

PRESS RELEASE

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Cashino brand grows as Praesepe acquires six AGC's

The development of the Cashino brand of Adult Gaming Centres has taken a further step forward with the announcement that parent company Praesepe plc had added six sites through the acquisition of the entire share capital of Issue Depth Limited and its wholly owned subsidiary, Classic Leisure (Northern) Limited for a total consideration of circa £1.5 million, excluding fees.

The sites are located in two clusters in the North East and North West of England. The acquired sites generated revenue of £1.4 million and underlying EBITDA of £0.3 million in the year to 31 July 2008. The net assets of the acquired business as at 31 July 2008 amounted to £0.5 million.

The acquired sites provide Praesepe with approximately 260 gaming machines across locations that enjoy a strong competitive market position and will add scale to the Group's existing operations. Further investment will take place for site rebranding and refurbishment in line with the market leading standards established by Cashino and the installation of new gaming machines which will take place over the remainder of the calendar year.

In their announcement to the City, Praesepe confirmed that management will ensure that local staff are appropriately re-engaged into the business and incentivised, and will introduce the relevant operational initiatives which have improved the operating performance at the Cashino business. The company added that further improvement in the financial performance is expected through the provision of an experienced management team to the sites and the opportunity to introduce new machines following the increase in stakes and prizes due to come into effect later this month.

Nick Harding, CEO of Praesepe, said: "The sites fit nicely into our Cashino estate and will begin contributing immediately to the bottom line. There is also significant scope for operational development and revenue growth as we upgrade the machine estate to take advantage of the anticipated increase in Category C stakes and prizes. As we continue to successfully integrate new sites like this into our Cashino estate we are increasingly able to leverage our central fixed cost base to provide greater returns on capital. When viewed in conjunction with our new openings on greenfield sites, this acquisition means that we have increased the number of Cashino venues by 30 per cent since making our first acquisition last year.

"There is no doubt that the success of any low stake high volume gaming business is greatly dependent on scale and critical mass. As the market matures, the larger operators will attract and retain a greater proportion of new customers with their ability to sustain significant capital expenditure programmes, promote a common brand across a number of platforms, develop brand loyalty and acquire the latest technology direct from manufacturers. This acquisition is the next step in the implementation of the company's strategy."

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Digital image attached: Nick Harding, CEO, Praesepe

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