Georgica PLC

Annual report and financial statements
for the 52 week period ended 28th December 2003

Company registration number: 4039562

Contents

DIRECTORS, SECRETARY AND ADVISORS

Directors:	Don Hanson (Chairman) Vineet Arora David Barrett Kaye Collins Peter Collins Peter Haspel Alastair Mitchell Margaret Mountford Nicholas Oppenheim Clive Preston Robert Wickham
Company Secretary:	Peter Smith
Registered Office:	39, King Street, London, EC2V 8DQ. Tel: 020 7600 7900
Nominated Advisor:	WestLB Panmure Limited, 25, Basinghall Street, London, EC2V 5HA.
Solicitors:	Herbert Smith, Exchange House, Primrose Street, London, EC2A 2HS.
Stockbroker:	Investec Henderson Crosthwaite, 2, Gresham Street, London, EC2V 7QP.
Auditors:	Deloitte & Touche LLP, Hill House, 1, Little New Street, London, EC4A 3TR.
Registrars:	Capita Registrars, The Registry, 34, Beckenham Road, Beckenham, Kent, BR3 4TU. Tel: 0870 162 3100

Board of directors

Don Hanson – Non-executive chairman (69)
He was a managing partner of Andersen Worldwide from 1989 to 1997 and senior partner of Arthur Andersen in the UK from 1982 to 1989. From July 1999 to July 2000 he was chairman of Northern Leisure PLC. He has been non-executive chairman of Georgica since September 2000.

Vineet Arora – Pricing and IT director (33)
Vineet has a Masters of International Affairs with specialisation in finance and business from Columbia University in the City of New York and has previously worked with Dell Computer and Citibank. He joined Georgica in November 2002 as a pricing and profitability expert and was appointed on 27th November 2003.

David Barrett – Deputy managing director and chairman of Allied Leisure Limited (57)
David worked for 26 years as a legal executive before joining Allied Leisure in October 1989.

Kaye Collins – Managing director, Tenpin Limited (35)
Kaye has many years of leisure sector experience, most recently running the Burger King and bowling estates for Allied Leisure. She joined the group in August 1998 and was appointed on 27th November 2003.

Peter Collins – Managing director, Rileys Limited (46)
Peter has over 20 years experience in the leisure sector, including 9 in senior management: he has previously worked for Luminar Leisure, Rank Leisure Limited and Waterfall Holdings Limited. He joined the group in February 1998 and was appointed on 12th August 2002.

Peter Haspel – Finance director (33)
Appointed 1st March 2004. Peter qualified as a chartered accountant at Arthur Andersen in 1995. He joined Prudential in 1996 where he was ultimately employed as finance director of Prudential UK – Operations, Distribution and Shared Services.

Alastair Mitchell – Managing director (42)
Alastair qualified as a chartered accountant in 1986 and worked as a senior manager at Ernst & Young in London until 1992. He worked for PepsiCo in several roles, before becoming chief financial officer of their Central European bottling businesses. He joined Georgica in January 2001.

Margaret Mountford – Non-executive director (52)
Margaret was a partner at Herbert Smith, solicitors, from 1983 to 1999 during which time she became joint head of corporate finance advising a wide range of clients including various listed companies. Margaret has been a non-executive director of Georgica since September 2000.

Nicholas Oppenheim – Deputy chairman and chief executive (56)
He graduated from Columbia University in the City of New York in 1972 with a Masters degree in Business Administration. Since then he has been a director and substantial shareholder in a number of quoted companies. He joined Georgica in September 2000.

Clive Preston – Non-executive director (67)
Clive has 38 years experience in the leisure industry. From 1992 until 2000 he was managing director of Northern Leisure PLC. Following the takeover of Northern Leisure PLC by Luminar PLC in June 2000 he served as a director of Luminar Leisure Limited until retiring on 30th April 2001 and is Chairman of Nectar Taverns PLC. Clive has been a non-executive director of Georgica since May 2002.

Robert Wickham – Non-executive director (69)
Robert was appointed a non-executive director on 2nd February 2004. Until his retirement in 1993 he was on the Management Board of Bank of Scotland with responsibility for England. He is a non-executive director of Rutland Trust PLC and Secure Trust Banking Group PLC and has been a non-executive director of Luminar PLC and Northern Leisure PLC.

Chairman's statement and operating review

2003 has been a year of progress towards our goal of operating two expanding leisure businesses, each the leader in their respective sectors, within a simple transparent corporate structure. An unaudited segmental analysis has been provided on pages 8 and 9 of this document in order that shareholders may have a fuller understanding of Georgica's results for the period. As can be seen from this table, the results from operations for the year continued to improve.

Bowling

In November, we acquired Duke Street Capital's equity interest in Megabowl for nominal consideration as well as acquiring some £65m of debt due by Megabowl to Duke Street for £23m. Since acquiring this business, substantial improvements have been implemented; all outlets, other than those with onerous leases, were transferred at market value for cash to a new subsidiary of Georgica, Tenpin Limited, and over the next two years all these outlets will become known by the name, "Tenpin"; a substantially reduced central office is being relocated to the Northampton area; the major supply contracts have been renegotiated already and an annual saving of more than a million pounds has been achieved for Tenpin and Rileys taken together; new management has been appointed; a new pricing policy has been introduced. The results have started to become evident. Same outlet sales for our first four months showed a decline of 1.3% compared to a decline of 6.9% for the preceding four months, in each case compared to the corresponding period in the previous year.

The vast majority of these businesses need refurbishment; work will commence shortly. We expect that the fabric of all Tenpin's 38 businesses will have been raised to a satisfactory condition within two years. Over that period we expect continual improvement in Tenpin's operating performance.

Megabowl, itself, continues to operate 12 businesses. Its performance is unsatisfactory due, principally, to its onerous lease commitments. We will commence negotiations shortly with the landlords of these businesses but will continue to provide financial support to Megabowl for the time being. However, Georgica does not believe that benefit would be derived from refurbishing any of these outlets given their onerous lease obligations.

Allied Leisure continues to operate nine bowling businesses; these are referred to in the paragraph dealing with Allied Leisure below.

Rileys

We operate 154 cue sport businesses. Same outlet sales in these businesses grew by 4.1% during the year. In the second half of the year such sales rose by 7.8% and in 2004 to date such sales have risen by 9.5%. This excellent result is derived from improved operational management and from the accelerating refurbishment programme, now in its second year.

To date some 43 businesses have been refurbished, of which 19 are new format Rileys; these new format businesses have performed particularly well, same outlet sales rising by 19.3% during 2003. During 2004 we expect to refurbish 44 outlets. By the end of 2005 all of the estate is expected to be in a satisfactory condition and known by the name "Rileys".

During 2004 we hope to open some six or seven new outlets; we have already acquired sites for three of these new businesses.

During the remainder of this year we anticipate an improvement in margins as a result both of the refurbishment programme and of the improved supply terms which followed the Megabowl acquisition.

Allied Leisure

Allied Leisure comprises 33 Burger King restaurants, 9 tenpin bowling centres and 7 pubs and nightclubs. Trading performance overall improved despite the poor condition and location of these businesses.

Allied is the tenant of 9 unlettable vacant properties. Since January 2003, 6 landlords agreed to a surrender or variation of their leases at a cost to Allied of £3.75 million; as a consequence, rents and related property costs payable were reduced by £2.34 million per annum. However, Georgica has stated previously its intention to provide only limited financial support to Allied Leisure and that such support was not expected to continue beyond the end of 2004. The extent of the support required continues to be unacceptable despite the improved trading performance. On behalf of Allied, Ernst & Young LLP have today written to Allied's principal landlords inviting them to consider proposals to reduce their rental claims against Allied in exchange for Georgica transferring the whole of its equity in Allied Leisure to them as a group. Georgica will continue to provide financial support to Allied Leisure only until such time as Georgica considers that there is no realistic prospect of reaching agreement with those landlords.

Finance

As of 12th March, Georgica had net debt of some £92 million and undrawn facilities of £22 million. Georgica is a highly cash generative business. Its bank facilities and cash generation together are more than its foreseeable cash needs. Should trading continue at present levels your board intends to recommend a modest distribution to shareholders later in the year either by way of dividend or by purchasing the company's shares for cancellation.

In October 32 million ordinary shares were issued for cash at 75p per share in order that, following the acquisition of Megabowl, Georgica's net debt was maintained at prudent levels.

Professional fees, all of which were paid in cash, continue to run at unacceptably high levels as a consequence of the complexity of Allied Leisure and the acquisition and subsequent reorganisation of Megabowl. In aggregate, during the year fees paid to the company's professional advisors amounted to £4.5 million (including fees paid by Megabowl prior to Georgica acquiring 100% of that company). Once Allied ceases to be a part of the group and the onerous leases in Megabowl have been renegotiated or Megabowl has left the group, your board expects to achieve a very material reduction in such costs.

On 2nd February 2004 Bob Wickham was appointed a non-executive director of Georgica. Until his retirement Bob Wickham was on the management board of Bank of Scotland with responsibility for England. He was a non-executive director of Luminar PLC for three years. On 1st March 2004 Peter Haspel was appointed finance director. Peter Haspel trained as a chartered accountant at Arthur Andersen. In 1996 he joined Prudential where, until 27th February 2004, he was a finance director within Prudential's UK business. Victoria Booth resigned on 27th January 2004.

I expect that, when I write this statement next year, Allied Leisure will not form part of the Georgica group. That move in itself will reduce debt, reduce complexity and improve our financial results. I also expect further improvement at Rileys and Tenpin driven by the capital investment programme, the improved purchasing terms and, at Tenpin, the new management.

Hence your board expects Georgica to deliver a stronger performance in 2004 than in 2003.

Don Hanson

12th March 2004

Unaudited segmental analysis

52 week period ended 28th December 2003

The analysis on this page and page 9 has been adjusted from the information shown in the consolidated profit and loss account to explain more clearly the results of the group and its interest in Megabowl, as explained in the foot notes.

	Rileys		Tenpin		Georgica overheads		Less Duke Street's interest in Tenpin		Georgica consolidated including share of Tenpin but excluding Allied and Megabowl	
£000	2003	2002	2003	2002	2003	2002	2003	2002	2003	2002
Turnover	53,235	51,759	64,582	66,619	-	-	27,019	33,310	90,798	85,068
EBITDA before rent	20,132	19,408	19,606	21,892	-	-	8,204	10,946	31,534	30,354
Rent	(3,251)	(3,122)	(6,765)	(6,567)	(7)	-	(2,885)	(3,283)	(7,138)	(6,406)
EBITDA before overheads and movement on provisions	**16,881**	**16,286**	**12,841**	**15,325**	**(7)**	**-**	**5,319**	**7,663**	**24,396**	**23,948**
Overheads	(4,331)	(4,364)	(3,656)	(3,465)	(1,653)	(1,309)	(1,629)	(1,733)	(8,011)	(7,405)
EBITDA before movement on provisions and non-recurring items	**12,550**	**11,922**	**9,185**	**11,860**	**(1,660)**	**(1,309)**	**3,690**	**5,930**	**16,385**	**16,543**
Reorganisation of the group	(244)	-	(1,715)	(345)	(258)	-	-	(172)	(2,217)	(173)
Property disposal profit/(loss)	-	446	167	(25)	-	-	83	(13)	84	434
Net movement on provisions and other non cash items	489	351	152	826	-	-	76	413	565	764
EBITDA	**12,795**	**12,719**	**7,789**	**12,316**	**(1,918)**	**(1,309)**	**3,849**	**6,158**	**14,817**	**17,568**
Depreciation										
- freehold property	(383)	(392)	(274)	(456)	-	-	(114)	(228)	(543)	(620)
- long leasehold property	(142)	(139)	(356)	(189)	-	-	(132)	(94)	(366)	(234)
- short leasehold property	(2,861)	(3,205)	(2,032)	(3,210)	-	-	(883)	(1,605)	(4,010)	(4,810)
- fixtures, fittings & equipment	(2,692)	(2,639)	(3,974)	(3,240)	-	-	(1,599)	(1,620)	(5,067)	(4,259)
Impairment	(338)	(190)	639	(2,977)	-	-	319	(1,489)	(18)	(1,678)
Depreciation and impairment - operations	**(6,416)**	**(6,565)**	**(5,997)**	**(10,072)**	**-**	**-**	**(2,409)**	**(5,036)**	**(10,004)**	**(11,601)**
Depreciation – non-operating assets	(357)	(340)	(277)	(139)	(29)	-	(109)	(69)	(554)	(410)
Total depreciation and impairment	**(6,773)**	**(6,905)**	**(6,274)**	**(10,211)**	**(29)**	**-**	**(2,518)**	**(5,105)**	**(10,558)**	**(12,011)**
Operating profit / (loss)	**6,022**	**5,814**	**1,515**	**2,105**	**(1,947)**	**(1,309)**	**1,331**	**1,053**	**4,259**	**5,557**
Net interest										
Attributable Megabowl net interest										
Bank charges										
Attributable Megabowl bank charges										
Release of Allied provision										
Goodwill credit/(charge)										
Profit / (loss) before taxation										

For all of 2002 and 44 weeks of 2003 Georgica owned 50% of the Megabowl group's shares and loan stock. On 3rd November 2003, Georgica acquired Duke Street Capital's 50% of the equity of the Megabowl group for nominal consideration and acquired debts due from Megabowl to Duke Street Capital with a face value including accrued interest of £64.7million for £22.7million. On 28th December 2003, 38 Megabowl properties were transferred to a new company, Tenpin Limited, leaving 12 trading properties in Megabowl Limited. The results of the Megabowl group for both 2003 and 2002 have been allocated between Tenpin (the 38 bowls) and Megabowl (the 12 bowls and others sold or closed before November 2003) in this segmental analysis.

The Duke Street interest in Tenpin and Megabowl represents the share of Megabowl's results attributable to the former joint venture partner, Duke Street Capital, prior to Georgica's acquisition of Megabowl in November. This is a 50% share for the whole of 2002 and for the first 44 weeks of 2003. From 3rd November 2003 all of the results of Tenpin and Megabowl are attributable to the Georgica group. The presentation in this segmental analysis is different from the presentation in the profit and loss account as the group's share of the results of Tenpin and Megabowl has been brought into each line of this analysis.

The results of Tenpin and Megabowl shown above exclude loan stock interest payable to Georgica, and the results of Georgica exclude the corresponding loan stock interest receivable.

Unaudited segmental analysis (continued)

52 week period ended 28th December 2003

£000	Georgica consolidated including share of Tenpin but excluding Allied and Megabowl 2003	2002	Allied Leisure 2003	2002	Megabowl 2003	2002	Less Duke Street's interest in Megabowl 2003	2002	Georgica consolidated including Allied and share of Tenpin and Megabowl 2003	2002
Turnover	90,798	85,068	30,315	32,096	14,451	17,385	6,146	8,692	129,418	125,857
EBITDA before rent	31,534	30,354	5,173	5,552	3,535	3,562	1,567	1,781	38,675	37,687
Rent	(7,138)	(6,406)	(4,956)	(6,432)	(4,283)	(3,862)	(1,839)	(1,931)	(14,538)	(14,769)
EBITDA before overheads and movement on provisions	**24,396**	**23,948**	**217**	**(880)**	**(748)**	**(300)**	**(272)**	**(150)**	**24,137**	**22,918**
Overheads	(8,011)	(7,405)	(2,438)	(2,110)	(818)	(904)	(341)	(452)	(10,926)	(9,967)
EBITDA before movement on provisions and non-recurring items	**16,385**	**16,543**	**(2,221)**	**(2,990)**	**(1,566)**	**(1,204)**	**(613)**	**(602)**	**13,211**	**12,951**
Reorganisation of the group	(2,217)	(173)	(56)	-	-	(372)	-	(186)	(2,273)	(359)
Property disposal profit/(loss)	84	434	(170)	-	(477)	(1,011)	(240)	(505)	(323)	(72)
Net movement on provisions and other non cash items	565	764	1,326	904	1,150	1,116	471	558	2,570	2,226
EBITDA*	**14,817**	**17,568**	**(1,121)**	**(2,086)**	**(893)**	**(1,471)**	**(382)**	**(735)**	**13,185**	**14,746**
Depreciation										
- freehold property	(543)	(620)	-	(26)	-	(3)	-	(2)	(543)	(647)
- long leasehold property	(366)	(234)	(26)	(34)	(8)	(30)	(4)	(15)	(396)	(283)
- short leasehold property	(4,010)	(4,810)	(535)	(578)	(203)	(547)	(90)	(274)	(4,658)	(5,661)
- fixtures, fittings & equipment	(5,067)	(4,259)	(1,191)	(1,111)	(317)	(535)	(141)	(268)	(6,434)	(5,637)
Impairment	(18)	(1,678)	(213)	(152)	(2,305)	(1,752)	(1,140)	(876)	(1,396)	(2,706)
Depreciation and impairment - operations	**(10,004)**	**(11,601)**	**(1,965)**	**(1,901)**	**(2,833)**	**(2,867)**	**(1,375)**	**(1,435)**	**(13,427)**	**(14,934)**
Depreciation – non operating assets	(554)	(410)	(29)	-	-	-	-	-	(583)	(410)
Total depreciation and impairment	**(10,558)**	**(12,011)**	**(1,994)**	**(1,901)**	**(2,833)**	**(2,867)**	**(1,375)**	**(1,435)**	**(14,010)**	**(15,344)**
Operating profit / (loss)**	**4,259**	**5,557**	**(3,115)**	**(3,987)**	**(3,726)**	**(4,338)**	**(1,757)**	**(2,170)**	**(825)**	**(598)**
Net interest									(2,695)	(3,127)
Attributable Megabowl net interest									(3,558)	(3,367)
Bank charges									(857)	(155)
Attributable Megabowl bank charges									(498)	(1,194)
Release of Allied provision									823	1,177
Goodwill credit/(charge)									119	(3,981)
Profit / (loss) before taxation									**(7,491)**	**(11,245)**

* EBITDA represents earnings before interest (except notional interest on provisions of £1,310,000, being £994,000 in the group and £316,000 in the joint venture (2002: £1,520,000 in total)), tax, depreciation, asset impairment and amortisation of goodwill, but excluding the release of a provision of £823,000 (2002: £1,177,000) in respect of the carrying value of Allied Leisure and adjusted for bank charges of £52,000 (2002: £113,000) classified by Megabowl within operating profit.

**Operating profit/(loss) in the above analysis has been adjusted from loss on ordinary activities before finance charges for the same notional interest on provisions, Allied provision release and bank charges as EBITDA above, and for a goodwill credit of £119,000 in 2003 (2002: charge of £3,981,000).

Rent is shown before provision release. Net interest excludes notional interest on provisions of £1,310,000 (2002: £1,520,000) which has been included within movement on provisions, and bank charges in Megabowl of £52,000 (2002: £113,000). Property disposal profit/(loss) is only in respect of property disposals, and does not include the gain or loss on the disposal of other fixed assets. Depreciation and impairment are inclusive of the group's share of Megabowl's depreciation and impairment in the period to acquisition.

Directors' report

The directors present their annual report on the affairs of the group, together with the audited financial statements for the 52 week period ended 28th December 2003.

Principal activities

The principal activities of the group comprise the provision of leisure activities. These include pool and snooker clubs (cue sports), ten pin bowling centres and the operation of franchised restaurants.

The subsidiary undertakings principally affecting the profits or net assets of the group in the period are listed in note 12 to the financial statements.

Business review

Details of the group's performance during the period and expected future developments are contained in the Chairman's statement and operating review.

Results and dividends

The audited financial statements for the 52 week period ended 28th December 2003 are set out on pages 27 to 61. The group loss for the period before taxation was £7,491,000 (2002: £11,245,000) and after taxation was £7,512,000 (2002: £9,178,000).

The directors do not recommend the payment of a dividend for the period to 28th December 2003 (2002: £nil).

Directors

The directors during the period, or who have been appointed since the period end were as follows:

		Date of appointment/ resignation
Don Hanson	Non-executive chairman	
Vineet Arora	Pricing and IT director	Appointed 27th November 2003
David Barrett	Deputy managing director and chairman, Allied Leisure Limited	
Victoria Booth		Resigned 27th January 2004
Nicholas Clayton	Non-executive director	Resigned 20th May 2003
Kaye Collins	Managing director, Tenpin Limited	Appointed 27th November 2003
Peter Collins	Managing director, Rileys Limited	
Peter Haspel	Finance director	Appointed 1st March 2004
Alastair Mitchell	Managing director	
Margaret Mountford	Non-executive director	
Nicholas Oppenheim	Deputy chairman & chief executive	
Clive Preston	Non-executive director	
Robert Wickham	Non-executive director	Appointed 2nd February 2004

Don Hanson, Margaret Mountford, Clive Preston and Robert Wickham are each members of the audit committee (chaired by Don Hanson), the remuneration committee (chaired by Margaret Mountford) and the nomination committee (chaired by Clive Preston).

Vineet Arora, Kaye Collins, Peter Haspel and Robert Wickham have been appointed directors during the period or since the period end and offer themselves for re-election. David Barrett, Peter Collins, Alastair Mitchell, Margaret Mountford, Nicholas Oppenheim and Clive Preston retire by rotation at the next annual general meeting and, being eligible, offer themselves for re-election.

Directors' interests

	Ordinary shares of 5p each		Convertible ordinary shares of 50p each	
	28th December 2003	29th December 2002	28th December 2003	29th December 2002
Don Hanson	610,500	610,500	-	-
Vineet Arora	-	-	-	-
David Barrett	12,832	12,832	-	-
Victoria Booth*	4,655	266	-	-
Kaye Collins*	7,264	-	-	-
Peter Collins*	7,264	3,486	-	-
Peter Haspel	-	-	-	-
Alastair Mitchell*	18,924	12,681	-	-
Margaret Mountford	25,000	25,000	-	-
Nicholas Oppenheim	500,000	500,000	1,015,230	1,015,230
Clive Preston	605,000	605,000	-	-

* The number of ordinary shares held by these directors includes ordinary shares held in trust under the share incentive plan, details of which are provided in the remuneration report.

Supplier payment policy

The group's policy for settlement of debts is to maintain satisfactory relationships with suppliers whilst maximising shareholder value. Trade creditors of the group at 28th December 2003 were equivalent to 42 days purchases (2002: 38 days).

Substantial shareholdings

Other than the directors' interests disclosed on page 12, on 11th March 2004 the company had been notified in accordance with sections 198 to 208 of the Companies Act 1985 of the following interests in the ordinary share capital of the company.

	Number of 5p ordinary shares	Percentage of 5p ordinary shares
Schroder Investment Management Limited	19,760,866	19.93%
M & G Investment Management	11,126,208	11.22%
Fidelity Investments	10,817,046	10.91%
UBS Global Asset Management	7,142,465	7.20%
Insight Investment Management Limited	4,580,520	4.62%

In addition, N M Oppenheim, B S Oppenheim and S A Oppenheim each have an interest in 507,615 convertible ordinary shares representing in total 60% of that class of share.

Placing

£23.2 million (net of costs) of new capital was raised by the issue of 32,000,000 ordinary shares by means of a placing completed on 29th October 2003.

Acquisition of the company's own shares and Scheme of Arrangement

In 2002 the company proposed a Scheme of Arrangement under Section 425 of the Companies Act, which was sanctioned by the High Court of Justice on 27th November 2002, whereby shareholders holding less than 999 shares were given the opportunity to cease being shareholders. In accordance with the Scheme of Arrangement the company received the sanction of the High Court on 10th January 2003 for a reduction of a further 431,898 ordinary shares relating to these shareholders.

Further to a shareholders' resolution dated 27th May 2002, during 2003 the company purchased for cancellation 206,150 ordinary shares for a total consideration of £85,623.

A resolution to give the company authority to make market purchases of up to 14,872,500 of the company's shares, having a nominal value of £743,625 and representing approximately 15% of its current issued ordinary shares will be presented to shareholders at the Annual General Meeting.

Disabled employees

Applications for employment by disabled persons are always fully considered bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled efforts are made to ensure that their employment with the group continues and that appropriate training is arranged. It is the policy of the group that the training, career development and promotion of disabled persons should as far as possible be identical with that of other employees.

Employee consultation

The group attaches importance to good communications and relations with employees. Meetings are held to fulfil the objective when appropriate.

Auditors

On 1st August 2003 Deloitte & Touche transferred their business to Deloitte & Touche LLP, a limited liability partnership incorporated under the Limited Liability Act 2000. The Group's consent has been given to treating the appointment of Deloitte & Touche as extending to Deloitte & Touche LLP with effect from 1st August 2003 under the provisions of section 26(5) of the companies Act 1989. Deloitte & Touche LLP have expressed their willingness to continue in office as auditors and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

39, King Street,
London,
EC2V 8DQ.

12th March 2004

By order of the board,

Peter Smith
Company Secretary

Corporate governance statement

Georgica PLC is committed to high standards of corporate governance as set out in the Principles of Good Governance and Code of Best Practice (the "Combined Code") issued by the London Stock Exchange in June 1998 and appended to the Listing Rules of the Financial Services Authority. Although as an AIM listed company Georgica PLC is not required to comply with the Combined Code, the directors of Georgica PLC have stated their intention, to the extent possible, to conduct the affairs of Georgica PLC as though it were listed on the Official List.

Statement of compliance with the Code of Best Practice

Throughout the period ended 28th December 2003 the company has been in compliance with the code provisions set out in section 1 of the Combined Code on Corporate Governance, with the exception of certain code provisions implemented during 2003 as identified below, certain provisions not implemented at the Allied Leisure, Tenpin or Megabowl subsidiaries and provision whereby the directors can seek independent advice at the company's cost.

Statement of Applying Principles of Good Governance

The company has applied the Principles of Good Governance set out in section 1 of the Combined Code by complying with the Code of Best Practice to the extent reported above. Further explanations of how the principles have been applied are set out below and, in connection with the directors' remuneration, in the directors' remuneration report.

The board

The company believes its balance of executive and non-executive directors to be appropriate; the number of non-executive directors has remained at four (three for a part of 2003) whilst the number of executive directors has increased from five to seven.

In May 2003 the board agreed a schedule of matters specifically reserved for board approval.

The board has sought to ensure that directors are properly briefed on issues arising at board meetings by establishing procedures for; distributing board papers in advance of meetings; considering the adequacy of the information provided before making decisions; adjourning meetings or deferring decisions when directors have concerns about the information available to them; having a standing agenda item to consider the timeliness and quality of information; and making the company secretary responsible to the board for the timeliness and quality of information.

Remuneration committee

The remuneration committee consists of the four non-executive directors and is chaired by Margaret Mountford. The purpose of the committee is to ensure that the executive directors and their senior executives are fairly, but responsibly, rewarded for their individual contributions to the performance of the company. This is done independently of the executive directors avoiding any possible conflicting personal interests and with due regard to the interests of the shareholders. Recommendations are made with respect to individual remuneration and the overall framework of remuneration of senior executives in accordance with the general terms of reference of the committee. Further details are given in the remuneration committee report on page 18.

Audit committee

The audit committee consists of the four non-executive directors and is chaired by Don Hanson. This committee reviews the financial statements and monitors financial procedures and policies including statutory reporting and compliance. Meetings are held usually twice a year and are normally attended by the company's auditors. Executive directors may also attend the meetings as requested by the chairman.

Nomination committee

The nomination committee consists of the four non-executive directors and is chaired by Clive Preston. Its purpose is to make recommendations to the board on the appointment of new executive and non-executive directors. Meetings shall normally be held at such times as the committee deems appropriate but shall not be less than once a year. The nomination committee was established in mid 2003.

Communication with shareholders

Communication with shareholders is given a high priority. In addition to the publication of the annual report and an interim report, there is regular dialogue with shareholders and analysts. The Annual General Meeting is attended by all directors and is considered to be an important forum for communicating with private shareholders, allowing them to raise questions with the board.

Risk assessment

A formal annual risk assessment process was established from May 2003 for Rileys' cue sports business. A similar process will be implemented for Tenpin, the bowling business which is now wholly owned by the group. Risks are assessed and measured on a four point scale for impact and likelihood, the assessment then being used as the basis for prioritising the risks and raising the most significant to the attention of the audit committee and the board.

Internal control

The board is ultimately responsible for the group's system of internal control and for reviewing its effectiveness. This review of internal controls now includes the Tenpin business, since completion of its acquisition in November 2003. Through discussion with management throughout the business, risks are identified and plans established to minimise them. In considering the risk assessment and maintenance of controls, only reasonable and not absolute assurance against misstatement or loss can be provided.

The key procedures in place to enable the directors to discharge these responsibilities are as follows:

A comprehensive system of financial reporting based on annual budgets is in place, which are agreed at board level. Detailed trading results are reported weekly for key line items, and monthly for all items and compared with budget. Periodic forecasts are prepared during the year and reviewed by the board.

Operational and financial control procedures at unit level are reviewed periodically with a senior management team responsible for the development of company policy and procedures.

All capital expenditure is subject to a detailed approval and appraisal process, and monthly performance reviews at individual project level.

The operation of an internal audit department focused primarily on cash and inventory controls, and on the adequacy of the security at each of the units. They report their findings on a regular basis and assist in addressing issues when risks are identified.

Going Concern

Disclosure on going concern is given in the statement of accounting policies on page 33.

As well as complying with the provisions of the Code as disclosed in the company's corporate governance statement, the board has applied the principles of board governance relating to directors' remuneration as disclosed below.

This report has been prepared as if the Directors' Remuneration Report Regulations 2002 applied. The report also meets the relevant requirements of the Listing Rules of the Financial Services Authority and describes how the board has applied the Principles of Good Governance relating to directors' remuneration. A resolution to approve the report will be proposed at the Annual General Meeting of the company at which the financial statements will be approved.

We have asked our auditors to audit the parts of the remuneration report that they would be required to audit if Georgica PLC was a listed company, and to state whether in their opinion that part of the report has been properly prepared in accordance with Schedule VII A of the Companies Act 1985.

Unaudited information

Remuneration Committee

The company has established a remuneration committee which is constituted in accordance with the recommendations of the Combined Code. Membership of the remuneration committee comprises the following non-executive directors; Margaret Mountford (Chairman), Don Hanson, Clive Preston and Robert Wickham, none of whom has day-to-day involvement in running the business. The remuneration committee meets at least once a year to determine the company's policy on executive directors' remuneration, to review that remuneration and to consider and decide upon grants under the company's long-term incentive scheme.

Remuneration Policy

The company's remuneration policy is to provide compensation packages at market rates and retain the directors to run the company successfully. The company allows executive directors to accept appointments and receive payments from sources outside the group, subject to the approval of the board on a case by case basis.

Basic Salary

The salary of individual directors is reviewed with effect from 1st January each year. Account is taken of the performance of the individual concerned, together with any change in responsibilities that may have occurred and the salary levels of similar roles in comparable companies.

Directors are able to forego a part of their salary to participate in a health care plan. During the period directors were also able to forego a part of their salary in consideration for the provision of a company car.

Bonus payments

Nicholas Oppenheim does not participate in any of the company's incentive schemes.

A discretionary bonus scheme exists for the executive directors and other senior managers. The performance conditions relate to the achievement of financial targets designed to enhance the business and the achievement of individual objectives. Two thirds of the bonus is paid in cash. One third of the bonus is used to buy shares in Georgica PLC. Payments are made two months after they are earned. The shares are held in a bonus scheme account for an average 2.5 years after which they vest automatically. Participants have the option to increase the proportion of bonus made in shares from one third to 50% or 75%.

Pensions

All directors make their own pension arrangements.

Performance table

The following table shows the company's share price performance since the date of admission to the Alternative Investment Market (AIM), relative to the AIM All Share index.

Date	**AIM All Share index**		**Georgica PLC**	
	Level	Ratio	Price	Ratio
9th October 2000	1,728.1	100.00	108.5p	100.00
29th December 2000	1,437.8	83.20	76p	70.05
30th March 2001	1,171.9	67.81	70.5p	64.98
29th June 2001	1,137.0	65.79	98p	90.32
28th September 2001	820.5	47.48	76p	70.05
31st December 2001	879.8	50.91	91p	83.87
28th March 2002	841.2	48.68	109.5p	100.92
28th June 2002	760.5	44.01	113.5p	104.61
30th September 2002	605.1	35.02	85.5p	78.80
27th December 2002	602.9	34.89	69p	63.59
31st March 2003	542.7	31.40	31.5p	29.03
30th June 2003	641.4	37.12	54p	49.77
30th September 2003	751.9	43.51	78.5p	72.35
28th December 2003	818.3	47.35	77.5p	71.43

Directors' contracts

It is the company's policy that executive directors should have rolling contracts with a six month notice period. New directors will be offered a six month notice contract. Existing directors will reduce to a six month contract as detailed in the schedule below.

Name of director	Date of contract	Notice period
Executive directors		
Vineet Arora	23rd December 2003	6 months
David Barrett	23rd December 2003	11 months*
Kaye Collins	27th January 2004	6 months
Peter Collins	23rd December 2003	11 months*
Peter Haspel	1st March 2004	6 months
Alastair Mitchell	19th December 2003	11 months*
Nicholas Oppenheim	30th November 2000	6 months
Non-executive directors		
Don Hanson	30th November 2000	6 months
Margaret Mountford	30th November 2000	6 months
Clive Preston	1st May 2002	6 months
Robert Wickham	2nd February 2004	6 months

* David Barrett, Peter Collins and Alastair Mitchell have an 11 month notice period currently which will reduce to 10 months from 1st July 2004, to 9 months from 1st January 2005, to 8 months from 1st July 2005 and to 6 months from 1st January 2006. Compensation for this change is listed in the remuneration table below.

Non-executive directors

The basic fee paid to each non-executive director in the period was £20,000, except for the chairman who was paid £30,000. The non-executives receive further fees for additional work performed for the company. In 2003 no additional amounts were paid (2002: £8,000). Non-executive directors cannot participate in any of the company's incentive schemes.

Audited information

Aggregate remuneration

The remuneration of the directors was as follows:	52 week period to 28th December 2003	52 week period to 29th December 2002
	£	£
Emoluments	834,011	575,116
Compensation for loss of office	-	163,702
	834,011	738,818

Director	Salary	Fees	Bonus	Benefits*	Service contract buy out	Total 2003	Total 2002
	£	£	£	£	£	£	£
Don Hanson	-	30,000	-	-	-	30,000	30,000
Vineet Arora (appointed 27th November 2003)	8,452	-	-	251	-	8,703	-
David Barrett	82,175	-	31,413	3,761	32,500	149,849	38,290
Victoria Booth (resigned 27th January 2004)	105,957	-	-	956	-	106,913	9,448
Nicholas Clayton (resigned 20th May 2003)	-	7,718	-	-	-	7,718	20,000
Kaye Collins (appointed 27th November 2003)	8,767	-	-	35	-	8,802	-
Peter Collins	116,009	-	-	1,137	28,750	145,896	39,432
Alastair Mitchell	177,509	-	-	1,445	44,125	223,079	171,753
Margaret Mountford	-	20,000	-	-	-	20,000	20,000
Nicholas Oppenheim	93,635	-	-	19,416	-	113,051	103,941
Clive Preston	-	20,000	-	-	-	20,000	21,333
Former directors							284,621
Total	592,504	77,718	31,413	27,001	105,375	834,011	738,818

* These amounts are the estimated taxable benefits provided to directors. Other than an amount of £19,416 in respect of a car provided to Nicholas Oppenheim under his service contract, the directors chose to waive a proportion of salary equivalent to the cost of the provision of these benefits.

No third party fees were incurred.

The compensation for former directors in 2002 includes payments made in 2003 of £81,825.

Long-term incentives

Vineet Arora, David Barrett, Kaye Collins, Peter Collins and Alastair Mitchell participate in the Georgica PLC Executive Participation Plan, which is a long-term incentive plan linked to growth in shareholder value. Grants of options over performance shares to directors under the plan are decided by the remuneration committee in order to align their longer-term objectives with those of the group. Participants receive an option over a number of performance shares. The performance share is a unit of measurement for the purposes of calculating rewards under the plan and is equivalent in value to one ordinary share in the company. The option over performance shares enables the participant to realise a cash sum (or, at the discretion of the remuneration committee, a number of ordinary shares) subject to the satisfaction of performance criteria and continuing employment. The performance criteria is currently linked to a growth in the market value of the share price from the date the options were granted to the exercise date.

	Performance shares at 28th December 2003	Exercise price	Period exercisable
Vineet Arora	300,000	£0.78	28th November 2007 to 28th November 2011
David Barrett	18,750	£1	1st July 2005 to 1st July 2006
	431,250	£0.78	28th November 2007 to 28th November 2011
Kaye Collins	12,500	£1	1st July 2005 to 1st July 2006
	437,500	£0.78	28th November 2007 to 28th November 2011
Peter Collins	25,000	£1	1st July 2005 to 1st July 2006
	425,000	£0.78	28th November 2007 to 28th November 2011
Alastair Mitchell	300,000	£1	1st July 2005 to 1st July 2009
	450,000	£0.78	28th November 2007 to 28th November 2011

The first batch of options over performance shares was granted on 1st July 2001. 60% of Alastair Mitchell's options in this batch are exercisable in the year from 1st July 2005 and 10% on each subsequent anniversary. The second batch of options over performance shares was granted on 28th November 2003. 60% of the options in this batch are exercisable in the year from 28th November 2007 and 10% on each subsequent anniversary. In both cases the exercisable part of an option lapses on the first anniversary of its becoming exercisable. Peter Haspel will be granted 450,000 options under similar terms as the 28th November 2003 grants.

The mid-market price of ordinary 5p shares in the company at 28th December 2003 was 77.5p (2002: 69.0p), and the range during the year was 31.5p to 81.5p (2002: 69.0p to 120.5p).

Share options

The company has introduced an Inland Revenue approved share incentive plan, the Georgica Partnership Plan (GPP) during the period. Under the plan employees including eligible directors who have been employed with Georgica 12 months or more are entitled to free shares in the company, subject to certain restrictions and forfeiture. Under the GPP employees also have the opportunity to purchase shares in the company each month at market value. The shares purchased by employees will be matched by the company with further shares, which again are subject to certain restrictions and forfeiture. Vineet Arora, Kaye Collins, Peter Collins and Alastair Mitchell are members of the GPP.

This report was approved by the board of directors on 12th March 2004 and signed on its behalf by:

Margaret Mountford
Chairman
Remuneration Committee

12th March 2004

Statement of directors' responsibilities

Financial statements

United Kingdom company law requires the directors to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the company and the group as at the end of the financial period and of the profit or loss of the group for that period.

In preparing the financial statements, the directors are required to; select suitable accounting policies and then apply them consistently; make judgements and estimates that are reasonable and prudent; and state whether applicable accounting standards have been followed.

Other matters

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and group and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for the system of internal control, for safeguarding the assets of the company and group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent auditors' report

To the members of Georgica PLC

We have audited the financial statements of Georgica PLC for the 52 week period ended 28th December 2003 which comprise the statutory profit and loss account, the statutory balance sheets, the cash flow statement, the statement of accounting policies and the related notes numbered 1 to 29 and exclude the unaudited non-GAAP information presented alongside the statutory profit and loss account and group statutory balance sheet together with the related note 30. These financial statements have been prepared under the accounting policies set out therein. We have also audited the information in the part of the directors' remuneration report that is described as having been audited.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As described in the statement of directors' responsibilities, the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards. They are also responsible for the preparation of the other information contained in the annual report. Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and auditing standards.

We report to you our opinion as to whether the financial statements give a true and fair view and whether the financial statements and the part of the directors' remuneration report described as having been audited have been properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company and other members of the group is not disclosed.

We review whether the voluntary corporate governance statement reflects the company's compliance with the seven provisions of the Combined Code specified for review by the Listing Rules of the Financial Services Authority as if the company was admitted to the Official List, and we report if it does not. We are not required to consider whether the board's statements on internal control cover all risks and controls, or form an opinion on the effectiveness of the group's corporate governance procedures or its risk and control procedures.

We read the directors' report and the other information contained in the annual report for the above period as described in the contents section including the unaudited part of the directors' remuneration report and the unaudited non-GAAP financial information presented alongside the statutory profit and loss account and the group statutory balance sheet together with the related note 30 and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

Basis of opinion

We conducted our audit in accordance with United Kingdom auditing standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements and of whether the accounting policies are appropriate to the circumstances of the company and the group, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion:

- the financial statements give a true and fair view of the state of affairs of the company and of the group as at 28th December 2003 and of the loss of the group for the 52 week period then ended;

- the financial statements and part of the directors' remuneration report described as having been audited have been properly prepared in accordance with the Companies Act 1985.

Deloitte & Touche LLP

Deloitte & Touche LLP
Chartered Accountants and Registered Auditors

London

12th March 2004

Consolidated profit and loss account

for the 52 week period ended 28th December 2003

	Notes	52 week period to 28th December 2003 £000	52 week period to 29th December 2002 £000	Unaudited non-GAAP information 52 week period to 28th December 2003 £000
Turnover				
- existing business and share of joint venture (Megabowl)		116,715	125,857	86,400
- acquisitions - Megabowl		12,703	-	12,703
		129,418	125,857	99,103
Less: Share of turnover of joint venture (Megabowl)		(33,165)	(42,002)	(33,165)
Group turnover	1	96,253	83,855	65,938
Cost of sales		(47,100)	(38,063)	(29,231)
Gross profit		49,153	45,792	36,707
Operating costs				
Other operating expenses (net)	2, 3	(47,618)	(42,850)	(33,824)
Goodwill impairment	3	-	(3,981)	-
Total operating costs		(47,618)	(46,831)	(33,824)
Group operating profit / (loss) - existing operations		2,832	(1,039)	4,180
- acquisitions		(1,297)	-	(1,297)
		1,535	(1,039)	2,883
Share of operating loss of joint venture (Megabowl)		(104)	(1,218)	(104)
(Loss) / profit on sale of fixed assets		(56)	262	(10)
Profit/(loss) on ordinary activities before finance charges		1,375	(1,995)	2,769
Finance charges (net)	6			
Group		(5,417)	(4,791)	(4,287)
Group interest receivable from joint venture (Megabowl)		3,428	4,052	3,428
		(1,989)	(739)	(859)
Share of joint venture (Megabowl)		(6,877)	(8,511)	(6,877)
		(8,866)	(9,250)	(7,736)
Loss on ordinary activities before taxation		(7,491)	(11,245)	(4,967)
Tax (charge) / credit on loss on ordinary activities	7	(21)	2,067	299
Retained loss for the period		(7,512)	(9,178)	(4,668)
Loss per share	9			
Basic loss per share		(9.7) p	(14.8) p	(6.0) p
Diluted loss per share		(9.7) p	(14.8) p	(6.0) p

All results are derived from continuing operations.

The 2003 unaudited non-GAAP information, which has not been prepared under UK Generally Accepted Accounting Principles but is consistent with the group's stated accounting policies other than in respect of consolidation, excludes the results of Allied Leisure Limited and its subsidiaries ("Allied Leisure"). The directors consider that the provision of this supplementary information is helpful for shareholders as the group will only provide the most limited further financial support to Allied Leisure. A reconciliation of this supplementary information to the consolidated profit and loss account is shown in note 30.

Consolidated balance sheet

at 28th December 2003

	Notes	2003 £000	2002 £000	Unaudited non-GAAP information 2003 £000
Fixed assets				
Negative goodwill	10	(10,444)	-	(10,444)
Other intangible fixed assets	10	100	125	100
Intangible assets		(10,344)	125	(10,344)
Tangible fixed assets	11	191,658	92,714	178,388
Investments	12	28	-	28
		191,686	92,714	178,416
Investment in joint venture (Megabowl)				
Share of gross assets	14	-	59,624	-
Share of gross liabilities	14	-	(84,128)	-
Share of net liabilities	14	-	(24,504)	-
Share of loan stock	14	-	40,489	-
	12	-	15,985	-
		181,342	108,824	168,072
Current assets				
Stocks	15	3,282	1,012	2,966
Debtors	16	11,954	4,784	9,756
Cash at bank and in hand		4,952	3,374	4,827
		20,188	9,170	17,549
Creditors: amounts falling due within one year	17	(35,765)	(60,087)	(29,175)
Net current liabilities		(15,577)	(50,917)	(11,626)
Total assets less current liabilities		165,765	57,907	156,446
Creditors: amounts falling due after more than one year	18	(89,296)	(174)	(85,411)
Provisions for liabilities and charges	19	(15,685)	(12,847)	(7,079)
Net assets		60,784	44,886	63,956
Capital and reserves				
Called up share capital	21	6,226	4,658	6,226
Share premium account	22	34,841	13,240	34,841
Special capital reserve	22	49	27	49
Capital redemption reserve	22	31	21	31
Merger reserve	22	56,882	56,882	56,882
Other reserve arising on consolidation	22	676	-	676
Profit and loss account	22	(37,921)	(29,942)	(34,749)
Shareholders' funds – equity interests		60,784	44,886	63,956

Consolidated balance sheet
at 28th December 2003

The 2003 unaudited non-GAAP information, which has not been prepared under UK Generally Accepted Accounting Principles but is consistent with the group's stated accounting policies other than in respect of consolidation, excludes the assets and liabilities of Allied Leisure. The directors consider that the provision of this supplementary information is helpful for shareholders as the group will only provide the most limited further financial support to Allied Leisure. A reconciliation of this supplementary information to the consolidated balance sheet is shown in note 30.

These financial statements were approved by the board of directors on 12th March 2004 and signed on its behalf by:

Alastair Mitchell

Nicholas Oppenheim

Company balance sheet
at 28th December 2003

	Notes	2003 £000	2002 £000
Fixed assets			
Tangible fixed assets	11	55	61
Investments	12	62,702	41,965
		62,757	42,026
Current assets			
Debtors	16	60,329	53,825
Cash at bank and in hand		3,084	2,249
		63,413	56,074
Creditors: amounts falling due within one year	17	(41,802)	(76,193)
Net current assets / (liabilities)		21,611	(20,119)
Total assets less current liabilities		84,368	21,907
Creditors: amounts falling due after more than one year	18	(37,316)	-
Net assets		47,052	21,907
Capital and reserves			
Called up share capital	21	6,226	4,658
Share premium account	22	34,841	13,240
Special capital reserve	22	49	27
Capital redemption reserve	22	31	21
Profit and loss account	22	5,905	3,961
Shareholders' funds – equity interests		47,052	21,907

These financial statements were approved by the board of directors on 12th March 2004 and signed on its behalf by:

A J Mitchell

Alastair Mitchell

Nicholas Oppenheim

Consolidated cash flow statement

for the 52 week period ended 28th December 2003

	Notes	52 week period to 28th December 2003 £000	52 week period to 29th December 2002 £000
Net cash inflow from operating activities	24	6,799	2,991
Returns on investments and servicing of finance	25	(4,707)	(3,231)
Taxation	25	24	2,471
Capital expenditure and financial investment	25	(4,647)	(446)
Acquisitions and disposals	25	(25,970)	-
Cash (outflow) / inflow before management of liquid resources and financing		(28,501)	1,785
Financing	25	30,213	(3,994)
Increase / (decrease) in cash in the period	26	1,712	(2,209)

Consolidated statement of total recognised gains and losses

for the 52 week period ended 28th December 2003

	Notes	52 week period to 28th December 2003 £000	52 week period to 29th December 2002 £000
Loss for the financial period		(7,512)	(9,178)
Credit to reserves arising on acquisition of 50% of Megabowl not previously owned	13	676	-
Total recognised gains and losses		(6,836)	(9,178)

Statement of accounting policies

The principal accounting policies are summarised below. They have all been applied consistently throughout the period and the preceding period.

Basis of accounting
The financial statements have been prepared under the historical cost convention and in accordance with applicable United Kingdom accounting standards. Compliance with the method for piecemeal acquisitions set out in FRS 2 Accounting for Subsidiary Undertakings requires departure from the requirements of the Companies Act 1985 relating to the calculation of goodwill and an explanation of the departure is given below.

Basis of consolidation
The consolidated financial statements incorporate the financial statements of Georgica PLC and all its subsidiary undertakings (together "the group"), for the period from 30th December 2002 to 28th December 2003. The comparative 2002 accounts covered the period from 31st December 2001 to 29th December 2002.

The results of subsidiaries acquired or sold are consolidated for the periods from or to the date on which control passed. Acquisitions are accounted for under the acquisition method.

The group acquired the remaining 50% of Megabowl Group Limited ("Megabowl") which it did not already own on 3rd November 2003. From this date Megabowl has been treated as a subsidiary and its results have been consolidated. Prior to this date, the group's 50% investment in Megabowl has been treated as a joint venture. The group profit and loss account includes the group's 50% share of the results of Megabowl for the period to 3rd November 2003.

The directors have not applied the one stage method of calculating goodwill required by Schedule 4A paragraph 9 of the Companies Act. Instead, they have applied the method set out in FRS 2 Accounting for Subsidiary Undertakings, as they believe that it is necessary to depart from the Act's requirements in order to give a true and fair view. Accordingly, the directors have calculated goodwill arising on Megabowl becoming a subsidiary as the sum of goodwill arising from each purchase of shares in Megabowl adjusted as necessary for any subsequent impairment. Goodwill arising on each purchase has been calculated as the difference between the cost of shares and the fair value at the date of that purchase of the identifiable assets and liabilities attributable to the shares purchased. The difference between the goodwill calculated on this method and that calculated on the method provided by the Act is shown in reserves. This calculation is set out in full in note 13.

In the opinion of the directors, using the method required by the Companies Act to calculate goodwill would not give a true and fair view because it would have the effect that the group's share of losses accounted for in respect of the original 50% investment would become reclassified as goodwill, such that negative goodwill would have reduced by £7,760,000. These amounts exclude any goodwill arising on Georgica's acquisition of Allied Leisure in 2000 that related to Allied Leisure's 50% interest in Megabowl, as all goodwill arising was subsequently written-off as impaired and it is not practicable to determine the amount related to the Megabowl interest.

Adoption of going concern basis

Certain subsidiary companies within the former Allied Leisure group have been, and may continue to be, reliant on financial support from Georgica PLC although the company has stated that it will only provide the most limited further financial support. Megabowl Limited, an operating subsidiary of Georgica PLC since November 2003, is also reliant on financial support from other group companies. The directors of Georgica PLC have considered the ability of Allied Leisure Limited and its subsidiaries and Megabowl Limited to continue as going concerns for a period of only one month and have resolved to continue supporting Allied Leisure Limited and its subsidiaries and Megabowl Limited for the time being but this situation is subject to review at any time. The accounts of Allied Leisure Limited and its subsidiaries and Megabowl Limited have been prepared on the going concern basis for the purposes of inclusion in the group accounts. Accordingly the group accounts do not include any adjustments in respect of these subsidiaries that would result from a withdrawal of financial support.

Turnover

Turnover represents amounts receivable for goods and services provided in the normal course of business, net of trade discounts, VAT and other sales related taxes. All turnover arises in the UK.

Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted. Deferred tax is not recognised when fixed assets are sold and it is more likely than not that the taxable gain will be rolled over, being charged to tax only if and when the replacement assets are sold.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

Intangible assets - goodwill

Positive goodwill arising on the acquisition of subsidiary undertakings, representing any excess of the fair value of the consideration given over the fair value of the identifiable assets and liabilities acquired, is capitalised and amortised on a straight line basis over its useful economic life up to a presumed maximum of 20 years. It is reviewed for impairment in the first financial period following acquisition and in other periods if events or changes in circumstances indicate that the carrying value may not be recoverable.

Negative goodwill is similarly included in the balance sheet and is credited to the profit and loss account in the periods in which the acquired non-monetary assets are recovered through depreciation or sale.

If a subsidiary or business is subsequently sold or closed, any goodwill arising on acquisition that has not been amortised through the profit and loss account is taken into account in determining the profit or loss on sale or closure.

Intangible assets - trademarks

Trademarks are included at cost and depreciated in equal annual instalments over a period of 5 years which is their estimated useful economic life. Provision is made for any impairment.

Tangible fixed assets

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment. The cost of freehold and leasehold buildings includes the trading potential of the leisure businesses operated at those premises. Depreciation is provided on all tangible fixed assets, other than freehold land, at rates calculated to write off the cost or valuation, less estimated residual value, of each asset on a straight line basis over its expected useful life, as follows:

Freehold land and buildings	50 years
Long leasehold premises	The shorter of 50 years, their estimated useful lives, or remaining lease periods
Short leasehold premises	The shorter of their estimated useful lives or remaining lease periods
Fixtures, fittings and equipment	Between 3 and 20 years
Bowling lanes	Between 20 and 50 years

Residual value is calculated based upon prices prevailing at the date of acquisition or latest revaluation.

Impairment is measured by reference to the higher of net realisable value, estimated based on a multiple of earnings, and estimated future cash flows (value in use) using a discount rate of 10%.

Investments

Except as stated below, fixed asset investments are stated at cost less any provision for impairment in value. Current asset investments are stated at the lower of cost and net realisable value.

In the company balance sheet, for investments in subsidiaries acquired for consideration including the issue of shares qualifying for merger relief, cost is measured by reference to the nominal value only of the shares issued. Any premium is ignored.

The investment in the share incentive plan is stated at cost, less amortisation of cost charged on a straight line basis over the period until the rights to the shares vest with the recipients.

Stocks

Stocks are stated at the lower of cost and net realisable value. Cost is calculated as cost of purchase on a first in, first out basis based on normal levels of activity. Net realisable value is based on estimated selling price, less further costs expected to be incurred to completion and disposal. Provision is made for obsolete, slow-moving or defective items where appropriate.

Pensions

The amount charged to the profit and loss account in respect of pension costs and other post-retirement benefits for defined contribution schemes is the contributions payable in the period. The company has now ceased making such pension contributions.

In addition, a subsidiary of the group operated a defined benefit scheme until 30th June 2001, when it commenced winding up procedures (see note 27).

Leasing and hire purchase commitments

Assets held under finance leases and hire purchase contracts, which are those where substantially all the risks and rewards of ownership of the asset have passed to the group and company, are capitalised in the balance sheet and are depreciated over the shorter of the lease terms and their useful lives. The capital element of future obligations under leases and hire purchase contracts are included as liabilities in the balance sheet. The interest element of the rental obligations is charged to the profit and loss account on a sum of the digits method over the period of the lease.

Rentals paid in respect of operating leases are charged to the profit and loss account on a straight line basis over the term of the lease. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight line basis over the lease term, except where the period to the review date on which the rent is first expected to be adjusted to the prevailing market rate is shorter than the full lease term, in which case the shorter period is used.

Onerous lease commitments

Provisions are recognised for the present value of onerous leases and vacant properties.
Notional interest is charged in respect of the unwinding of the discounts.

Finance costs

Finance costs of debt are recognised in the profit and loss account over the term of the debt at a constant rate on the carrying amount.

Debt

Debt is initially stated at the amount of the net proceeds after deduction of issue costs. The carrying amount is increased by the finance cost in respect of the accounting period and reduced by payments made in the period.

Derivative financial instruments

The group uses derivative financial instruments to reduce exposure to interest rate movements. The group does not hold or issue derivative financial instruments for speculative purposes. For an interest rate swap to be treated as a hedge the instrument must be related to actual assets or liabilities or a probable commitment and must change the nature of the interest rate by converting a fixed rate to a variable rate or vice versa. Interest differentials under these swaps are recognised by adjusting net interest payable over the periods of the contracts.

If an instrument ceases to be accounted for as a hedge, for example because the underlying hedged position is eliminated, the instrument is marked to market and any resulting profit or loss recognised at that time.

1 Segment information

Classes of business:

52 weeks ended 28th December 2003	Rileys (Cue sports) £000	Megabowl (Bowls) £000	Non core £000	Group £000
Group turnover*	53,235	12,703	30,315	96,253
Segment operating profit / (loss)	6,860	(1,297)	(2,171)	3,392
Common costs				(1,857)
Operating profit				1,535
Share of operating loss in joint venture (Megabowl)				(104)
Loss on sale of fixed assets				(56)
Finance charges (net)				(1,989)
Share of finance charges of joint venture (Megabowl)				(6,877)
Loss on ordinary activities before taxation				(7,491)
Segment net assets / (liabilities)	65,352	86,572	2,244	154,168
Unallocated net financing liabilities				(93,384)
Net assets				60,784

* Turnover arises wholly in the UK

With the acquisition of Megabowl on 3rd November 2003 and subsequent reorganisation of the Megabowl subgroup, the group has been substantially simplified and refocused on two operational divisions, Rileys and Tenpin. In the 8 weeks from acquisition to 28th December 2003 the operations remained in Megabowl. On 28th December 2003 Tenpin was formed from a reorganisation of the Megabowl businesses and has 38 bowling venues. Megabowl, which retained twelve bowling venues with onerous lease obligations and Allied Leisure, are now considered by the directors to be non-core to the group.

The results of Tenpin and Megabowl have been consolidated from 3rd November 2003. Group turnover excludes the group's share of the turnover of Megabowl prior to the acquisition, which totalled £33.2 million for the ten months to 3rd November 2003.

1 Segment information (continued)

52 weeks ended 29th December 2002	Rileys (Cue sports) £000	Non core £000	Group £000
Group turnover*	51,759	32,096	83,855
Segment operating profit / (loss)	5,552	(3,902)	1,650
Common costs, net			1,292
Goodwill impairment			(3,981)
Operating loss			(1,039)
Share of operating loss in joint venture (Megabowl)			(1,218)
Profit on sale of fixed assets			262
Finance charges (net)			(739)
Share of finance charges of joint venture (Megabowl)			(8,511)
Loss on ordinary activities before taxation			(11,245)
Segment net assets / (liabilities)	77,449	3,180	80,629
Share of joint venture (Megabowl) net assets			15,985
Unallocated net financing liabilities			(51,728)
Net assets			44,886

* Turnover arises wholly in the UK

Group turnover excludes the group's share of joint venture turnover of £42 million for the period from Megabowl.

The presentation of this table has been aligned with the presentation adopted for 2003, with allocation of common costs across segments where possible. There is no column for Megabowl as it was a 50% joint venture throughout 2002.

2 Other operating expenses (net)

	52 week period to 28th December 2003 £000	52 week period to 29th December 2002 £000
Other operating expenses		
Depreciation of tangible fixed assets	9,545	8,464
Rent, rates, and service charges	15,103	13,744
Salaries and associated costs	5,844	5,572
Other	17,774	16,392
	48,266	44,172
Other operating income	(648)	(1,322)
	47,618	42,850

3 Group operating profit/(loss)

		52 week period to 28th December 2003 £000	52 week period to 29th December 2002 £000
Operating profit/(loss) is stated after (crediting)/charging:			
Amortisation of negative goodwill		(119)	-
Depreciation of tangible fixed assets		9,545	8,464
Impairment of fixed assets		577	342
Release of unused onerous lease provision		(1,026)	(314)
Impairment of goodwill arising on the acquisition of Allied Leisure Limited		-	3,981
Allied Leisure Limited – shortfall in realisable value		(823)	(1,177)
Property rentals	– operating leases	8,711	7,656
Hire of plant and machinery	– operating leases	146	292
Auditors' remuneration	– group	185	173
Other auditors' remuneration		66	-

A £2 million charge recorded in 2001 relating to Allied Leisure Limited represented the directors' best estimate of the potential shortfall in realisable value of the remaining Allied Leisure businesses if disposed of as a whole at that time. £823,000 of this was released in 2003 (2002: £1,177,000) as the potential shortfall reduced as a result of losses reported by Allied Leisure Limited in the period.

Depreciation includes £36,800 (2002: £37,000) charged on assets held under finance leases and hire purchase contracts.

Amounts payable to Deloitte & Touche LLP and their associates by the company and its UK subsidiary undertakings in respect of non-audit services were £257,000 (2002: £288,000) including £nil charged to the share premium account (2002: £25,000).

Other auditors' remuneration is in respect of amounts payable to PriceWaterhouseCoopers for the audits of the Tenpin and Megabowl subgroup. The other auditors also received non-audit fees of £38,000.

3 Group operating profit/(loss) (continued)

A more detailed analysis of the remuneration of the group's principal auditors is provided below:

	52 week period to 28th December 2003		52 week period to 29th December 2002	
	£000	%	£000	%
Services as auditors	185	42	173	38
Further assurance services				
Reviews of interim accounts	34	8	37	8
Accountants' report	-	-	25	5
Tax compliance	20	4	20	4
	239	54	255	55
Tax advisory services	173	39	166	36
Other non-audit services				
VAT advice	12	3	30	7
Advice on implementation of share incentive scheme	15	3	10	2
Covenant compliance	3	1	-	-
	30	7	40	9
	442	100	461	100

4 Staff costs

The average monthly number of employees of the group during the period, including executive directors, was as follows:

	52 week period to 28th December 2003	52 week period to 29th December 2002
	Number	Number
Weighted average number of employees		
Staff	2,535	2,318
Administration	115	101
Unit management	482	412
	3,132	2,831

On 28th December 2003, 5,206 (2002: 2,755) employees were employed by the group.

4 Staff costs (continued)

Staff costs for all employees, including executive directors, consist of:

	52 week period to 28th December 2003 £000	52 week period to 29th December 2002 £000
Wages and salaries	27,898	26,773
Social security costs	1,944	1,640
Other pension costs (note 27)	12	5
	29,854	28,418

5 Directors' remuneration and transactions

Details of directors' remuneration are disclosed in the directors' remuneration report on pages 18 to 23.

6 Finance charges (net)

	52 week period to 28th December 2003 £000	52 week period to 29th December 2002 £000
Interest payable and similar charges		
Bank loans and overdrafts	(3,510)	(3,198)
Finance leases and hire purchase contracts	(10)	(17)
Amortisation of commitment fee	(333)	(155)
Cost of amending loan agreements	(578)	-
Other	(71)	(33)
	(4,502)	(3,403)
Share of joint venture (Megabowl) interest payable	(6,877)	(8,511)
	(11,379)	(11,914)
Interest income		
Interest receivable	79	121
Interest receivable from joint venture (Megabowl) on Discounted Subordinated Unsecured Loan Notes 2007	3,428	4,052
	3,507	4,173
Other interest		
Notional interest on unwinding discount on provisions (note 19)	(994)	(1,509)
Finance charges (net)		
Interest payable and similar charges	(11,379)	(11,914)
Less: interest income	3,507	4,173
Notional interest on unwinding discount on provisions (note 19)	(994)	(1,509)
	(8,866)	(9,250)

7 Tax (charge) / credit on loss on ordinary activities

The tax (charge) / credit comprises:	52 week period to 28th December 2003 £000	52 week period to 29th December 2002 £000
Current tax		
UK corporation tax	-	-
Deferred tax		
Origination and reversal of timing differences (note 16)	(21)	2,067
	(21)	2,067

The differences between the total current tax shown above and the amount calculated by applying the standard rate of UK corporation tax to the profit before tax is as follows:

Group loss on ordinary activities before tax	(7,491)	(11,245)
Tax on group loss on ordinary activities at standard UK corporation tax rate of 30% (2002: 30%)	(2,247)	(3,374)
Effects of:		
Expenses not allowable for tax purposes:		
Goodwill impairment	-	1,194
Amortisation of negative goodwill	(36)	-
Share of joint venture losses	1,066	1,703
Other costs	269	50
Capital allowances in excess of depreciation	3,050	1,371
Carry forward and (utilisation) of losses	1,798	(415)
Movement in short term timing differences	-	341
Fair value adjustments allowable for tax	-	(870)
Investment in joint venture	(3,900)	-
Group current tax charge for period	-	-

8 Result attributable to Georgica PLC

The result for the financial period dealt with in the accounts of the parent company, Georgica PLC, was a profit of £2,411,000 (2002: £nil). As permitted by Section 230 of the Companies Act 1985, no separate profit and loss account is presented in respect of the parent company.

9 Loss per share

The calculation of basic loss per share is based on the loss attributable to ordinary shareholders divided by the weighted average number of shares in issue during the period.

9 Loss per share (continued)

The potential dilutive effect of the shares held by the Georgica Share Incentive Plan Limited, the assumed conversion of convertible ordinary shares and reconciliation of losses are set out below. As the result for the period is a loss, the diluted loss per share is restricted to the basic loss per share. However, the adjusted earnings per share calculation has been shown to demonstrate the basis of diluted earnings per share had the group not made a loss.

	Basic		Diluted	
	2003	2002	2003	2002
	£000	£000	£000	£000
Loss for the financial period	(7,512)	(9,178)	(7,512)	(9,178)

	2003		2002	
	Number of shares	Pence per share	Number of shares	Pence per share
Weighted average number of shares:				
Basic and diluted earnings per share	77,543,927	(9.7) p	62,063,046	(14.8) p
Effect of shares held by the Georgica Share Incentive Plan Limited and convertible shares	80,173		1,175,680	
Adjusted earnings per share	77,624,100	(9.7) p	63,238,726	(14.5) p
Effective number of shares in issue at the period end, assuming maximum conversion	109,302,300		77,940,348	

Convertible ordinary shares convert to ordinary shares based upon a combination of the passage of time and changes in the ordinary share price or if certain other events occur as specified in the company's Articles of Association.

For the purposes of calculating the weighted average number of shares for basic loss per share the ratio of conversion for the convertible ordinary shares was 2.033898 (2002: 1.570681) ordinary shares for each convertible share. This was the rate at which the shares could have been converted on 28th December 2003 had the option been exercised (see note 21). The rights and benefits attaching to each convertible ordinary share at 28th December 2003 were equivalent to those attaching to 2.033898 (2002: 1.570681) ordinary shares.

For diluted loss per share the ratio of conversion for the convertible ordinary shares was also 2.033898 (2002: 2.033898) ordinary shares for each convertible ordinary share. Based upon the share price at 28th December 2003 this was the maximum rate the shares could be converted at in the future based upon the passage of time. Consequently, the convertible ordinary shares did not have a dilutive effect on loss per share in 2003.

The maximum rate of conversion, subject to necessary adjustments resulting from a change in the capital structure of Georgica, is currently 4.0 ordinary shares for 1 convertible ordinary share. The convertible ordinary shares will also convert at the rate of 4.0 ordinary shares for 1 convertible ordinary share in the event that an offer for the company is posted.

9 Loss per share (continued)

The Georgica Share Incentive Plan Limited acquired 105,041 ordinary shares in the period to be offered as "matching" or "free" shares to members of the plan. The effect of these shares on loss per share in 2003 is shown above.

10 Intangible fixed assets

	Trademarks	Negative goodwill	Total
	£000	£000	£000
Cost			
At 30th December 2002	125	-	125
Additions			
Acquisition of Megabowl (note 13)	-	(10,563)	(10,563)
At 28th December 2003	125	(10,563)	(10,438)
Amortisation			
At 30th December 2002	-	-	-
Charge for the period	25	-	25
Negative goodwill written back	-	(119)	(119)
At 28th December 2003	25	(119)	(94)
Net book value			
At 28th December 2003	100	(10,444)	(10,344)
At 29th December 2002	125	-	125

Negative goodwill arising on the acquisition of Megabowl is being written back to the profit and loss account over a period of 28 years, representing the average period over which the acquired non-monetary assets are expected to be recovered through depreciation or sale. The credit to the group profit and loss account will be greater in the early years of this period, as the related depreciation charge is greater.

11 Tangible fixed assets

Group	Business valuation: Freehold land and buildings £000	Business valuation: Long leasehold premises £000	Business valuation: Short leasehold premises £000	Fixtures, fittings and equipment £000	Total £000
Cost					
At 30th December 2002	29,258	7,454	44,083	29,529	110,324
Additions	-	-	7	4,572	4,579
Acquisition of Megabowl	19,874	27,464	29,422	27,752	104,512
Disposals	-	-	(11)	(336)	(347)
Adjustments to cost	118	-	(153)	35	-
At 28th December 2003	49,250	34,918	73,348	61,552	219,068
Depreciation					
At 30th December 2002	824	336	7,028	9,422	17,610
Charge for the period	464	261	3,767	5,053	9,545
Impairment losses	-	-	299	278	577
Disposals	-	-	-	(322)	(322)
Adjustments to depreciation	(9)	(47)	108	(52)	-
At 28th December 2003	1,279	550	11,202	14,379	27,410
Net book value					
At 28th December 2003	47,971	34,368	62,146	47,173	191,658
At 29th December 2002	28,434	7,118	37,055	20,107	92,714

Company	Freehold land and buildings £000	Long leasehold premises £000	Short leasehold premises £000	Fixtures, fittings and equipment £000	Total £000
Cost					
At 30th December 2002	-	-	-	99	99
Additions	-	-	-	23	23
At 28th December 2003	-	-	-	122	122
Depreciation					
At 30th December 2002	-	-	-	38	38
Charge for the period	-	-	-	29	29
At 28th December 2003	-	-	-	67	67
Net book value					
At 28th December 2003	-	-	-	55	55
At 29th December 2002	-	-	-	61	61

11 Tangible fixed assets (continued)

The net book value of fixtures, fittings and equipment includes an amount of £nil (2002: £373,000) in respect of assets held under hire purchase contracts. These contracts ended in 2003. The depreciation charge for the period in respect of these assets was £36,800 (2002: £37,000).

Freehold land, amounting to £9 million (2002: £5.6 million) for the group has not been depreciated.

12 Fixed asset investments

	Share incentive plan £000	Joint venture (Megabowl) £000	Total £000
Group			
Cost			
At 30th December 2002	-	15,985	15,985
Share of retained loss for the period to 3rd November 2003 (note 14)	-	(6,981)	(6,981)
Accrued interest on loan stock (note 14)	-	3,428	3,428
Adjustment on acquisition of remaining 50% (note 13)	-	(12,432)	(12,432)
Share incentive plan	37	-	37
At 28th December 2003	37	-	37
Amortisation			
Charge for the period	9	-	9
At 28th December 2003	9	-	9
Net book value			
At 28th December 2003	28	-	28
At 29th December 2002	-	15,985	15,985

	Share incentive plan £000	Subsidiaries shares £000	Subsidiaries loans £000	Total £000
Company				
Cost				
At 30th December 2002	-	41,965	-	41,965
Additions	-	-	20,709	20,709
Share incentive plan	37	-	-	37
At 28th December 2003	37	41,965	20,709	62,711
Amortisation				
Charge for the period	9	-	-	9
At 28th December 2003	9	-	-	9
Net book value				
At 28th December 2003	28	41,965	20,709	62,702
At 29th December 2002	-	41,965	-	41,965

12 Fixed asset investments (continued)

On 3rd November 2003, Georgica PLC acquired Duke Street Capital's 50% of Megabowl equity for nominal consideration and acquired debts due from Megabowl to Duke Street Capital, its former joint venture partner, with a face value including accrued interest of £64.7million for £22.7million. The consideration for the acquisition was paid in cash from the net proceeds of a placing of new ordinary shares of the company. The effect of the acquisition on these group accounts is set out in note 13.

Principal group investments

The parent company and the group have investments in the following subsidiary undertakings, which principally affected the results and net assets of the group. Details of investments which are not significant have been omitted.

	Country of registration	Country of incorporation and operation	Principal activity	Percentage of ordinary shares held
Companies directly owned by Georgica PLC				
Georgica Bowling Limited	England & Wales	Great Britain	Investment Company	100%
Rileys Limited (formerly Georgica Cue Sports Limited)	England & Wales	Great Britain	Leisure	100%
Georgica Realisations Limited	England & Wales	Great Britain	Holding Company	100%
Georgica Share Incentive Plan Limited	England & Wales	Great Britain	Share Incentive Plan	100%
Companies owned indirectly by Georgica PLC				
Allied Leisure Limited	England & Wales	Great Britain	Holding Company	100%
Allied Restaurants Limited*	England & Wales	Great Britain	Food sales	100%
Cue Sports Limited*	England & Wales	Great Britain	Leisure	100%
European Leisure Limited*	Ireland	Ireland	Holding Company	100%
European Leisure (UK) Limited*	England & Wales	Great Britain	Holding Company	100%
European Leisure Retail Limited*	England & Wales	Great Britain	Leisure	100%
F.T.B. Limited*	England & Wales	Great Britain	Leisure	100%
Leisure Asset Management Limited*	England & Wales	Great Britain	Leisure	100%
Megabowl Limited**	England & Wales	Great Britain	Bowling	100%
Megabowl Group Limited**	England & Wales	Great Britain	Holding Company	100%
Megabowl Services (CI) Limited**	Guernsey	Guernsey	Machine Management Svcs	100%
Pondtrail Limited**	England & Wales	Great Britain	Holding Company	100%
Radion Leisure Limited*	England & Wales	Great Britain	Leisure	100%
Tempest EJRB Limited*	England & Wales	Great Britain	Leisure	100%
Tenpin Limited**	England & Wales	Great Britain	Bowling	100%
Tenpin Finance Limited**	England & Wales	Great Britain	Holding Company	100%
Tenpin Group Limited**	England & Wales	Great Britain	Holding Company	100%
Waterfall Holdings Limited*	England & Wales	Great Britain	Leisure	100%

* These companies are all either directly or indirectly held subsidiaries of Allied Leisure Limited.

** These companies are all either directly or indirectly held subsidiaries of Georgica Bowling Limited and were acquired with the Megabowl acquisition on 3rd November 2003 or were established as part of the reorganisation of the Tenpin group which completed on 28th December 2003.

13 Acquisition of Megabowl

On 3rd November 2003, Georgica PLC acquired Duke Street Capital's 50% of Megabowl shares for nominal consideration and acquired debts due from Megabowl to Duke Street Capital with a face value including accrued interest of £64.7 million for £22.7 million.

The following table sets out the book values of the identifiable assets and liabilities of Megabowl and a provisional estimate of their fair value to the Georgica group.

	Megabowl book value £000	Eliminations £000	Sub total £000	Revaluation £000	Provisional fair value £000	Notes
Fixed assets						
Tangible	89,731	-	89,731	14,781	104,512	a
Current assets						
Stocks	2,196	-	2,196	-	2,196	
Debtors	2,672	-	2,672	-	2,672	
Deferred tax	-	-	-	1,700	1,700	b
Cash	-	-	-	-	-	
Total assets	94,599	-	94,599	16,481	111,080	
Creditors under one year						
Bank overdrafts and loans	(2,722)	-	(2,722)	(292)	(3,014)	c
Trade creditors	(2,877)	-	(2,877)	-	(2,877)	
Other creditors and accruals	(4,170)	-	(4,170)	-	(4,170)	
Creditors greater than one year						
Bank loans	(46,981)	-	(46,981)	-	(46,981)	
Loan stock	(107,976)	87,273	(20,703)	-	(20,703)	c, d
Provisions						
Provision for onerous contracts	(7,119)	-	(7,119)	-	(7,119)	
Total liabilities	(171,845)	87,273	(84,572)	(292)	(84,864)	
Net assets/(liabilities)	(77,246)	87,273	10,027	16,189	26,216	
Negative goodwill					(10,563)	e
					15,653	
Satisfied by:						
Cash paid					2,000	d, f
Costs associated with the acquisition					545	
					2,545	
Fair value attributable to interest in Megabowl acquired by Georgica on acquisition of Allied Leisure on 9th October 2000				20,868		
Georgica share of losses to 3rd November 2003, net of accrued loan stock interest				(8,436)		
Equity carrying value of initial 50% interest at 3rd November 2003					12,432	
Transfer to other reserve arising on consolidation					676	
					15,653	

13 Acquisition of Megabowl (continued)

(a) The fair value of tangible fixed assets, principally comprising 50 trading tenpin bowling businesses based in freehold and leasehold premises, was estimated by the directors based on the trading potential of each business.

(b) Recognition has been made of the estimated fair value of past trading losses which are available for carry forward and offset against future taxable profits.

(c) A loan from Duke Street Capital, and accrued interest, was acquired for cash consideration of £20.7 million, equal to its book value, by Georgica PLC. Related deferred financing costs of £292,000 have been adjusted for as they have no value to the group.

(d) The 50% of the unsecured loan notes 2007 and accrued interest not previously owned by the group, which had a book value of £43.98 million, were acquired for cash consideration of £2 million, their agreed fair value. Related deferred financing costs of £682,000 which were being amortised over the life of the loan, have been adjusted for as they have no value to the group.

(e) The negative goodwill has been computed in respect of the acquisition of the 50% of Megabowl not previously held by the group.

(f) The 50% of the shares of Megabowl Group Limited, not previously owned by the group were acquired for a nominal cash consideration of £1.

An amount of £245,000 has been charged to the group profit and loss account for costs incurred in reorganising the Megabowl group (now the Tenpin group) following the acquisition.

The summarised profit and loss account of Megabowl for the period from 30th June 2003 to 3rd November 2003 was as follows:

Profit and loss account	£000
Turnover	25,492
Cost of sales	(23,741)
Gross profit	1,751
Other operating expenses (net)	(548)
Profit before interest	1,203
Finance charges (net)	(5,863)
Loss on ordinary activities before and after taxation	(4,660)

The loss after tax of Megabowl for the year to 29th June 2003, its last reported period was £29.0 million, after a write off of goodwill of £14.6 million.

14 Investment in joint venture (Megabowl)

The group's 50% share of the results of Megabowl prior to the acquisition are as follows:

	44 week period to 3rd November 2003	52 week period to 29th December 2002
	£000	£000
Turnover	33,165	42,002
Profit before impairment charges, interest, tax, depreciation and amortisation	3,789	5,321
Impairment charges	(821)	(2,364)
Depreciation and amortisation	(3,072)	(4,175)
	(104)	(1,218)
Interest	(6,877)	(8,511)
Taxation	-	-
Loss on ordinary activities after taxation	(6,981)	(9,729)

The group's 50% investment in Megabowl comprised:-

	3rd November 2003	29th December 2002
	£000	£000
Fixed assets	52,001	55,358
Current assets	2,436	4,266
Liabilities due within one year	(4,884)	(5,325)
Debt and finance costs due within one year	-	(5,139)
Debt due after more than one year	(77,478)	(69,557)
Share of provisions	(3,560)	(4,107)
Share of net liabilities	(31,485)	(24,504)
Share of loan stock	43,917	40,489
	12,432	15,985

	Share of net liabilities	Share of loan stock	Total
	£000	£000	£000
Net book value at 30th December 2002	(24,504)	40,489	15,985
Share of retained loss for the period	(6,981)	-	(6,981)
Accrued interest	-	3,428	3,428
Net book value at 3rd November 2003	(31,485)	43,917	12,432

On completion of the acquisition of the 50% of Megabowl not previously owned on 3rd November 2003, this investment balance was adjusted to be consistent with the fair value of 50% of Megabowl's assets and liabilities which were consolidated from that date (note 13). The difference of £676,000 was credited to other reserve arising on consolidation.

15 Stocks

	Group 2003 £000	Group 2002 £000	Company 2003 £000	Company 2002 £000
Consumables	3,282	1,012	-	-

There is no material difference between the replacement cost of stocks and their balance sheet value.

16 Debtors

	Group 2003 £000	Group 2002 £000	Company 2003 £000	Company 2002 £000
Trade debtors	657	149	-	-
Amounts owed by subsidiary undertakings	-	-	55,048	53,819
Amounts owed by joint venture (Megabowl)	-	30	-	-
Other debtors	206	361	-	-
Other prepayments and accrued income	8,229	3,061	31	6
Deferred tax	2,862	1,183	-	-
Dividends receivable from subsidiary undertakings	-	-	5,250	-
	11,954	4,784	60,329	53,825

Deferred tax asset is provided as follows:

	28th December 2003 £000	29th December 2002 £000
Group		
Capital allowances in excess of depreciation	1,162	1,438
Other timing differences	1,700	(255)
	2,862	1,183

Of the brought forward asset, £21,000 has been charged to the profit and loss account. The asset has increased by £1.7 million with the acquisition of Megabowl.

A deferred tax asset has not been recognised in respect of further timing differences relating to future benefit of capital allowances, tax losses and other items as there is insufficient evidence that the asset will be recovered. The amount of asset not recognised is £19,500,000 (2002: £3,520,000).

Deferred tax has not been provided in respect of gains realised that have been rolled over into the acquisition cost of replacement assets. This tax will become payable if the replacement assets are sold and further rollover relief is not obtained. The estimated amount of tax that would become payable in these circumstances is £1,823,000 (2002: £1,823,000).

17 Creditors – amounts falling due within one year

	Group 2003 £000	Group 2002 £000	Company 2003 £000	Company 2002 £000
Bank overdrafts	6,404	6,538	4,013	-
Bank loans	3,537	37,314	2,496	32,314
Obligations under hire purchase contracts (note 18)	-	158	-	-
Loan stock	-	226	-	-
Trade creditors	9,565	4,932	-	-
Amounts owed to subsidiary undertakings	-	-	35,050	43,879
Amounts owed to joint venture (Megabowl)	-	10	-	-
Corporation tax	214	190	-	-
Other tax and social security	5,419	3,246	-	-
Other creditors	1,544	944	-	-
Accruals and deferred income	9,082	6,529	243	-
	35,765	60,087	41,802	76,193

The bank loans and overdrafts are secured on properties of certain subsidiary undertakings.

18 Creditors – amounts falling due after more than one year

	Group 2003 £000	Group 2002 £000	Company 2003 £000	Company 2002 £000
Bank loans	89,246	-	37,316	-
Accruals and other creditors	50	174	-	-
	89,296	174	37,316	-

Borrowings are repayable as follows:

Bank loans	Group 2003 £000	Group 2002 £000	Company 2003 £000	Company 2002 £000
Between one and two years	43,134	-	37,316	-
Between two and five years	46,112	-	-	-
	89,246	-	37,316	-
Within one year	3,537	37,314	2,496	32,314
	92,783	37,314	39,812	32,314

Bank loans and overdrafts for both the group and company are shown net of unamortised issue costs of £914,000 (2002: £721,000), and are secured on properties of certain subsidiary undertakings.

Hire purchase contracts	Group 2003 £000	Group 2002 £000	Company 2003 £000	Company 2002 £000
Within one year	-	158	-	-
	-	158	-	-

19 Provisions for liabilities and charges

	Provision for onerous contracts £000
Group	
At 30th December 2002	12,847
Utilisation in the period	(4,249)
Released unused	(1,026)
Acquisition of Megabowl	7,119
Notional interest on unwinding of discount (note 6)	994
At 28th December 2003	15,685

Included in the provision for onerous contracts is a provision that has been made for the onerous element of the property leases on certain units, covering the expected period of the onerous commitment.

Provision has also been made for establishment costs at vacant properties in accordance with FRS 12, based on the directors' best estimate of the costs arising on a unit by unit basis, covering the expected period of vacant possession.

20 Derivatives and other financial instruments

The numerical disclosures in this note deal with financial assets and financial liabilities as defined in Financial Reporting Standard 13 – Derivatives and Other Financial Instruments: Disclosures (FRS 13). Certain financial assets such as investments in subsidiary companies have been excluded from the disclosures. As permitted by FRS13, short-term debtors and creditors have been excluded from the disclosures.

The group's principal financial instruments comprise bank loans, hire purchase contracts, cash and short-term deposits and are held in sterling. The purpose of these financial instruments is to provide finance for the group's operations. The group has various other financial instruments such as trade debtors and trade creditors that arise directly from its operations.

In 2002 the group entered into interest rate cap and swap agreements. These agreements were entered into prior to 29th December 2002 but were not effective until 2003.

Interest rate risk

The group borrows in sterling at floating rates of interest and has entered into interest rate cap and swap agreements for the interest rate of its financial liabilities. These become effective in 2003 and 2004 respectively and in total cover over 50% of the group's bank debt.

Interest rate risk profile of financial liabilities	2003 £000	2002 £000
Fixed rate financial liabilities	-	158
Floating rate financial liabilities	99,642	44,799
Financial liabilities on which no interest is paid	15,685	13,021
	115,327	57,978

20 Derivatives and other financial instruments (continued)

The weighted average interest rate on the fixed rate financial liabilities, being hire purchase contracts for 2003 was approximately 7% (2002: 7.0%). The interest rate on floating rate financial liabilities is linked to three month LIBOR.

Interest rate risk profile of financial assets	2003	2002
	£000	£000
Fixed rate financial assets	-	40,489
Floating rate financial assets	2,311	2,249
Financial assets on which no interest is earned	2,641	1,125
	4,952	43,863

Maturity of financial liabilities

The maturity of the group's financial liabilities was as follows:	2003	2002
	£000	£000
In one year or less, or on demand	12,507	45,796
In more than one year but not more than two	46,356	694
In more than two years but not more than five	50,511	1,614
In more than five years	5,953	9,874
	115,327	57,978

Borrowing facilities

Georgica PLC, Rileys Limited and Allied Leisure Limited are all parties to a banking facility dated 29th September 1999, and last amended in October 2003, arranged by the Royal Bank of Scotland on behalf of a syndicate of 3 banks with an initial facility available on 23rd October 2003 of £53,976,000. The facility is divided into five tranches, three for general corporate purposes, and two for specific purposes. The drawn amounts bear interest at variable rates based on a margin over LIBOR. The agreement allows for repayments at a rate of £2.5 million per annum until the end of the term on 28th July 2005.

The Tenpin and Megabowl companies are all parties to a banking facility dated 20th December 2002 and amended on 23rd October 2003. The facility is arranged by the Royal Bank of Scotland and has a maximum facility available of £50 million. The agreement has a term tranche and a revolving tranche. The drawn amounts bear interest at variable rates based on a margin over LIBOR. The agreement allows for repayments of £1.5 million in 2004, £2.75 million in 2005 and £1.75 million in the period to 31st October 2006, the end of the term.

20 Derivatives and other financial instruments (continued)

Fair values of financial assets and financial liabilities	Book value 2003 £000	Fair value 2003 £000	Book value 2002 £000	Fair value 2002 £000
Primary financial instruments held or issued to finance the group's operations				
Short term financial liabilities and current portion of long term borrowings	(12,507)	(12,507)	(45,796)	(45,796)
Long term borrowings	(102,820)	(102,820)	(12,182)	(12,182)
Financial assets	4,952	4,952	43,863	43,863
Derivative financial instruments held to manage the interest rate profile				
Interest rate swap	-	(222)	-	160
Interest rate cap	-	4	-	(20)

Book value and fair value are both stated gross of unamortised issue costs. The fair value of the interest rate swap and cap have been calculated to equal the net present value of the expected cash flows from the transaction.

21 Share capital

	2003 £000	2002 £000
Group and Company		
Authorised		
130,000,000 (2002: 110,352,670) ordinary shares of 5p each	6,500	5,518
2,538,075 convertible ordinary shares of 50p each	1,269	1,269
	7,769	6,787
Allotted, called up and fully paid		
99,150,000 (2002: 67,788,048) ordinary shares of 5p each	4,957	3,389
2,538,075 convertible ordinary shares of 50p each	1,269	1,269
	6,226	4,658

Movements in ordinary shares during the period	Number	£000
At 30th December 2002	67,788,048	3,389
Shares cancelled under the Scheme of Arrangement	(431,898)	(22)
Buy back of ordinary shares	(206,150)	(10)
Placing on 29th October 2003	32,000,000	1,600
At 28th December 2003	99,150,000	4,957

21 Share capital (continued)

In 2002 the company proposed a Scheme of Arrangement under section 425 of the Companies Act, which was sanctioned by the court and the company in November 2002, whereby shareholders holding less than 999 shares were given the opportunity to cease being shareholders. The date for the cancellation of the shares relating to these shareholders was extended at the company's request in order to attempt to trace further beneficial holders. The company returned to the High Court of Justice on 10th January 2003 and it confirmed the reduction of a further 431,898 ordinary shares.

The transaction is summarised below:

	£000
Buy out of minority shareholders: 431,898 ordinary shares of 5p each	376
Costs	5
Total	381

Further to the shareholders' resolution dated 27th May 2002, during the year the company purchased for cancellation 206,150 ordinary shares with a nominal value of £10,307 and representing 0.3% of the company's called-up ordinary shares, for an average price of 41.53p (total consideration £85,623). No further purchases were made during the period.

On 3rd November 2003 the company announced details of a placing to raise new Capital. The shares were issued on 29th October 2003 and raised the following net proceeds:

	£000
Placing: 32,000,000 ordinary shares of 5p each issued at 75p	24,000
Costs (charged against the share premium account)	(799)
Net proceeds	23,201

The convertible ordinary shares are freely transferable and can be converted into ordinary shares at the prevailing conversion rate at any time. The rate of conversion varies according to a conversion rate formula or if certain other events occur as specified in the company's Articles of Association. The main factors affecting the conversion rate are a combination of the passage of time, which was fulfilled on 9th October 2003, and future increases in Georgica's share price. The shares will convert automatically on the share price reaching £4 or on 9th October 2010 if earlier, at the conversion rate then applicable.

The maximum rate of conversion, subject to necessary adjustments resulting from a change in the capital structure of Georgica, is currently 4.0 ordinary shares for 1 convertible ordinary share.

Based upon the passage of time and the share price at 28th December 2003 the rate of conversion was 2.033898 (2002: 1.570681) ordinary shares for 1 convertible ordinary share.

The rights and benefits attaching to each convertible ordinary share at 28th December 2003 were equivalent to those attaching to 2.033898 (2002: 1.570681) ordinary shares.

22 Reconciliation of movements in reserves and shareholders' funds

Reconciliation of movements in reserves

Group	Share premium account £000	Special capital reserve £000	Capital redemption reserve £000	Merger reserve account £000	Other reserve arising on consolidation £000	Profit and loss account £000	Total £000
At 30th December 2002	13,240	27	21	56,882	-	(29,942)	40,228
Placing net of expenses	21,601	-	-	-	-	-	21,601
Shares cancelled under Scheme of Arrangement	-	22	-	-	-	(381)	(359)
Buy back of ordinary shares	-	-	10	-	-	(86)	(76)
Acquisition of Megabowl (note 13)	-	-	-	-	676	-	676
Loss for the period	-	-	-	-	-	(7,512)	(7,512)
At 28th December 2003	34,841	49	31	56,882	676	(37,921)	54,558

Company	Share premium account £000	Special capital reserve £000	Capital redemption reserve £000	Profit and loss account £000	Total £000
At 30th December 2002	13,240	27	21	3,961	17,249
Placing net of expenses	21,601	-	-	-	21,601
Shares cancelled under Scheme of Arrangement	-	22	-	(381)	(359)
Buy back of ordinary shares	-	-	10	(86)	(76)
Profit for the period	-	-	-	2,411	2,411
At 28th December 2003	34,841	49	31	5,905	40,826

Reconciliation of movements in group shareholders' funds

	28th December 2003 £000	29th December 2002 £000
Loss for the financial period	(7,512)	(9,178)
Acquisition of Megabowl (note 13)	676	-
Buyback and cancellation of own shares	(467)	(832)
New shares issued	23,201	12,611
Net additions to shareholders' funds	15,898	2,601
Opening shareholders' funds	44,886	42,285
Closing shareholders' funds	60,784	44,886

23 Financial commitments

Capital commitments are as follows:

	Group 2003 £000	Group 2002 £000	Company 2003 £000	Company 2002 £000
Contracted for but not provided for	188	1,035	-	-

Annual commitments under non-cancellable operating leases are as follows:

	Land and buildings		Fixtures, Fittings and equipment	
	2003	2002	2003	2002
	£000	£000	£000	£000
Group				
Expiry date:				
Within one year	720	130	119	34
Between two and five years	2,108	2,092	141	106
After five years	17,041	8,059	-	-
	19,869	10,281	260	140
Company				
Expiry date:				
Within one year	-	-	-	-
Between two and five years	61	61	-	-
After five years	-	-	-	-
	61	61	-	-

The only operating leases the group now enters into are for properties. Operating leases for fixtures, fittings and equipment will cease in 2006. Leases of land and buildings are in most cases subject to rent reviews at specified intervals.

24 Reconciliation of operating profit / (loss) to operating cash flows

	52 week period to 28th December 2003 £000	52 week period to 29th December 2002 £000
Operating profit / (loss)	1,535	(1,039)
Depreciation and amortisation charges	9,460	8,464
Impairment of fixed assets	577	342
Goodwill impairment	-	3,981
(Increase) / decrease in stocks	(74)	117
Increase in debtors	(2,849)	(118)
Increase / (decrease) in creditors	3,405	(3,901)
Decrease in provisions	(5,275)	(3,751)
Change in balance with joint venture	20	(1,104)
Net cash inflow from operating activities	6,799	2,991

25 Analysis of cash flows

	52 week period to 28th December 2003 £000	52 week period to 29th December 2002 £000
Returns on investments and servicing of finance		
Interest received	79	121
Interest paid	(4,776)	(3,335)
Interest element of finance lease rentals	(10)	(17)
Net cash outflow	(4,707)	(3,231)
Taxation		
UK corporation tax received	24	2,471
Net cash inflow	24	2,471
Capital expenditure and financial investment		
Purchase of intangible fixed assets	-	(125)
Purchase of tangible fixed assets	(4,579)	(1,071)
Sale of tangible fixed assets and assets for resale	(31)	704
(Purchase) / sale of investments	(37)	46
Net cash outflow	(4,647)	(446)
Acquisitions and disposals		
Purchase of subsidiary undertaking	(2,545)	-
Overdrafts acquired with subsidiary undertaking	(2,722)	-
Purchase of Megabowl debt	(20,703)	-
Net cash outflow	(25,970)	-
Financing		
Issue of ordinary share capital	23,201	12,611
Cancellation and buy back of shares	(467)	(832)
Receipts from short/long term borrowings	11,086	-
Issue costs of new facility	-	(876)
Repayments of short/long term borrowings	(3,223)	(14,465)
Repayment of loan stock	(226)	(285)
Capital element of finance lease rental payments	(158)	(147)
Net cash inflow / (outflow)	30,213	(3,994)

Megabowl Limited, which became a subsidiary undertaking on 3rd November 2003, contributed £322,000 to the group's net operating cash flows, paid approximately £400,000 in respect of net returns on investments and servicing of finance and utilised £84,000 for capital expenditure in the period to 28th December 2003.

26 Analysis and reconciliation of net debt

	30th December 2002 £000	Cash flow £000	Acquisitions (excluding cash and overdraft) £000	Other non cash changes £000	28th December 2003 £000
Cash in hand, at bank	3,374	1,578	-	-	4,952
Overdrafts	(6,538)	134	-	-	(6,404)
	(3,164)	1,712	-	-	(1,452)
Debt due within one year	(37,540)	(7,637)	-	41,640	(3,537)
Debt due after more than one year	-	-	(67,976)	(21,270)	(89,246)
Finance leases	(158)	158	-	-	-
	(37,698)	(7,479)	(67,976)	20,370	(92,783)
Net debt	(40,862)	(5,767)	(67,976)	20,370	(94,235)

Non cash items relate to the transfer of £41,640,000 debt from due within one year to due after more than one year following renegotiation of the loan facilities in 2003; the purchase of Megabowl debt of £20,703,000 and amortisation of debt issue costs of £333,000.

Reconciliation of net cash flow to movement in net debt	52 week period to 28th December 2003 £000	52 week period to 29th December 2002 £000
Increase/(decrease) in cash in the period	1,712	(2,209)
Cash (inflow) / outflow from (increase) / reduction in debt and lease financing	(7,479)	14,897
Change in net debt resulting from cash flows	(5,767)	12,688
Issue costs of new facility	-	876
Amortisation of debt issue costs	(333)	(155)
Loans and finance leases acquired with subsidiary	(67,976)	-
Elimination of intra group debt	20,703	-
Movement in net debt in period	(53,373)	13,409
Net debt at 30th December 2002	(40,862)	(54,271)
Net debt at 28th December 2003	(94,235)	(40,862)

27 Pension arrangements

Payments were made to defined contribution schemes in respect of certain directors and employees of Allied Leisure Limited; all payments have now ceased. The last payment was made in July 2002. Total contributions payable in the period in respect of Allied Leisure were £nil (2002: £5,000). A subsidiary of Allied Leisure operated a defined benefit scheme until 30th June 2001 when it commenced winding up procedures. The eventual liability in respect of the pension scheme will be calculated at a date determined by the trustee. The trustee has indicated that the scheme actuary estimated the likely level of shortfall in respect of the scheme to be £1.4 million. The directors have made a provision up to the value they feel is appropriate.

£12,000 was paid in the period from 3rd November 2003 to the personal pension schemes of employees of Megabowl.

28 Contingent liabilities

The group has a contingent liability under a number of leases that have been assigned to third parties. In certain circumstances the landlords may have recourse to Allied Leisure Limited or its subsidiaries. The directors do not consider it practicable to estimate the possibility of such a claim arising nor its financial effect.

The company is contingently liable as a guarantor under the terms of the group's bank loan agreements for the borrowings under this agreement by each group company.

29 Related party transactions

The company sub-lets part of its London office to a company in which Nicholas Oppenheim has a significant interest. £54,000 (2002: £53,667) was invoiced during the period for rent and other services and has been paid.

During the period to 3rd November 2003 the group charged directors' fees of £31,635 to Megabowl (2002: £55,135).

30 Unaudited non-GAAP financial information reconciliation

As Allied Leisure is owned and controlled by Georgica, UK Generally Accepted Accounting Principles ("GAAP") and the group's accounting policies require the results, balance sheet and cash flows of the Allied Leisure subgroup to be consolidated by the group. However, Georgica will only provide the most limited further financial support to Allied Leisure and accordingly the directors consider that the provision of supplementary information for 2003, that excludes the losses of Allied Leisure and its net liabilities from the consolidated profit and loss account and balance sheet respectively, is helpful for shareholders.

The unaudited non-GAAP financial information reconciles to the audited consolidated profit and loss account and consolidated balance sheet as follows:

30 Unaudited non-GAAP financial information reconciliation (continued)

Profit and loss account

	Unaudited non-GAAP information 2003 £000	Allied sub-group 2003 £000	Consolidation adjustments £000	Statutory total 2003 £000
Turnover	65,938	30,315	-	96,253
Gross profit	36,707	12,446	-	49,153
Operating profit / (loss)	2,883	(2,171)	823	1,535
Loss on ordinary activities before taxation	(4,967)	(3,347)	823	(7,491)
Retained loss for period	(4,668)	(3,667)	823	(7,512)
	Number of shares			
Shares for loss per share	77,543,927			
Loss per share	(6.0)p			

Balance sheet

	Unaudited non-GAAP information 2003 £000	Allied sub-group 2003 £000	Consolidation adjustments £000	Statutory total 2003 £000
Intangible assets	(10,344)	-	-	(10,344)
Tangible fixed assets	178,388	13,270	-	191,658
Investments	28	-	-	28
Current assets	17,549	5,088	(2,449)	20,188
Creditors falling due within one year	(29,175)	(9,039)	2,449	(35,765)
Creditors falling due after more than one year	(85,411)	(3,885)	-	(89,296)
Provisions for liabilities and charges	(7,079)	(8,606)	-	(15,685)
Net assets/(liabilities)	63,956	(3,172)	-	60,784

Notice of Annual General Meeting

Notice is hereby given that the Fourth Annual General Meeting of Georgica PLC will be held at 8 Clarendon Drive, Wymbush, Milton Keynes, MK8 8ED on 11th June 2004 at 10.00 am for transaction of the following business:

ORDINARY BUSINESS

Resolution 1 To receive and adopt the directors' report and the statement of accounts for the 52 week period ended 28th December 2003 and the Auditors' report thereon.

Resolution 2 To approve the directors' remuneration report.

Resolution 3 To re-elect David Barrett as a director of the company.

Resolution 4 To re-elect Peter Collins as a director of the company.

Resolution 5 To re-elect Alastair Mitchell as a director of the company.

Resolution 6 To re-elect Margaret Mountford as a director of the company.

Resolution 7 To re-elect Nicholas Oppenheim as a director of the company.

Resolution 8 To re-elect Clive Preston as a director of the company.

Resolution 9 To re-elect Vineet Arora as a director of the company.

Resolution 10 To re-elect Kaye Collins as a director of the company.

Resolution 11 To re-elect Robert Wickham as a director of the company.

Resolution 12 To re-elect Peter Haspel as a director of the company.

Resolution 13 That Deloitte & Touche LLP be and are hereby re-appointed auditors of the company to hold office from the conclusion of this meeting until the conclusion of the next general meeting at which accounts are laid before the company at a remuneration to be fixed by the directors.

SPECIAL BUSINESS

To consider and, if thought fit, pass the following resolutions of which resolutions 14 and 16 shall be proposed as special resolutions and resolution 15 as an ordinary resolution.

Resolution 14

SPECIAL RESOLUTION

That pursuant to Article 45 of the company's Articles of Association and in accordance with Section 166 of the Companies Act 1985, the company be generally and unconditionally authorised during the period expiring on the date of the next Annual General Meeting of the company after passing this resolution or 18 months from the passing of this resolution, whichever is the earlier, to make purchases (as defined in Section 163 of the said Act) of the company's Ordinary Shares on such terms and in such manner as the directors determine, provided that this authority shall:

(i) be limited to a maximum of 14,872,500 Ordinary Shares of 5p having a nominal value of £743,625;

(ii) not permit the payment by the company of less per share than the par value thereof or more per share than 105 percent of the average of the middle market quotations of the company's Ordinary Shares as derived from the London Exchange Daily Official List for the 10 business days immediately preceding the date of any proposed purchase (in each case exclusive of expenses);

(iii) only be exercised if so to do would result in an increase in earnings per share and is in the best interests of the shareholders of the company generally; and

(iv) permit the company to complete a purchase of Ordinary Shares after the expiry of this authority if the contract for such purchase was concluded before such expiry.

Resolution 15

ORDINARY RESOLUTION

That for the purposes of Section 80 of the Companies Act 1985, the directors be and are hereby generally and unconditionally authorised to exercise all the powers of the company to allot relevant securities (within the meaning of the said Section 80) up to a maximum of 43,152,300 ordinary shares of 5p each of the company provided that:

(i) this authority shall expire at the conclusion of the next Annual General Meeting of the company after the passing of this resolution or 15 months from the passing of this resolution, whichever is the earlier, except that the company may before such expiry make an offer or agreement which would or might require relevant securities to be allotted after such expiry, and the directors may allot relevant securities in presence of any such offer or agreement as if the authority conferred hereby not expired; and

(ii) this authority shall replace any existing like authority, which is hereby revoked with immediate effect, save the authority in respect of 10,152,300 Ordinary Shares arising on conversion of the Convertible Ordinary Shares and given by a resolution passed on 20th September 2000 expiring on the 5th anniversary of that date shall remain in full force and effect.

Resolution 16

SPECIAL RESOLUTION

That the directors be and are hereby empowered pursuant to Section 95 of the Companies Act 1985 to allot equity securities (as defined in Section 94(2) of the Act) for cash pursuant to the authority conferred by resolution 15 above as if Section 89(1) of that Act did not apply to any such allotment provided that this power shall be limited to:

(i) the allotment of equity securities in connection with a rights issue, open offer or other offer of securities in favour of the holders of Ordinary Shares on the register of members at such dates as the directors may determine and other persons entitled to participate therein where the securities respectively attributable to the interests of the ordinary shareholders are proportionate (as nearly as may be) to the respective numbers of Ordinary Shares held or, in the case of holders of Convertible Ordinary Shares, deemed to be held by them on any such record date, subject to such exclusions or other arrangements as the directors may deem necessary or expedient to deal with fractional entitlements or legal or practical problems arising under the laws of any overseas territory or the requirements of any regulatory body or stock exchange or by virtue of shares being represented by depositary receipts or any other matter whatever; and

(ii) the allotment (otherwise than pursuant to sub-paragraph (i) above) to any person or persons of equity securities up to an aggregate nominal amount of £247,875;

and shall expire on the expiry of the general authority conferred by resolution 15 above except that the company shall be entitled to make offers or agreements before expiry of such power which would or might require equity securities to be allotted after such expiry and the directors shall be entitled to allot equity securities pursuant to any such offer or agreement as if the power conferred hereby had not expired.

By order of the Board
P Smith
Company Secretary
12th March 2004

Explanatory notes

General

(1) Any member entitled to attend and vote at the above Annual General Meeting ("AGM") is entitled to appoint one or more proxies to attend and, on a poll, to vote instead of him. A proxy need not be a member of the company. A form of proxy is enclosed for your use.

(2) To be valid, forms of proxy together with, if appropriate, the powers of attorney or other authority, if any, under which they are signed, or a notarially certified copy thereof should be sent to the offices of the company's registrars, Capita Registrars (Proxies), PO Box 25, Beckenham, Kent BR3 4BR, so as to arrive not later than 48 hours before the time appointed for the meeting. Completion and return of a form of proxy will not preclude a member from attending and voting at the meeting should he/she wish to do so.

(3) Copies of the following documentation will be available for inspection at the company's registered office during usual business hours on any weekday (Saturdays excepted) and will be produced and be available for inspection for 15 minutes prior to and during the AGM.

(i) copies of all contracts of service whereunder directors of the company are employed by the company or any subsidiary;

(ii) the Memorandum and Articles of Association of the company;

(iii) copies of the audited accounts of the company and its subsidiaries for the last two financial years (if applicable).

(4) To have the right to attend and vote at the AGM (and also for the purposes of calculating how many votes a person may cast) a person must have his/her name entered on the register of ordinary shareholders of the company 48 hours before the time of the meeting. Changes to the entries on the register after this time shall be disregarded in determining the rights of any person to attend or vote at the AGM.

Resolutions 3 – 8; Re-election of directors

David Barrett, Peter Collins, Alastair Mitchell, Margaret Mountford, Nicholas Oppenheim and Clive Preston shall retire by rotation at the AGM and shall be offered for re-election in accordance with the Articles of Association.

Resolutions 9 – 12; Re-election of directors

Vineet Arora, Kaye Collins, Robert Wickham, who will be 70 on 25th March 2004, and Peter Haspel joined the board during the year or since the year end and are being proposed for re-election to the board at the AGM in accordance with the Articles of Association.

Resolution 14; Purchase of own shares by the company

The resolution authorises the directors to make market purchases of up to 14,872,500 of the company's shares representing approximately 15% of its current issued ordinary share capital. The directors would only exercise this authority if they considered that the effect of such purchases would be to increase earnings per share and that such purchases would be in the best interests of the shareholders generally.

Resolution 15; Authority to allot relevant securities

This resolution authorises the directors to allot up to 43,152,300 Ordinary Shares representing approximately 33.33% of its current issued ordinary share capital and which takes into account 10,152,300 Ordinary Shares reserved for the conversion of the Convertible Ordinary Shares for which a resolution was passed on 20th September 2000 and expires on the 5th anniversary of that meeting. The authority relating to the 33,000,000 ordinary shares expires at the conclusion of the company's next Annual General Meeting or 15 months after the resolution is passed, whichever is the earlier.

Resolution 16; Disapplication of statutory pre-emption rights

If equity securities are to be allotted for cash using the authority given by resolution 15 above, Section 89(1) of the Companies Act 1985 requires that those securities are offered first to existing shareholders in proportion to the number of ordinary shares they each hold at that time.

There may be circumstances, however, when it is in the interest of the company for the directors to be able to allot new equity securities for cash other than by way of a strict rights issue. The authority given by resolution 15 will empower the directors to modify the situation with regard to rights issues, open offers and other offers of securities such that they may effect such exclusions or other arrangements as they may deem necessary or expedient in relation to fractional entitlements or legal or practical problems arising in respect of under the laws or requirements of any recognised regulatory body or any stock exchange or otherwise in any overseas territory. Resolution 16 also authorises the directors to allot equity securities for cash in other circumstances but limited to equity securities having a maximum aggregate nominal value of £247,875 which is equivalent to 5% of the issued ordinary share capital of the company at the date of this notice.