Companies Act.

Praesepe plc (the "Company") is an AIM-listed company incorporated and domiciled in England. The principal activity of the Company is to pursue acquisition and consolidation opportunities in the low-stake, high-volume gaming sector in the United Kingdom and Europe.

The address of the Company's registered office is 201 Bishopsgate, London EC2M 3AF.

2. BASIS OF PREPARATION

The Interim report has been prepared on the historical cost basis with the exception of certain items, which are measured at fair value as disclosed in the principal accounting policies set out below. The accounting policies used for the preparation of these condensed financial statements follow the same accounting policies and methods of computation as applied in the 2008 financial statements and have been prepared under IAS. The most significant accounting policies are reproduced in note 4 overleaf. The accounting policies have been consistently applied to both of the interim periods and the full year 2008 financial information presented in this Interim Report.

The business operates on a 52-week year comprising of 13, four-weekly accounting periods. Accordingly, its two half years comprise of 28 and 24 weeks respectively.

The interim financial statements are unaudited and do not constitute statutory accounts as defined in Section 434 of the Companies Act 2006.

SUBSIDIARIES

The Interim report incorporates the financial statements of the companies controlled by the Company (its subsidiaries) made up to 12 July. 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. Results of subsidiary undertakings acquired during the period are consolidated from the date on which control passes. The trading results of companies acquired during the period are accounted for under the purchase method of accounting. All intra-group transactions, balances, income and expenses are eliminated on consolidation.

BUSINESS COMBINATIONS

The purchase method is used to account for all acquisitions. The cost of an acquisition is measured at the fair values on the date of exchange of assets given, liabilities incurred or assumed and equity instruments issued, together with any costs directly attributable to the acquisition. At the date of acquisition, the identifiable assets and liabilities and contingent liabilities of a subsidiary are measured at their fair values. Any excess of the cost of acquisition over the fair values of the identifiable net assets acquired is recognised as goodwill.

3. SIGNIFICANT ACCOUNTING ESTIMATES AND ASSUMPTIONS

The preparation of financial information in conforming with "International Financial Reporting Standards" (IFRS) requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the period. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from these estimates.

4. ACCOUNTING POLICIES

GOODWILL

Goodwill arising on the acquisition of subsidiary undertakings and businesses, representing the excess of the fair value of the consideration given over the fair value of the identifiable assets and liabilities acquired, is capitalised as an intangible asset. The carrying value of goodwill is tested for impairment at least annually by reference to the relevant cash-generating unit (CGU) and is carried at cost less accumulated impairment losses. Any impairment is recognised immediately in the income statement and is not subsequently reversed.

Where deferred tax assets such as tax losses, which were not recognised at the acquisition date due to uncertainty over their recovery, are subsequently utilised or recognised, goodwill is reduced by an amount equivalent to the deferred tax assets calculated at the relevant tax rate and a charge made to the income statement.

OTHER INTANGIBLE ASSETS

Intangible assets purchased separately are capitalised at cost and amortised on a straight line basis over their useful economic lives. Intangible assets acquired through a business combination are capitalised separately from goodwill if the fair value can be measured reliably on initial recognition. After initial recognition, assets acquired as part of a business combination are carried at cost less accumulated amortisation and any impairment losses. Methods of amortisation, residual value and useful lives are reviewed, and if necessary adjusted, at each balance sheet date. Intangible assets with indefinite useful lives are tested annually for impairment either individually or at the CGU level.

All intangible assets with finite useful lives are amortised on a straight line basis at a rate of 10% per annum.

PREMIUMS ON OPERATING LEASES

Premiums on operating leases relating to business acquisitions are stated at historical cost less accumulated amortisation. Amortisation is charged on a straight line basis over the term of the lease.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Cost comprises the aggregate amount paid and the fair value of any other consideration given to acquire the asset and includes costs directly attributable to making the asset capable of operating as intended.

Depreciation is provided on all property, plant and equipment, on a straight line basis over its expected useful life as follows:

- ▶ Freehold properties 2% per annum
- ▶ Short leasehold property over the term of the lease
- ▶ Plant and equipment between 5% and 50% per annum
- ▶ Fixtures and fittings between 25% and 33% per annum

The carrying values of property, plant and equipment are reviewed for impairment if events or changes in circumstances indicate the carrying value may not be recoverable and are written down immediately to their recoverable amount. Useful lives and residual values are reviewed annually and where adjustments are required these are made prospectively.

An item of property, plant and equipment is de-recognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the de-recognition of the asset is included in the income statement in the period of de-recognition.

Notes to the financial information continued

For the 28 weeks ended 12 July 2009

4. ACCOUNTING POLICIES CONTINUED

IMPAIRMENT OF FINANCIAL ASSETS

The Company assesses at each balance sheet date whether a financial asset or group of financial assets is impaired. Any impairment is charged to the income statement as appropriate.

FINANCIAL ASSETS AND LIABILITIES

Financial assets are recognised when the Company becomes party to the contracts that give rise to them. The Company's financial assets comprise Sterling cash and bank deposits.

Financial liabilities are recognised when the Company becomes party to the related contracts and are measured initially at the fair value of consideration received less directly attributable transaction costs. The Company's financial liabilities comprise trade payables.

DERECOGNITION OF FINANCIAL ASSETS AND LIABILITIES

A financial asset or liability is generally derecognised when the contract that gives rise to it is settled, sold, cancelled or expires.

CASH AND CASH EQUIVALENTS

Cash and short-term deposits in the balance sheet comprise cash at bank and in hand and short-term deposits. For the purpose of the cash flow statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

FINANCE REVENUE

Interest income is recognised as it accrues using the effective interest rate basis.

INCOME TAXES

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates and laws that are enacted or substantively enacted by the balance sheet date.

Deferred income tax is recognised on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the Interim report, with the following exception:

- » Deferred income tax assets are recognised only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carried forward tax credits or tax losses can be utilised.

Deferred income tax assets and liabilities are measured on an undiscounted basis at the tax rates that are expected to apply when the related asset is realised or liability is settled, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date. Deferred income tax assets and liabilities are offset only if a legal enforcement right exists to set off current tax assets against current tax liabilities, the deferred income taxes relate to the same taxation authority and that authority permits the Company to make a single net payment.

Income tax is charged or credited directly to equity if it relates to items that are credited or charged to equity. Otherwise income tax is recognised in the income statement.

LEASES

Leases where the lessor retains a significant portion of the risks and benefits of ownership of the asset are classified as operating leases and rentals payable are charged in the income statement on a straight line basis over the lease term. Benefits received and receivable as an incentive to sign an operating lease are charged in the income statement on a straight line basis over the lease term.

4. ACCOUNTING POLICIES CONTINUED

EXCEPTIONAL ITEMS

Items that are material in size and non-recurring in nature are presented as operating exceptional items in the income statement within operating profit. The Directors are of the opinion that the separate recording of the operating exceptional items provides helpful information about the Group's underlying business performance. Examples of events which may give rise to the classification of items as exceptional include expenses that are directly attributable to a potential business combination where the Directors believe it is less than probable that the business combination will occur.

5. SEGMENT INFORMATION

The Group's entire activity is to pursue acquisition and consolidation opportunities in the low-stake, high-volume gaming sector in the United Kingdom and Europe. Identified opportunities include, but are not limited to, family amusement centres, adult gaming centres, casino gaming and certain sports betting and bingo business operations. As such, the information provided in the financial information relates solely to one business and one geographical segment, being the United Kingdom.

6. EXCEPTIONAL EXPENSES

	28 weeks ended 12 July 2009 £'000	Six months ended 30 June 2008 £'000	Year ended 31 December 2008 £'000
Costs relating to business combinations no longer probable	—	1,626	1,800
Other non-recurring items	174	65	—
	174	1,691	1,800

In accordance with its accounting policy, the Company has written off costs relating to business combinations it no longer considers probable as an exceptional expense.

7. OPERATING LOSS

The following items have been charged in arriving at the operating loss:

	28 weeks ended 12 July 2009 £'000	Six months ended 30 June 2008 £'000	Year ended 31 December 2008 £'000
Depreciation of property, plant and equipment	604	19	586
Amortisation of intangible assets	27	—	21
Operating lease payments	551	53	472
Cost of inventories recognised as an expense during the period	109	—	109
Auditors' remuneration:			
– audit	70	—	59
Corporate finance services:			
– current auditors	—	—	448
– previous auditors	—	—	1,174
Other services pursuant to legislation:			
– current auditors	24	—	30

Notes to the financial information continued

For the 28 weeks ended 12 July 2009

8. STAFF COSTS AND DIRECTORS' EMOLUMENTS

STAFF COSTS (INCLUDING EXECUTIVE DIRECTORS)

	28 weeks ended 12 July 2009 £'000	Six months ended 30 June 2008 £'000	Year ended 31 December 2008 £'000
Wages and salaries	1,595	236	1,525
Social security costs	119	28	136
Pension costs	19	39	64
Other staff costs	5	8	23
Expense of share-based payments	62	—	52
	1,800	311	1,800

The expense of share-based payments has arisen from the EMI scheme. Full details relating to the Group share schemes are provided in the Annual Report and Accounts 2008.

The monthly average number of employees including Directors during the period was 229 (six months ended 30 June 2008: six; year ended 31 December 2008: 175).

DIRECTORS' EMOLUMENTS

	28 weeks ended 12 July 2009 £'000	Six months ended 30 June 2008 £'000	Year ended 31 December 2008 £'000
Directors' emoluments	310	173	453
Amounts paid to a third party for Directors' services	65	53	106
Total compensation paid in respect of Directors	375	226	559

Emoluments of the highest paid Director are as follows:

Emoluments (excluding pension contributions)	133	154	266
Company contributions to private pension scheme	19	19	37
	152	173	303

9. NET FINANCE REVENUE/(COSTS)

	28 weeks ended 12 July 2009 £'000	Six months ended 30 June 2008 £'000	Year ended 31 December 2008 £'000
Interest receivable on bank deposits	1	167	226
Interest payable	(131)	—	(141)
Amortisation of bank loan fees	(40)	—	(32)
	(170)	167	53

10. TAXATION CREDIT

TAX CREDITED IN THE INCOME STATEMENT

	28 weeks ended 12 July 2009 £'000	Six months ended 30 June 2008 £'000	Year ended 31 December 2008 £'000
Current income tax	(7)	—	—
Movement in deferred taxation liability	104	—	92
Income tax expense reported in the income statement	97	—	92

FACTORS AFFECTING CURRENT TAX CHARGE

The tax assessed on the loss before tax for the period is not the same as the standard rate of corporation tax in the United Kingdom of 28%. The differences are reconciled below:

	28 weeks ended 12 July 2009 £'000	Six months ended 30 June 2008 £'000	Year ended 31 December 2008 £'000
Loss before tax	(523)	(2,545)	(3,467)
Theoretical tax credit at United Kingdom corporation tax rate of 28% (30 June 2008: 29%)	146	738	971
Adjusted for:			
Expenditure that is not deductible for tax purposes	(56)	(499)	(14)
Temporary differences	(97)	—	(80)
Losses carried forward to future periods	—	(239)	(877)
	(7)	—	—

FACTORS THAT MAY AFFECT FUTURE TAX CHARGES

A potential deferred tax asset of £866,000 (six months ended 30 June 2008: £496,000; year ended 31 December 2008: £894,000) has not been recognised, as future recovery is uncertain. The deferred tax asset not recognised is made up of £3,011,000 (six months ended 30 June 2008: £1,789,000; year ended 31 December 2008: £3,107,000) of all allowable losses carried forward, £10,000 of short-term timing differences and capital allowances in excess of depreciation of £72,000 (six months ended 30 June 2008: £19,000; year ended 31 December 2008: £48,000) calculated at 28%.

Notes to the financial information continued

For the 28 weeks ended 12 July 2009

11. LOSS PER SHARE

	28 weeks ended 12 July 2009 £'000	Six months ended 30 June 2008 £'000	Year ended 31 December 2008 £'000
Numerator			
Basic/diluted: net loss	426	2,545	3,375
	Number	Number	Number
Denominator			
Basic: weighted average shares	204,258,716	68,668,831	113,373,076
Dilutive share options	—	—	154,491
Diluted: adjusted weighted average shares	204,258,716	68,668,831	113,527,567

Basic loss per share is calculated by dividing the net loss for the period attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period.

The fully diluted number of shares shown for each period in the table above does not include the dilutive effects of the Management Participation shares or the Marwyn Option, should all the conditions be satisfied.

The ratio would be diluted by up to a further 18% in aggregate, provided all the relevant conditions are satisfied, although the specific number of shares is not pre-determined and will change over time as further shares are issued.

There is no dilutive impact of the share options as at 12 July 2009.

Details relating to the Group share schemes are provided in the Annual Report and Accounts 2008.

12. GOODWILL

	Total £'000
Cost or valuation	
At 1 January 2009 as restated	19,719
Recognised on acquisition through business combination	1,629
At 12 July 2009	21,348
Accumulated impairment losses	
At 1 January 2009	—
Impairment losses for the period	—
At 12 July 2009	—
Carrying amount	
At 12 July 2009	21,348
At 31 December 2008 as restated	19,719

On 1 June 2009, Praesepe plc acquired 100% of the voting equity share capital of Classic Leisure (Northern) Limited and Issue Depth Limited for a combined consideration of £1.8 million (including expenses), consisting entirely of cash. Goodwill arising on acquisition amounted to £1.6 million and has been allocated to the Group's only CGU existing at the period end, being the operation of AGCs.

12. GOODWILL CONTINUED

PRIOR YEAR ADJUSTMENT

During the year ended 31 December 2008 the Group accounted for the acquisition of subsidiary undertakings using provisional fair values of the acquiree's assets and liabilities. In accordance with paragraph 62 of IFRS 3 "Business Combinations", the Group has subsequently determined the fair value of the assets and liabilities acquired and has recognised adjustments to the provisional values from the acquisition date.

The provisional fair value of the liabilities acquired at the acquisition date have decreased by £229,000, with a corresponding decrease in goodwill.

The comparative information as at 31 December 2008 has been restated to reflect this adjustment. Overall this has no impact on net assets, as detailed below.

	Goodwill £'000	Trade and other payables £'000	Net assets at 31 December 2008 £'000
As previously reported	19,948	(2,862)	25,920
Effect of difference in provisional fair value on acquisition	(229)	229	—
As restated	19,719	(2,633)	25,920

The net assets of the combined businesses acquired during the period, as extracted from the acquiree's accounting records, and the fair value adjustments ascribed thereto, are set out below:

	Book values and fair values acquired £'000
Property, plant and equipment	321
Inventories	1
Prepayments and accrued income	24
Cash and cash equivalents	157
Deferred tax payable	(16)
Trade and other payables	(294)
Total fair value of net assets acquired	193
Goodwill	1,629
Intangibles	—
Total consideration	1,822
Total consideration comprises:	
Cash	1,822

Notes to the financial information continued

For the 28 weeks ended 12 July 2009

12. GOODWILL CONTINUED

PRIOR YEAR ADJUSTMENT CONTINUED

During the period, the net cash outflow arising from this business combination was £1,665,000 which comprised of the cash and cash equivalents acquired of £157,000 less the cash consideration paid of £1,822,000.

The goodwill arising on acquisition is attributable to the highly regarded operation of the businesses acquired, their prominent high street trading positions, the quality of staff taken on and the long-established trading record and consistent cash generation.

It is considered that the fair value of assets acquired is equal to the net book value of assets acquired.

If the acquisition of Classic Leisure (Northern) Limited and Issue Depth Limited had been completed on the first day of the period, the revenue and the operating loss of the Group would have been £6,256,000 and £280,000 respectively.

13. OTHER INTANGIBLE ASSETS

	Licences £'000	Trademarks £'000	Other £'000	Total £'000
Cost				
At 1 January 2009 and at 12 July 2009	485	25	15	525
Amortisation				
At 1 January 2009	20	—	1	21
Charge for the period	26	—	1	27
At 12 July 2009	46	—	2	48
Net book value				
At 12 July 2009	439	25	13	477
At 31 December 2008	465	25	14	504

14. PREMIUMS ON OPERATING LEASES

	Total £'000
Cost or valuation	
At 1 January 2009	440
Additions	14
At 12 July 2009	454
Amortisation	
At 1 January 2009	—
Charge for the period	7
At 12 July 2009	7
Net book value	
At 12 July 2009	447
At 31 December 2008	440

15. PROPERTY, PLANT AND EQUIPMENT

	Land and buildings £'000	Plant and equipment £'000	Fixtures and fittings £'000	Total £'000
Cost				
At 1 January 2009	5,877	1,634	1,213	8,724
Additions	23	100	174	297
Acquired through business combinations	85	133	103	321
Disposals	—	(98)	—	(98)
At 12 July 2009	5,985	1,769	1,490	9,244
Depreciation				
At 1 January 2009	114	85	169	368
Charge for the period	130	323	144	597
Disposals	—	(58)	—	(58)
At 12 July 2009	244	350	313	907
Net book value				
At 12 July 2009	5,741	1,419	1,177	8,337
At 31 December 2008	5,763	1,549	1,044	8,356

16. CASH AND CASH EQUIVALENTS

	12 July 2009 £'000	30 June 2008 £'000	31 December 2008 £'000
Cash at bank and in hand	4,515	7,987	2,334

Cash at bank earns interest at floating rates based on bank deposit rates. Short-term deposits are made for varying periods dependent on the immediate cash requirements of the Company. The book value of cash and cash equivalents approximates to their fair value.

17. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Group's principal financial instruments comprise Sterling cash and bank deposits, the bank loan and trade and other payables that arise directly from its operations.

The main risks arising from the Group's financial instruments are interest rate risk, liquidity risk and credit risk. The Group has no exposure to foreign currency risk (no overseas transactions) or pricing risk (no financial instruments carried at market value). During 2008 and 2009, the Group has not used derivative financial instruments.

INTEREST RATE RISK

The Group finances its operations through a mixture of retained cash and bank borrowings. All of the Group's borrowings are at floating rates of interest.

Notes to the financial information continued

For the 28 weeks ended 12 July 2009

17. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT CONTINUED

LIQUIDITY RISK

Liquidity risk is the risk that the Group is unable to meet its payment obligations associated with its liabilities as they fall due. The Group seeks to manage this risk by ensuring sufficient liquidity is available to meet foreseeable needs and investing cash assets safely and profitably.

CREDIT RISK

Credit risk arises on short-term bank deposits. Policies and procedures exist to ensure that short-term bank deposits are only with highly credit rated authorised counterparties. The Group has no trade receivables.

SHORT-TERM DEBTORS AND CREDITORS

Short-term debtors and creditors have been excluded from all of the following disclosures.

RISK PROFILE OF FINANCIAL ASSETS AND LIABILITIES

The interest rate risk profile of the Group's financial assets and liabilities at the period end were:

	12 July 2009 £'000	30 June 2008 £'000	31 December 2008 £'000
Financial assets			
Deposits on demand	3,648	7,987	1,530
Cash in machines	867	—	804
Financial liabilities			
Term loan	(3,795)	—	(3,795)

The cash deposits summarised above attract floating rates of interest based on LIBOR and are placed with United Kingdom banks.

There are no non-current financial liabilities on which no interest is paid. Interest on the bank loan is paid either monthly or quarterly as it falls due. The interest payable is charged at floating rates of interest linked to LIBOR.

BORROWING FACILITIES

The Group had no undrawn borrowing facilities available at the period end.

FAIR VALUES OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

At the period end all of the book values of the Group's financial assets and liabilities were considered to equate to the fair value. Fair value is the amount at which a financial instrument could be exchanged in an arm's length transaction between informed and willing parties, other than a forced or liquidation sale and excludes accrued interest. Where available, market values have been used to determine fair values. Where market values are not available, fair values have been calculated by discounting expected cash flows at prevailing interest rates.

In the case of bank loans and cash deposits, the fair value approximates to the carrying value reported in the consolidated balance sheet as all balances are at floating rates where payments are reset to market rates at intervals of less than one year.

18. AUTHORISED AND ISSUED SHARE CAPITAL

	12 July 2009	30 June 2008	31 December 2008
Authorised			
Ordinary shares of 10 pence each:			
– number	400,000,000	150,000,000	400,000,000
– nominal value	£40,000,000	£15,000,000	£40,000,000
Issued, called up and fully paid			
Ordinary shares of 10 pence each:			
– number	220,113,638	79,545,455	169,113,638
– nominal value	£22,011,363	£7,954,545	£16,911,363

19. RELATED PARTY TRANSACTIONS

Marwyn Neptune Fund LP, a substantial shareholder in the Company, is managed on an arm's length basis by Marwyn Investment Management LLP. Marwyn Neptune Fund currently holds 84,681,819 ordinary shares via its nominee, Vidacos Nominees Limited, representing 38.5% of the issued equity of the Company. Three Directors are also members of various Marwyn group companies. During the 28 weeks ended 12 July 2009, the Company paid Marwyn Capital LLP £366,750 in fees relating to corporate finance advisory services and Directors' fees (six months ended 30 June 2008: £143,000; year ended 31 December 2008: £297,812).

David Williams is also a Director of Marwyn Partners Limited. During the 28 weeks ended 12 July 2009, the Company paid Marwyn Partners Limited £34,500 for office and infrastructure expenses (six months ended 30 June 2008: £35,000; year ended 31 December 2008: £58,750).

As at 12 July 2009, the Company owed Marwyn Capital LLP £123,625 (six months ended 30 June 2008: £nil; year ended 31 December 2008: £70,125) and Marwyn Partners Limited £3,333 (30 June 2008: £nil; year ended 31 December 2008: £17,500). No amounts have been written off or impaired during the period.

20. OBLIGATIONS UNDER OPERATING LEASES

Future minimum rentals payable under non-cancellable operating leases at 12 July 2009 are as follows:

	12 July 2009 £'000	30 June 2008 £'000	31 December 2008 £'000
Within one year	9	63	54
After one year but not more than five years	1,035	213	461
More than five years	7,999	174	7,135
	9,043	450	7,650

21. POST-BALANCE SHEET EVENT

On 8 September 2009, the Group acquired the entire issued share capital of United Leisure Limited for £1 from United Leisure Centres Limited. United Leisure Limited operates The Crystal Rooms, the iconic AGC venue in Leicester Square, London. Praesepe has also assumed net liabilities on behalf of United Leisure Limited of £3.3 million, which were funded through a new bank loan from RBS of £2.0 million, assuming an existing loan within United Leisure of £0.3 million, and £1.0 million of cash from Praesepe's existing resources.

Independent review report

To the members of Praesepe plc

We have been engaged by Praesepe plc to review the condensed financial information for the 28 weeks ended 12 July 2009 which comprises the consolidated income statement, the consolidated statement of changes in equity, the consolidated balance sheet, the consolidated cash flow statement and related notes 1 to 21. We have read the other information contained in the Interim report and considered whether it contains any apparent misstatements or material inconsistencies with the condensed financial information.

This report is made solely to the Company in accordance with International Standard on Review Engagements (United Kingdom and Ireland) 2410 issued by the Auditing Practices Board. Our work has been undertaken so that we might state to the Company those matters we are required to state to them in an independent review 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 formed.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

The Interim report, including the condensed financial information contained therein, is the responsibility of, and has been approved by, the Directors. The Directors are responsible for preparing the Interim report in accordance with the AIM Rules issued by the London Stock Exchange, which requires that the Interim report must be prepared and presented in a form consistent with that which will be adopted in the Company's annual accounts having regard to the accounting standards applicable to such annual accounts.

Our responsibility is to express to the Company a conclusion on the condensed consolidated financial information in the Interim report based on our review.

The maintenance and integrity of the Praesepe plc website is the responsibility of the Directors; the work carried out by us does not involve consideration of these matters and, accordingly, we accept no responsibility for any changes that may have occurred to the Interim report since it was initially presented on the website.

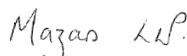
Legislation in the United Kingdom governing the preparation and dissemination of financial information may differ from legislation in other jurisdictions.

SCOPE OF REVIEW

We conducted our review in accordance with International Standard on Review Engagements (United Kingdom 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 United Kingdom. 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 (United Kingdom 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 consolidated financial information in the Interim report for the 28 weeks ended 12 July 2009 is not prepared, in all material respects, in accordance with the AIM Rules issued by the London Stock Exchange.



MAZARS LLP

Chartered Accountants

2 October 2009

Directors and corporate information

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NON-EXECUTIVE CHAIRMAN

NICHOLAS HARDING

DIRECTOR AND
CHIEF EXECUTIVE OFFICER

MATTHEW PROCTOR

DIRECTOR AND
CHIEF FINANCIAL OFFICER

MARK WATTS

NON-EXECUTIVE DIRECTOR

BENJAMIN SHAW

NON-EXECUTIVE DIRECTOR

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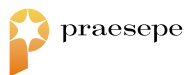
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