4039562

GEORGICA

ANNUAL REPORT 2007

Contents

Directors, secretary and advisors

Directors
Don Hanson (Chairman)
Vineet Arora
Kaye Collins
Peter Haspel
Margaret Mountford
Derham O Neill
Nicholas Oppenheim
Clive Preston
Simon Prew
Robert Wickham

Company Secretary
Peter Smith

Registered Office
33, King Street, London, SW1Y 6RJ Tel 020 7600 7900

Nominated Advisor
Cenkos Securities Ltd 6 7,8, Token House Yard, London, EC2R 7AS

Solicitors
Herbert Smith LLP Exchange House, Primrose Street, London, EC2A 2HS

Joint Stockbrokers
KBC Peel Hunt Limited, 111, Old Broad Street, London, EC2N 1PH
Oriel Securities Ltd, 125, Wood Street, London, EC2V 7AN

Auditors
PricewaterhouseCoopers LLP, 1, Embankment Place, London WC2N 6RH

Registrars
Capita Registrars, The Registry, 34, Beckenham Road, Beckenham Kent, BR3 4TU
Tel 0871 664 0300 (Calls cost 10p per minute plus network extras) Overseas tel 44 208 639 3399

Company number
4039562

Country of registration
England and Wales

Board of directors

Don Hanson
– Non-executive chairman (73)
Don 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 (36)
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 and Citibank He joined Georgica in November 2002 as a pricing and profitability expert and was appointed to the board on 27th November 2003

Kaye Collins
– Managing director, Tenpin Limited (39)
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 to the board on 27th November 2003

Peter Haspel
– Managing director (37)
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 He was appointed to the board as finance director on 1st March 2004, and was appointed managing director on 20th November 2006

Margaret Mountford
– Non-executive director (56)
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

Derham O'Neill
– Non-executive director (64)
Derham O'Neill was a senior partner at the law firm Clifford Chance until 1997, and founded their Private Equity practice He was appointed as a non-executive director of Georgica on 6th April 2007 He is also a non-executive director of a number of private equity related companies

Nicholas Oppenheim
– Executive deputy chairman (60)
Nicholas 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 Until 20th November 2006 Nicholas was both deputy chairman and chief executive of Georgica

Clive Preston
– Non-executive director (71)
Clive has 42 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 Amber Taverns Limited and Nexum Leisure Limited Clive has been a non-executive director of Georgica since May 2002

Simon Prew
– Finance director (47)
Simon was appointed to the board on 20th November 2006 He was an audit partner with Arthur Andersen from 1995 to 2000 and was deputy finance director of Georgica from 2004 to 2006

Robert Wickham
– Senior independent director (73)
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 non-executive deputy chairman of Arbuthnot Banking Group PLC and has been a non-executive director of Luminar PLC and Northern Leisure PLC

Chairman's statement

Georgica has made substantial progress towards realising shareholder value in 2007 Over £118m of assets were realised for cash from the sale and leaseback or sale for redevelopment of the majority of the group's freehold and long leasehold properties and the sale of the Rileys cue sports business The prices achieved were at a level clearly unobtainable today The cash raised was used to reduce debt by £111m leaving Georgica with net debt of £4 6m at the end of 2007

Georgica now comprises Tenpin, the UK market leader in tenpin bowling which operates 39 outlets nationwide, and a portfolio of 10 properties held for either sale and leaseback or sale for redevelopment

Profit before tax for the continuing business rose by £6 3m to £7 2m for the year The disposals resulted in substantial profit impacts the sale and leaseback of 9 Tenpin properties for £43m on a rental yield of 5 54% generated a profit of almost £28m in the year, whilst the refinancing activities saw an increase in finance costs excluding interest of £8 2m including £3 6m paid on redemption of Georgica s £60m high yield note Losses on discontinued businesses are dealt with below

Tenpin s EBITDA of £10 7m for the year was £0 3m down on 2006 but an additional rent expense of £0 9m (£2 5m annualised) was charged during the period following the sale and leaseback of 9 properties in August Had such sale and leaseback not occurred, EBITDA at Tenpin would have risen by £0 6m

Sales at Tenpin were mixed with the same outlet sales for the full year slightly down at 0 9% as a result of sales in the last quarter being a little below expectations However, sales during January 2008 recovered and were 1 5% up on the comparable period in 2007 Based on the performance in January your board is cautiously optimistic that this trend will continue in the coming months

Tenpin's online booking system went live in August 2007 It is already taking 16% of all prebooked business and further enhancement, to improve yield management and lane utilisation, is planned for 2008 In addition, action has been taken to increase the scale and effectiveness of marketing at Tenpin

Cash of over £13m was received from the sale of properties for redevelopment during the year, bringing the total amount raised since the programme began in 2005 to £21 4m Good progress continues to be made towards realising value from the remaining 10 properties held for sale and leaseback or sale for redevelopment

£34 9m was received for the sale of the Rileys operating business and £28m was raised from the sale and leaseback of 44 Rileys properties on a rental yield of 7 46% Georgica realised a book loss before tax for the year of £14m for Rileys Georgica continues to own and receive rent from 8 Rileys properties still held within the Georgica group for sale for redevelopment Following the sale of these properties it is expected that over £75m of cash will have been received for the Rileys disposal, a business which generated £9 2m of EBITDA in the 52 weeks to 1st July 2007, but which has been severely adversely impacted by the smoking ban in England and Wales introduced in July 2007

As at 30th December 2007 Georgica had net debt of £4 6m which had been reduced to £4 3m by 5th February

Derham O'Neill, who joined the board in April 2007 with a view to becoming chairman of Tenpin on its demerger from Georgica, has decided not to stand for re-election at the AGM as, self evidently, there will now be no demerger The Board would like to thank Derham for his invaluable input to the transactions that took place in 2007, the board is most grateful to him

Chairman's statement

Continued

In addition the board would like to thank Vineet Arora who indicated at the time of the sale of Rileys that he would not stand for re-election as an executive director, for his substantial contribution to the Georgica board over the last four years Vineet will become a director of Tenpin Limited and will continue to be a senior executive within the group

Tenpin is the market leading tenpin bowling operator in the UK and is a strongly cash generative business In addition to the new bowl opened in Croydon in November 2007, two new bowls are due to open in the fourth quarter of 2008 and four further sites are conditionally contracted to open in 2009 and 2010

Georgica was in an offer period from July 2007 to December 2007 Following approaches from a number of interested parties Georgica opened its books for due diligence Discussions continued into mid December but the deteriorating conditions in credit markets together with poor trading conditions in November meant that the talks did not result in an acceptable offer for the company

Once credit markets have stabilised and trading volatility diminishes, your board expects that interested parties will resume such take-over discussions

Don Hanson
5th February 2008

Unaudited segmental analysis

52 week period ended 30th December 2007

This analysis has been adjusted from the information shown in the consolidated income statement with additional information to explain more clearly the results of the group The comparative information for the 52 week period ended 31st December 2006 has been extracted from the 2006 annual report

	Tenpin		Georgica Overheads[4]		Total	
£000	2007	2006	2007	2006	2007	2006
Continuing operations						
Revenue	**65,681**	**67,443**	-	-	**65,681**	**67,443**
Cost of sales	(26 762)	(28 100)	-	-	(26 762)	(28 100)
Operating costs	(16,462)	(17,574)	-	-	(16 462)	(17 574)
Rent	(8,187)	(7,451)	66	-	(8 121)	(7 451)
Contribution	**14,270**	**14,318**	**66**	-	**14,336**	**14,318**
Overheads	(3 554)	(3 344)	(1,716)	(2 743)	(5 270)	(6 087)
EBITDA[5]	**10,716**	**10,974**	**(1,650)**	**(2,743)**	**9,066**	**8 231**
Non recurring items and net movement on provisions[1]	24 844	9 006	(3,358)	(809)	21,486	8 197
Depreciation and impairment						
- goodwill impairment	(1 837)	(289)	-	-	(1,837)	(289)
- software	(156)	(21)	-	-	(156)	(21)
- property	(962)	(1 117)	-	-	(962)	(1 117)
- fixtures fittings & equipment	(4 212)	(3 371)	-	-	(4,212)	(3 371)
- non-operating assets	(165)	(164)	(100)	(167)	(265)	(331)
Total depreciation and impairment	(7 332)	(4 962)	(100)	(167)	(7 432)	(5 129)
Operating profit	**28,228**	**15,018**	**(5,108)**	**(3 719)**	**23,120**	**11,299**
Net interest					(7,158)	(9 761)
Financial instruments and bank charges[3 6]					(8,801)	(635)
Profit before tax					**7,161**	**903**
Tax[7]					1 392	(1 353)
Profit/(loss) after tax from continuing operations					**8,553**	**(450)**
Discontinued operations						
(Loss)/profit before tax					(13 774)	5 822
Tax					(5 201)	(1 260)
(Loss)/profit after tax from discontinued operations[2 7]					**(18,975)**	**4 562**
(Loss)/profit after tax for the period					**(10,422)**	**4 112**

1 Tenpin sold and leased back 9 of its freehold and long leasehold properties on 28th August 2007 for £43m (cash of £41 25m and a receivable of £1 75m) A profit of £27 9m is included in non recurring items £12 4m cash was also received in the year for the sale of Bristol bowl (for which the profit on disposal was recorded in 2006) and Plympton bowl (profit of £0 5m included in non recurring items) In 2006 £8m was received for the sale of Streatham bowl and profit on the sale of Bristol and Streatham bowls of £9 1m was recorded

2 Rileys sold and leased back 44 of its freehold and long leasehold properties on 28th August 2007 for £28m in cash A profit of £11 2m was recorded On the same day the Rileys cue sports business was sold for cash consideration of £34 9m received as £10 8m for the shares and £24 1m as settlement of intercompany payables The loss on sale of Rileys of £27 5m is included in the Discontinued Operations line together with Rileys operating profit to the date of sale of £13 7m less £0 2m of Rileys interest expense and £5 2m of Rileys tax expense a net loss after tax in respect of Rileys of £19 2m A £0 2m benefit from the receivership of Allied Leisure is also included in discontinued operations

3 The £116m cash raised in the period through these disposals was used to repay floating rate notes (£60m) and bank debt (£37 9m) leaving the group with minimal borrowings The 6% premium (£3 6m) on early repayment of the floating rate notes and the remaining deferred financing costs of £3 2m were all charged to the income statement on refinancing and are included in "financial instruments and bank charges" above

4 Georgica overheads includes the charge for movements in the valuation of performance shares in the Georgica Executive Participation Plan which is volatile as it varies with the Georgica share price The benefit in 2007 was £0 7m (2006 charge of £0 7m) In non recurring items Georgica overheads includes £3 2m of costs associated with restructuring the group vendor due diligence and the proposed sale of Georgica (2006 £0 7m) and £0 2m of costs associated with the asset realisation programme (2006 £0 2m)

5 EBITDA represents earnings before interest tax depreciation impairment non recurring items and net movement on provisions

6 Financial instruments and bank charges includes the movement in the fair value of financial instruments in each period which fluctuate with interest rate expectations These were responsible for a charge of £0 1m in 2007 (2006 benefit of £0 4m)

7 Tax in 2007 comprises a benefit of £1 4m (2006 charge of £1 4m) in respect of continuing operations Tax on discontinued operations comprises a charge of £5 2m in 2007 (2006 a charge of £1 3m)

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 30th December 2007

Principal activity

The principal activity of the group comprises the operation of tenpin bowling centres During the period the cue sports operations of the group were discontinued through the sale of Rileys Limited 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 Details of the performance of the continuing operating business, Tenpin, together with its key performance indicators are contained in the operating review included in the supplementary information following the notes to the financial statements The information that fulfils the requirements of the Business Review can be found in the Operating Review on pages 53 to 55 and in the Chairman's Statement on pages 4 and 5 in respect of future developments which are incorporated in this report by reference

Results and dividends

The results for the 52 week period ended 30th December 2007 are set out in the consolidated income statement The group profit after taxation for continuing operations for the period was £8,553,000 (2006 loss after tax of £450 000) for discontinued operations was a loss of £18,975,000 (2006 a profit of £4,562 000) and group loss after taxation was £10 422 000 (2006 profit after taxation of £4,112,000)

The directors do not recommend the payment of a dividend for the period to 30th December 2007 (2006 £nil)

Directors

The directors during the period were as follows

		Date of appointment/resignation
Don Hanson	Non-executive chairman	
Vineet Arora	Pricing and IT director	
Kaye Collins	Managing director, Tenpin Limited	
Peter Haspel	Managing director	
Margaret Mountford	Non-executive director	
Derham O'Neill	Non-executive director	Appointed 6th April 2007
Nicholas Oppenheim	Executive deputy chairman	
Clive Preston	Non-executive director	
Simon Prew	Finance director	
Robert Wickham	Senior independent director	
David Barrett	Non-executive director	Resigned 28th August 2007
Peter Collins	Managing director, Rileys Limited	Resigned 28th August 2007

Don Hanson, Margaret Mountford, Derham O'Neill, Clive Preston and Robert Wickham are members of the audit committee (chaired by Don Hanson), the remuneration committee (chaired by Margaret Mountford) and the nomination committee (chaired by Clive Preston)

Derham O'Neill was appointed a director during the period Kaye Collins, Don Hanson, Peter Haspel, Margaret Mountford Nicholas Oppenheim, Simon Prew and Robert Wickham retire by rotation at the next annual general meeting and, being eligible, offer themselves for re-election Derham O'Neill and Vineet Arora have decided not to seek re-election and will step down following the Annual General Meeting

Directors' interests

	Ordinary shares of 5p each 30th December 2007	31st December 2006 or date of appointment
Don Hanson	610,500	610 500
Vineet Arora*	7,039	5 863
Kaye Collins*	16 912	16 390
Peter Haspel*	14 497	13 321
Margaret Mountford	25 000	25 000
Derham O Neill	107,808	-
Nicholas Oppenheim	500,000	500 000
Clive Preston	605,000	605,000
Simon Prew	–	–
Robert Wickham	10,000	10 000

* 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

Details of the directors' interests in performance shares is included in the remuneration report

At 30th December 2007 Nicholas Oppenheim also held 1 015,230 (31st December 2006 1,015,230) convertible ordinary shares of 50p each and at 31st December 2006 Don Hanson held £1m of the floating rate notes issued by the company

Supplier payment policy

The group's policy for settlement of debts is to maintain satisfactory relationships with suppliers whilst maximising shareholder value Trade payables of the group at 30th December 2007 were equivalent to 45 days purchases (2006 37 days) The company has no trade payables

Substantial shareholdings

On 5th February 2008 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
North Atlantic Value	24,295 320	24 94%
Schroder Investment Management Limited	15 765 477	16 18%
M & G Investment Management	12 830 208	13 17%
Man Financial	9 488 870	9 74%
J P Morgan Asset Management	3 273 750	3 36%
Deutsche Bank	2,947 042	3 03%

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

Directors' report

Continued

Acquisition of the company's own shares

The company did not purchase any shares for cancellation during the period

A resolution to give the company authority to make market purchases of up to 14,613,405 of the company's shares, having a nominal value of £730,670 25 and representing approximately 15% of its current issued ordinary shares will be presented to shareholders at the Annual General Meeting

Financial instruments

The company holds an interest rate cap and held an interest rate swap during 2007 The risks associated with interest rates and these financial instruments are set out in note 27 to the financial statements

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

PricewaterhouseCoopers LLP are the auditors of Georgica PLC

For each of the persons who were directors at the time this report was prepared the following applies

(i) so far as the directors are aware, there is no relevant audit information (ie information needed by the company's auditors in connection with preparing their report) of which the company's auditors are unaware and

(ii) the directors have taken all steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company s auditors are aware of that information

PricewaterhouseCoopers LLP have indicated their willingness to continue in office and a resolution to reappoint them as auditors will be proposed at the forthcoming Annual General Meeting

33, King Street,
London
SW1Y 6RJ

5th February 2008

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 Combined Code on Corporate Governance issued by the Financial Reporting Council in June 2006 (the "2006 Combined Code) Although as an AIM listed company Georgica PLC is not required to comply with the 2006 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 Combined Code on Corporate Governance

Throughout the period ended 30th December 2007 the company has been in compliance with the code provisions set out in section 1 of the 2006 Combined Code, except where noted below Further explanations of how the principles have been applied are set out below and, in connection with directors' remuneration, in the remuneration report

The board

The company has taken advantage of the exemption applying to smaller PLCs (below FTSE 350 size) allowing the non-executive directors to comprise less than half the board, and believes its balance of executive and non-executive directors to be appropriate - five non-executive directors and five executive directors The chairman has held the position since September 2000 and, although he holds board positions in other smaller companies, he has no commitments which affect his ability to perform his duties as chairman of Georgica The senior independent director, Robert Wickham is available to shareholders if they have concerns which have not been or cannot be resolved through the chairman, executive deputy chairman or managing director

All of the non-executive directors who served in the period are considered to be independent with the exception of the chairman, Don Hanson (who is deemed not to be independent because he is the chairman) David Barrett, who was also deemed not to be independent, resigned during the period The board notes the Code requirement that all members of the audit, remuneration and nominations committees should be independent non-executives For this purpose the board has taken the view that the board chairman is independent Fees received by Clive Preston in relation to the evaluation of investment opportunities for the company are not considered by the board to be of sufficient magnitude to impinge on his independence

The board meets four times a year at a minimum more frequently if circumstances require it It met seven times in 2007 The board has an established schedule of matters specifically reserved for its decision, including proposed changes to capital structure, significant acquisitions and disposals strategic plans, accounting policies dividends and share purchases group budgets, financing loans and agreements, treasury policy, financial statements, major press releases and Stock Exchange releases, long term Incentive programmes material agreements and major capital expenditure Other operational decisions are delegated to the company's management All directors are required to attend each board meeting, and attendance in 2007 was 93 7% The chairman and non-executive directors meet without the executives for a part of the meeting, or informally before or after the meeting

The directors are all covered by a Directors' and Officers' Liability Insurance policy

All of the executive directors and 80% of the non-executive directors are submitted for re-election at the AGM each year The non-executives being submitted for re-election this year are Don Hanson Margaret Mountford and Robert Wickham Derham O'Neill is not seeking re-election No director has a contract with a notice period of longer than 6 months

The directors, including the non-executive directors, have substantial experience in the leisure sector Any new director receives such induction into the company and training in the leisure sector as is required for them competently to perform their job 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

The board has established three committees, the remuneration committee, the audit committee and the nomination committee, which all comprise the five non-executive directors All three committees are authorised to obtain outside professional advice at the company's expense if it considers this necessary

Corporate governance statement

Continued

Remuneration committee

The remuneration committee is chaired by Margaret Mountford and meets at least twice a year It met four times in 2007 with 83 3% attendance 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 group 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, which are available for review Further details are given in the remuneration report As set out in this report, a significant proportion of executive directors' remuneration is linked to corporate performance The remuneration of the non-executive directors is established by the board as a whole

Audit committee

The audit committee is chaired by Don Hanson and meets at least twice a year It met three times in 2007 with over 84% attendance experienced This committee reviews the financial statements and monitors financial procedures and policies including statutory reporting and compliance It is responsible for ensuring that the company s accounting and financial policies and controls are proper and effective, that the internal and external auditing processes are properly co-ordinated and work effectively and that the financial statements and information published by the company has integrity The formal terms of reference of the audit committee are available for review from the company secretary Meetings are normally attended by the company's auditors Executive directors may also attend the meetings at the invitation of the chairman

Non-audit services supplied by the auditors are generally other assurance services in nature which complement the audit process and do not risk compromising the auditors' independence e g structuring and vendor due diligence services in connection with the sale of Rileys

There is an operational internal audit team based at Tenpin which reports to the board of that business, but there is no corporate internal audit function due to the relatively small size of the group The need for a corporate internal audit function is considered annually by the audit committee

The audit committee does periodically review the arrangements by which staff of the company in confidence, raise concerns about possible improprieties in financial reporting or other matters, and the independent investigation and resolution of such concerns

Nomination committee

The nomination committee is chaired by Clive Preston Its purpose is to make recommendations to the board on the appointment of new executive and non-executive directors, including making recommendations as to the composition of the board generally and the balance as between executive and non-executive directors In exercising its duties the committee will liaise with the board and remuneration committee, seek advice from outside advisors, advertise vacancies where appropriate, consider guidance from the board and consider the guidance in the 2006 Combined Code, as required Meetings shall normally be held at such times as the committee deems appropriate but shall not be less than once a year In 2007 the committee met once, with only one member missing the meeting The nomination committee has formal terms of reference which are available for review from the company secretary The terms and conditions of appointment of non-executive directors are included in their letters of appointment, which are available for review from the company secretary Where appropriate an external search consultancy is employed for board appointments

Communication with shareholders

Communication with shareholders is given a high priority In addition to the publication of the annual and interim reports there is regular dialogue with shareholders and analysts normally led by the executive deputy chairman and the managing director The Annual General Meeting is attended by all directors, including the senior independent director, and is considered to be an important forum for communicating with private shareholders, allowing them to raise questions with the board

Performance evaluation

The board undertakes an examination of its own performance, of the performance of its committees and of the performance of individual directors including the chairman No separate meetings are held, and the appraisals have not resulted in the identification of any shortcomings

Risk assessment

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 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, 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 the operational business level are reviewed periodically with a senior management team responsible for the development of company policy and procedures A full review at Tenpin was conducted in 2004 and is reassessed annually

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 to the board of Tenpin on a regular basis and assist in addressing issues when risks are identified

Going concern

The financial statements are prepared on a going concern basis, which the directors believe to be appropriate

Remuneration report

As well as complying with the provisions of the 2006 Combined Code as disclosed in the company's corporate governance statement, the board has applied the principles of corporate governance relating to directors remuneration as disclosed below

This report has been prepared as if the Directors Remuneration Report Regulations 2002 were applicable to Georgica PLC The report also meets the relevant requirements of the Listing Rules of the Financial Services Authority and describes how the board has applied the 2006 Combined Code 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 admitted to the Official List and to state whether in their opinion that part of the report has been properly prepared in accordance with Schedule 7 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 2006 Combined Code Membership of the remuneration committee comprises the following non-executive directors, Margaret Mountford (Chairman), Don Hanson, Derham O Neill, Clive Preston and Robert Wickham, none of whom has day-to-day involvement in running the business The remuneration committee meets at least twice 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 schemes

Remuneration policy

The company s remuneration policy is to provide compensation packages at market rates and retain the directors to run the company successfully There is no formal policy in place regarding the proportion of fixed and variable pay for executive directors 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

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 with bonuses either paid in cash or in a combination of cash and shares However no contributions have been made since the end of 2006 The shares remaining in the scheme are held for an average 2 5 years after which they vest automatically

One-off cash bonuses may also be payable to board members, at the discretion of the remuneration committee as reward for particular work

Pensions

All directors are responsible for 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 Oct 2000	1 728 1	100 00	108 5p	100 00
29th Dec 2000	1,437 8	83 20	76p	70 05
30th Mar 2001	1 171 9	67 81	70 5p	64 98
29th June 2001	1 137 0	65 79	98p	90 32
28th Sept 2001	820 5	47 48	76p	70 05
31st Dec 2001	879 8	50 91	91p	83 87
28th Mar 2002	841 2	48 68	109 5p	100 92
28th June 2002	760 5	44 01	113 5p	104 61
30th Sept 2002	605 1	35 02	85 5p	78 80
27th Dec 2002	602 9	34 89	69p	63 59
31st Mar 2003	542 7	31 40	31 5p	29 03
30th June 2003	641 4	37 12	54p	49 77
30th Sept 2003	751 9	43 51	78 5p	72 35
28th Dec 2003	818 3	47 35	77 5p	71 43
31st Mar 2004	908 5	52 57	84 5p	77 88
30th June 2004	888 2	51 40	77 5p	71 43
30th Sept 2004	918 9	53 17	66 0p	60 83
26th Dec 2004	992 2	57 20	78 5p	72 35
31st Mar 2005	1 088 8	63 00	80 0p	73 73
30th June 2005	998 3	57 76	87 5p	80 65
30th Sept 2005	1,093 8	63 29	98 0p	90 32
1st Jan 2006	1 046 1	60 53	93 0p	85 71
31st Mar 2006	1 198 9	69 38	133 0p	122 58
30th June 2006	1 080 4	62 52	145 0p	133 64
30th Sept 2006	1 016 4	58 82	148 0p	136 41
31st Dec 2006	1 054 6	61 02	150 5p	138 71
31st Mar 2007	1 146 5	66 34	126 0p	116 13
30th June 2007	1 216 3	70 39	116 0p	106 91
30th Sept 2007	1,117 4	64 66	99 5p	91 71
30th Dec 2007	1,049 1	60 71	42 75p	39 40

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

Name of director	Date of contract or letter of appointment	Notice period
Executive directors		
Vineet Arora	23rd December 2003	6 months
Kaye Collins	27th January 2004	6 months
Peter Haspel	1st March 2004	6 months
Nicholas Oppenheim	30th November 2000	6 months
Simon Prew	20th November 2006	6 months
Non-executive directors		
Don Hanson	30th November 2000	6 months
Margaret Mountford	30th November 2000	6 months
Derham O Neill	6th April 2007	6 months
Clive Preston	1st May 2002	6 months
Robert Wickham	2nd February 2004	6 months

There are no special arrangements for compensation payments on termination of any of the directors' contracts

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 Additional fees of £92,000 (2006 £96,000) were also paid to Clive Preston for site reviews performed in connection with Georgica's capital expenditure programme and for participating in investor presentations These fees are not considered of sufficient magnitude to impinge on his independence

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 30th December 2007 £	52 week period to 31st December 2006 £
Emoluments	1,521,211	838 785

Remuneration report

Continued

Director	Salary £	Fees £	Bonus £	Benefits* £	52 week period to 30th December 2007 Total £	52 week period to 31st December 2006 Total £
Don Hanson	–	30 000	–	–	30,000	30 000
Vineet Arora	104 273	–	10 000	–	114,273	100 577
Kaye Collins***	130 000	–	36 750	–	166,750	114 990
Peter Haspel	225 750	–	315 000	–	540 750	154,480
Margaret Mountford	–	20 000	–	–	20,000	20,000
Derham O Neill (appointed 6th April 2007)		14,683	–	–	14,683	–
Nicholas Oppenheim	102 076	–	–	20,619	122,695	118 379
Clive Preston**	–	112,000	–	–	112,000	116 000
Simon Prew (appointed 20th November 2006)	153 394	–	100 000	–	253,394	17 308
Robert Wickham	–	20 000	–	–	20,000	20 000
Former directors						
David Barrett**** (resigned 28th August 2007)	–	33 333	–	–	33,333	20 000
Peter Collins*** (resigned 28th August 2007)	93 333	–	–	–	93,333	127 051
Total	808,826	230 016	461 750	20 619	1,521 211	838 785

* These amounts are the estimated taxable benefits provided to directors The benefits received by Nicholas Oppenheim relate to the provision of a car to him under his service contract

** Clive Preston received a fee of £20,000 (2006 £20 000) for his position of non-executive director and fees of £92 000 (2006 £96 000) relating to consultancy work in relation to the programme of capital expenditure currently being undertaken by the group

*** Peter Collins and Kaye Collins also received £2 917 and £1,541 respectively during the period from the exercise of performance share options

**** David Barrett received fees of £13,333 and a payment of £20 000 as compensation for loss of office

No third party fees were incurred

Long-term incentives

Vineet Arora Kaye Collins Peter Haspel and Simon Prew 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 and senior employees 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 are currently linked to growth in the market value of the share price from the date the options were granted to the exercise date The options are exercisable on an unconditional offer for the company, subject to certain criteria

Directors interests in performance shares

	Options at start of period	Granted	Exercised	Options at end of period	Exercise price	Period exercisable
Vineet Arora	300,000	–	–	300 000	£0 78	28th November 2007 to 28th November 2011
Kaye Collins	12,500	–	(12 500)	–	£1 00	
	437,500	–	–	437 500	£0 78	28th November 2007 to 28th November 2011
Peter Collins	25,000	–	(25 000)	–	£1 00	
	425,000	–	–	425 000	£0 78	29th August to 28th February 2008
Peter Haspel	450 000	–	–	450 000	£0 875	15th March 2008 to 15th March 2012
Simon Prew	400,000	–	–	400 000	£0 825	2nd February 2009 to 2nd February 2013

The first tranche of options over performance shares was granted on 1st July 2001 and all of the options in this tranche have been exercised Peter Collins and Kaye Collins received £2,917 and £1 541 respectively before deduction of tax in respect of their options in this tranche which were exercised on 14th March 2007

The second tranche of options over performance shares was granted on 28th November 2003 60% of the options in this tranche are exercisable in the year from 28th November 2007 and 10% on each subsequent anniversary On his resignation from the Georgica board on 28th August 2007, coincident with the sale of Rileys Peter Collins was given 6 months to exercise his options in this tranche To date they have not been exercised and the board does not expect Georgica to bear any liability in respect of their exercise

Peter Haspel was granted 450,000 options on 15th March 2004 60% of his options are exercisable in the year from 15th March 2008 and 10% in each subsequent year Simon Prew was granted 400,000 options on 2nd February 2005 60% of his options are exercisable in the year from 2nd February 2009 and 10% in each subsequent year The exercisable part of an option normally lapses on the first anniversary of its becoming exercisable

The mid-market price of ordinary 5p shares in the company at 28th December 2007 (the last trading day before 30th December 2007) was 48 0p (2006 150 5p), and the range during the period was 48 0p to 150 75p (2006 93 0p to 156 0p)

Share plans

The company introduced an Inland Revenue approved share incentive plan the Georgica Share Incentive Plan (GSIP) in 2003 Under the plan employees including eligible directors who had been employed with Georgica 12 months or more were entitled to free shares in the company, subject to certain restrictions and forfeiture Under the GSIP 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 (up to a maximum of 45), which again are subject to certain restrictions and forfeiture Vineet Arora, Kaye Collins and Peter Haspel are members of the GSIP and their holdings are included in the table of Directors' interests in the Directors' report

Georgica senior management incentive scheme

In addition to the long-term incentives noted above a new Georgica senior management incentive scheme was introduced on 25th January 2006 The scheme is designed to align the objectives of management with those of shareholders to realise shareholder value The scheme will reward senior management with a payment in cash if (i) an offer for the ordinary shares of the company or a takeover effected by a scheme of arrangement becomes or is declared unconditional in all respects (ii) one or both of the company's main operating subsidiaries are bought and an amount is returned to shareholders (iii) amounts are returned to shareholders on a refinancing of the group Payments under the scheme will only be made if one of the above named events takes place on or before 31st December 2008 Payments under the scheme will be of an amount equal to a percentage of either (a) the value placed on the equity share capital of the company by an offer or (b) by the amount returned to shareholders In all cases payments under the scheme will only be effected once an amount in excess of £108,250,000 has been realised by shareholders (being £1 per ordinary share based on the 98,097,700 ordinary shares in issue at 25th January 2006, together with £1 per 10,152 300 ordinary shares which would arise on conversion of the convertible ordinary shares at the maximum level of conversion) On 27th February 2007 further awards were issued on the same terms as those made in 2006 except the base amount was calculated to be £156,756,500 (being £1 per ordinary share based on the 97,422,700 ordinary shares in issue at 27th February 2007 together with £1 per 10,152,300 ordinary shares which would arise on conversion of the convertible ordinary shares at the maximum level of conversion)

Remuneration report

Continued

The following executive directors are participants in the Georgica senior management incentive scheme

	Percentage of the value in excess of £108 250 000 2007	Percentage of the value in excess of £108 250 000 2006	Percentage of the value in excess of £156,756 500 2007
Kaye Collins	1 0%	1 0%	-
Peter Collins	-	1 0%	-
Peter Haspel	1 0%	1 0%	-
Simon Prew	0 25%	0 25%	0 25%
	2 25%	3 25%	0 25%
Senior employees of the group	-	0 125%	-

This report was approved by the board of directors on 5th February 2008 and signed on its behalf by

Margaret Mountford

Margaret Mountford
Chairman, Remuneration Committee

Statement of directors' responsibilities

in respect of the annual report the directors' remuneration report and the financial statements

The directors are responsible for preparing the Annual Report, the remuneration report (because the company applies the requirements of Schedule 7A to the Companies Act 1985 as if it were a listed company) and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year Under that law the directors have prepared the group and parent company financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union The financial statements are required to give a true and fair view of the state of affairs of the company and the group and of the profit or loss of the group for that period In preparing those financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and estimates that are reasonable and prudent,
- state whether the financial statements comply with IFRSs as adopted by the European Union and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group will continue in business

The directors confirm that they have complied with the above requirements in preparing the financial statements

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and the group and to enable them to ensure that the financial statements and the remuneration report comply with the Companies Act 1985 and Article 4 of the IAS Regulation They are also responsible for safeguarding the assets of the company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities and for the maintenance and integrity of the company s website Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions

Independent auditors' report

To the members of Georgica PLC
We have audited the group and parent company financial statements (the "financial statements') of Georgica PLC for the 52 week period ended 30th December 2007 which comprise the consolidated income statement, the group and parent company balance sheets the group and parent company cash flow statements, the group and parent company statements of changes in equity, the statement of accounting policies and the related notes 1 to 31 These financial statements have been prepared under the accounting policies set out therein We have also audited, at the request of the directors the information in the remuneration report that is described as having been audited

Respective responsibilities of directors and auditors
The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union are set out in the statement of directors' responsibilities The directors are also responsible for preparing the remuneration report (because the company applies the requirements of Schedule 7A to the Companies Act 1985 as if it were a listed company)

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland) We also at the request of the directors, audit the part of the remuneration report to be audited (because the company applies the requirements of Schedule 7A to the Companies Act 1985 as if it were a listed company) This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing

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 remuneration report to be audited have been properly prepared in accordance with the Companies Act 1985 We report to you whether in our opinion the information given in the directors' report is consistent with the financial statements The information given in the directors report includes that specific information presented in the operating review and chairman's statement that is cross referenced from the business review section of the directors' report

In addition we report to you if, in our opinion, 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 other transactions is not disclosed

We read other information contained in the Annual Report and consider whether it is consistent with the audited financial statements The other information comprises only the chairman's statement, the unaudited segmental analysis, the directors' report, the corporate governance statement, the unaudited part of the remuneration report and the five year record and the capitalisation table We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements Our responsibilities do not extend to any other information

We also, at the request of the directors (because the company applies the Financial Services Authority Listing Rules as if it were a listed company) review whether the corporate governance statement reflects the company's compliance with the nine provisions of the 2006 Combined Code specified for our review by the Listing Rules of the Financial Services Authority, 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 company's corporate governance procedures or its risk and control procedures

Independent auditors' report

Continued

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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 and the part of the remuneration report to be audited It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group's and company's circumstances, 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 and the part of the remuneration report to be audited 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 and the part of the remuneration report to be audited

Opinion

In our opinion

- the group financial statements give a true and fair view, in accordance with IFRSs as adopted by the European Union, of the state of the group s affairs as at 30th December 2007 and of its loss and cash flows for the 52 week period then ended,
- the parent company financial statements give a true and fair view, in accordance with IFRSs as adopted by the European Union as applied in accordance with the provisions of the Companies Act 1985 of the state of the parent company's affairs as at 30th December 2007 and cash flows for the 52 week period then ended,
- the financial statements and the part of the remuneration report to be audited have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the directors report is consistent with the financial statements

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors

London
5th February 2008

Consolidated income statement

for the 52 week period ended 30th December 2007

	Notes	52 weeks to 30th December 2007 £000	52 weeks to 31st December 2006 £000
Continuing operations			
Revenue	1	65,681	67 443
Cost of sales		(26,762)	(28 100)
Gross profit		38,919	39 343
Profit on disposal	2	26,260	9 097
Administrative expenses		(42,059)	(37 141)
Operating profit		23,120	11 299
Interest payable and similar charges	4	(16,211)	(10 631)
Interest receivable	5	252	235
Profit before taxation	6	7,161	903
Taxation	7	1,392	(1,353)
Profit/(loss) from continuing operations		8,553	(450)
Discontinued operations			
Net (loss)/profit from discontinued operations	8	(18,975)	4 562
(Loss)/profit for the period attributable to equity shareholders		(10 422)	4 112
Earnings per share (continuing operations)			
Basic earnings per share	21	8 3p	(0 4)p
Diluted earnings per share	21	8 3p	(0 4)p
Earnings per share			
Basic earnings per share	21	(10 1)p	4 0p
Diluted earnings per share	21	(10 1)p	4 0p

Balance sheets

at 30th December 2007

		Group		Company	
	Notes	30th December 2007 £000	31st December 2006 £000	30th December 2007 £000	31st December 2006 £000
Assets					
Non-current assets					
Goodwill	11	42,628	81,102	-	-
Intangible assets	11	124	62	-	-
Investments	12	-	-	168,461	70,076
Property plant and equipment	13	45 664	119,650	488	572
		88,416	200 814	168,949	70 648
Current assets					
Inventories	15	1,596	2 130	-	-
Trade and other receivables	16	6 667	15 615	1,110	123 479
Assets held for resale	17	4,463	-	-	-
Financial assets	18	260	388	239	388
Cash and cash equivalents	19	716	8,680	188	7 443
		13,702	26 813	1 537	131 310
Liabilities					
Current liabilities					
Financial liabilities	23	(5 032)	(10,645)	(522)	(10 616)
Trade and other payables	24	(10,437)	(17,774)	(75,212)	(14 926)
Provisions	25	(148)	(289)	-	(44)
		(15,617)	(28 708)	(75,734)	(25 586)
Net current (liabilities)/assets		(1 915)	(1 895)	(74,197)	105 724
Non-current liabilities					
Financial liabilities	23	(2 791)	(98,275)	-	(92 732)
Other non-current liabilities	24	(1 344)	(1 639)	(20)	(734)
Provisions	25	(1 034)	(457)	-	-
Deferred tax	26	(1,993)	(8,777)	-	-
		(7 162)	(109,148)	(20)	(93,466)
Net assets		79,339	89,771	94,732	82 906
Equity					
Share capital	20	6,140	6 140	6 140	6 140
Share premium		34,841	34 841	34 841	34 841
Other reserves		57,724	57 724	166	166
Retained (deficit)/earnings		(19,366)	(8 934)	53,585	41 759
Total equity		79,339	89 771	94,732	82 906

The financial statements which comprise the consolidated income statement, the group and company statements of changes in equity, the group and company balance sheets the group and company cash flow statements and the related notes were approved by the board of directors and authorised for issue on 5th February 2008 and signed on its behalf by

Simon Prew

Jon Hanson

Cash flow statements

for the 52 week period ended 30th December 2007

Group	Notes	52 weeks to 30th December 2007 £000	52 weeks to 31st December 2006 £000
Cash flows from operating activities			
Cash generated from operations	22	10,622	17 423
Interest received		326	235
Interest paid		(11,740)	(10 694)
Net cash (used in)/from operating activities		(792)	6 964
Cash flows from investing activities			
Proceeds from sale of property plant and equipment		82 609	9,410
Purchase of property plant and equipment		(15 133)	(18,912)
Discontinued businesses		29 918	221
Net cash from/(used in) investing activities		97 394	(9,281)
Cash flows from financing activities			
Finance lease principal payments		(84)	(99)
Receipts from borrowings		9,634	21 210
Repayment of borrowings		(110,663)	(12 036)
Purchase of treasury shares		–	(895)
Net cash (used in)/from financing activities		(101,113)	8 180
Net (decrease)/increase in cash, cash equivalents and bank overdrafts		(4 511)	5 863
Cash cash equivalents and bank overdrafts – beginning of period	19	4,682	(1 181)
Cash, cash equivalents and bank overdrafts – end of period	19	171	4 682

Company	Notes	52 weeks to 30th December 2007 £000	52 weeks to 31st December 2006 £000
Cash flows from operating activities			
Cash used in operations	22	(5,449)	(2,862)
Interest received		361	233
Interest paid		(10,625)	(9,407)
Net cash used in operating activities		(15,713)	(12 036)
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		-	5
Discontinued businesses		(1,086)	-
Purchase of property plant and equipment		(15)	(86)
Dividends from subsidiaries		138,833	1 750
Net cash from investing activities		137,732	1,669
Cash flows from financing activities			
Receipts from borrowings		9,384	21 240
Borrowings from subsidiaries		(23,657)	6 685
Finance charges		(1,311)	(82)
Repayment of borrowings		(110,521)	(10 275)
Purchase of treasury shares		-	(895)
Net cash (used in)/from financing activities		(126,105)	16,673
Net (decrease)/increase in cash cash equivalents and bank overdrafts		(4,086)	6 306
Cash cash equivalents and bank overdrafts – beginning of period	19	3,336	(2,970)
Cash, cash equivalents and bank overdrafts – end of period	19	(750)	3,336

Statements of changes in equity

for the 52 week period ended 30th December 2007

Group	Share capital £000	Share premium £000	Other reserves £000	Retained earnings £000	Total equity £000
Balance at 1st January 2006	6,174	34,841	57 690	(12,174)	86 531
Profit for the period	–	–	–	4 112	4,112
Share incentive plan	–	–	–	(20)	(20)
Buy back of ordinary shares	(34)	–	34	(852)	(852)
Balance at 31st December 2006	6,140	34,841	57,724	(8,934)	89 771
Loss for the period	–	–	–	(10 422)	(10,422)
Share incentive plan	–	–	–	(10)	(10)
Buy back of ordinary shares	–	–	–	–	–
Balance at 30th December 2007	6,140	34,841	57,724	(19,366)	79 339

Company	Share capital £000	Share premium £000	Other reserves £000	Retained earnings £000	Total equity £000
Balance at 1st January 2006	6,174	34,841	132	47 521	88,668
Loss for the period	–	–	–	(4 890)	(4,890)
Share incentive plan	–	–	–	(20)	(20)
Buy back of ordinary shares	(34)	–	34	(852)	(852)
Balance at 31st December 2006	6 140	34,841	166	41 759	82 906
Profit for the period	–	–	–	11,836	11 836
Share incentive plan	–	–	–	(10)	(10)
Buy back of ordinary shares	–	–	–	–	–
Balance at 30th December 2007	6,140	34 841	166	53 585	94,732

Statement of accounting policies

Georgica PLC (the company) is a company incorporated and domiciled in the United Kingdom The consolidated financial statements of the company for the period ended 30th December 2007 comprise the company and its subsidiaries (together referred to as the "group) The parent company financial statements present information about the company as a separate entity and not about its group

Statement of compliance
Both the parent company financial statements and the group financial statements have been prepared and approved by the directors in accordance with International Financial Reporting Standards as adopted by the European Union (Adopted IFRSs") and those parts of the Companies Act 1985 applicable to companies reporting under IFRS IFRS is subject to an ongoing process of review and endorsement by the European Commission and amendment and interpretation by the International Accounting Standards Board

The following new standards, amendments to standards and interpretations are mandatory for the first time for the period ending 30th December 2007 IFRS 7, Financial instruments Disclosures', effective for annual periods beginning on or after 1st January 2007, IAS 1, Amendments to capital disclosures', effective for annual periods beginning on or after 1st January 2007, IFRIC 8, 'Scope of IFRS 2', effective for annual periods beginning on or after 1st May 2006, IFRIC 9 Reassessment of embedded derivatives , effective for annual periods beginning on or after 1st June 2006, and IFRIC 10, Interims and Impairment' effective for annual periods beginning on or after 1st November 2006 IFRS 7 introduces new disclosures relating to financial instruments, but does not have any impact on the classification and valuation of the group's financial instruments IFRIC 8 has not had any impact on the recognition of share-based payments in the group IFRIC 9 has not had any impact on the reassessment of embedded derivatives as the group already assessed whether embedded derivatives should be separated using principles consistent with IFRIC 9 IFRIC 10 has not had any impact on the group's financial statements

The following new standards, amendments to standards and interpretations have been issued, but are not effective for the period ending 30th December 2007 and have not been adopted early IFRS 8, Operating segments , effective for annual periods beginning on or after 1st January 2009, subject to EU endorsement, IFRIC 11, 'IFRS 2 - Group and treasury share transactions , effective for annual periods beginning on or after 1st March 2007, IFRIC 12, Service concession arrangements' effective for annual periods beginning on or after 1st January 2008, IFRIC 13 'Customer Loyalty Programmes' effective for annual periods beginning on or after 1st July 2008, and IFRIC 14 – IAS 19, The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction', effective for annual periods beginning on or after 1st January 2008 Management do not currently foresee any changes to the group's business segments arising from adoption of IFRS 8, and do not expect IFRIC 11, IFRIC 12, IFRIC 13 or IFRIC 14 to be relevant for the group

On publishing the parent company financial statements here together with the group financial statements, the company is taking advantage of the exemption in s230 of the Companies Act 1985 not to present its individual income statement and related notes that form a part of these approved financial statements

Basis of preparation
The financial information has been prepared under the historical cost convention as modified by the revaluation of derivative instruments to fair value through the income statement and incorporates the consolidated results of Georgica PLC and all its subsidiaries for the year ended 30th December 2007 The financial information for the 52 week period to 31st December 2006 has been extracted from the financial statements for that period on which the auditors gave an unqualified opinion and which have been filed with the Registrar of Companies

The preparation of financial statements requires the use of accounting estimates and requires management to exercise judgment in the process of applying the group's accounting policies Accounting estimates are based on historical experience and various other factors believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about the carrying values of assets and liabilities that are not readily available from other sources The principal balance sheet accounts affected by judgment are goodwill (affected by the valuation of assets acquired and by impairment assessments), tangible fixed assets (affected by impairment assessments and estimates of useful life and residual value) financial assets (affected by valuation assumptions) other non-current liabilities (affected by the assumptions used to value share based payments), onerous lease provisions and deferred tax Actual results may differ from these estimates

The estimates and underlying assumptions are reviewed on an ongoing basis Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both the current and future periods

Statement of accounting policies

Continued

Basis of consolidation

Subsidiaries, which are companies in which the group holds more than 50% of the voting rights and over which it has the power to govern the financial and operating policies, are consolidated from the date on which control passes to the group, and cease to be consolidated from the date on which control passes from the group All intercompany balances and transactions, and any unrealised gains on transactions between group companies are eliminated

On acquisition of a subsidiary, all of the identifiable acquired assets (including intangible assets), liabilities and contingent liabilities are recorded at their fair values reflecting their condition on the date control passes The cost of an acquisition is measured as the fair value of the assets given equity instruments issued and liabilities incurred or assumed plus expenses directly attributable to the acquisition The excess of the cost of the acquisition over the fair value of the group's share of the identifiable net assets acquired is recorded as goodwill

Functional currency

The financial information in this report is presented in sterling, the functional currency of the company and group, rounded to the nearest thousand

Revenue

Revenue represents the total amounts earned from members and customers for membership income bowling games, use of snooker and pool tables use of amusement machines and bar and food sales together with any other goods and services delivered in the normal course of business net of VAT Revenue from annual membership income is recognised in the income statement over the year of membership All other revenue is derived from daily takings and is recorded at the point of sale

Intangible assets

Goodwill

Goodwill represents the excess of the cost of the acquisition of a subsidiary or business over the fair value of the group's share of the identifiable net assets acquired Goodwill is carried at cost less impairment and is tested annually for impairment, or earlier if circumstances indicate that an impairment may have occurred Negative goodwill arising on acquisition is recognised immediately in the income statement

Trademarks

Trademarks acquired by the group are capitalised on acquisition at cost They are amortised to the income statement in equal annual instalments over a period of 5 years which is their estimated useful economic life

Software

Software costs are capitalised and depreciated over their estimated useful lives

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment in value Depreciation is calculated so as to write off the cost, less estimated residual value of each asset on a straight line basis over its expected useful economic life The principal annual rates used for this purpose are as follows

Freehold buildings	50 years
Long leasehold premises	The shorter of 50 years or their estimated useful lives
Short leasehold premises	Their estimated useful lives
Fixtures, fittings and equipment	Between 3 and 20 years
Bowling lanes	40 years

Freehold land is not depreciated Assets in the course of construction are not depreciated until they are brought into use Residual value is calculated based upon prices prevailing at the date of acquisition and is reassessed annually

Impairment of assets

At each reporting date, all assets other than inventories and deferred tax assets are considered for evidence of impairment If there is an indication of impairment the group carries out an impairment test by measuring the asset's recoverable amount which is the higher of the fair value less costs to sell and the value in use If this recoverable amount is below the carrying value, an impairment loss is recognised in the income statement and the asset is written down to the recoverable amount In assessing value in use, the estimated future cash flows arising from the use of the asset are discounted to their present value using a discount rate which reflects current market assessments of the time value of money and the risks specific to the asset Impairment of the group s operating businesses is assessed at the cash generating unit (CGU) level, with goodwill allocated to each CGU for this purpose Impairment losses are charged to the income statement in the period in which they are identified and are allocated first to goodwill then to carrying amounts of other assets in the CGU on a pro rata basis

Reversals of impairment

An impairment loss in respect of a held-to-maturity security or receivable carried at amortised cost is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised An impairment loss in respect of goodwill is not reversed In respect of other assets, an impairment loss is reversed when there is an indication that the impairment loss may no longer exist and there has been a change ın the estımates used to determıne the recoverable amount An ımpaırment loss ıs reversed only to the extent that the asset s carryıng amount does not exceed the carryıng amount that would have been determıned, net of depreciatıon or amortısatıon, ıf no ımpaırment loss had been recognısed

Property dısposals

Dısposals of propertıes and any resultant gaın or loss on dısposal are recognısed ın the ıncome statement once all condıtıons of the sale contract become uncondıtıonal

Investments

Except as stated below, fixed asset ınvestments are stated at cost less any provısıon for ımpaırment ın value

Inventorıes

Inventorıes are stated at the lower of cost and net realısable value Cost ıs calculated as cost of purchase on a fırst ın, fırst out basıs based on normal levels of actıvıty Net realısable value ıs based on estımated sellıng prıce, less further costs expected to be ıncurred to completıon and dısposal Provısıon ıs made for obsolete, slow-movıng or defectıve ıtems where approprıate

Trade and other receıvables

Trade and other receıvables are stated at theır cost less ımpaırment losses

Fınancıal assets

The group classıfıes ıts fınancıal assets as eıther at faır value through profıt and loss (all of whıch were desıgnated as such upon recognıtıon) or as loans and receıvables There are no fınancıal assets held as avaılable for sale

Fınancıal assets at faır value through profıt and loss fınancıal assets held for ınterest rate management are classıfıed ın thıs category – the group uses two forms of derıvatıve fınancıal ınstrument to reduce exposure to ınterest rate ıncreases, ınterest rate caps and ınterest rate swaps These derıvatıves are ınıtıally recognısed at faır value on the date the contract ıs entered ınto, and are subsequently recognısed at faır value re-measured as at each reportıng date The gaın or loss on re-measurement to faır value ıs recognısed ın finance costs ın the ıncome statement

Loans and receıvables non-derıvatıve fınancıal assets wıth fıxed or determınable payments – loans and receıvables are classıfıed as "trade and other receıvables ın the balance sheet

Cash and cash equıvalents

Cash and cash equıvalents comprıse cash balances and call deposıts Bank overdrafts that are repayable on demand and form an ıntegral part of the group's cash management are ıncluded as a component of cash and cash equıvalents for the purpose of the statement of cash flows

Interest-bearıng borrowıngs

Interest-bearıng borrowıngs are recognısed ınıtıally at faır value less attrıbutable transactıon costs Subsequent to ınıtıal recognıtıon ınterest-bearıng borrowıngs are stated at amortısed cost wıth any dıfference between cost and redemptıon value beıng recognısed ın the ıncome statement over the perıod of the borrowıngs on an effectıve ınterest basıs

Trade and other payables

Trade and other payables are stated at cost

Leases

Costs ıncurred ın respect of operatıng leases are charged to the ıncome statement on a straıght lıne basıs over the term of the lease Benefıts receıved and receıvable as an ıncentıve to sıgn an operatıng lease are sımılarly spread on a straıght lıne basıs over the lease term The majorıty of the group's short term property leases are treated as operatıng leases

Fınance lease arrangements, whıch transfer substantıally all of the benefıts and rısks of ownershıp of the related property to the group, are treated as ıf the property had been acquıred The propertıes are ıncluded ın property, plant and equıpment, classıfıed as long leasehold propertıes, and the capıtal element of the leasıng commıtment ıs shown as a fınance lease oblıgatıon ın lıabılıtıes Lease rentals are separated ınto capıtal and ınterest elements, wıth the capıtal element applıed to reduce the fınance lease oblıgatıon and the ınterest element charged to fınance costs ın the ıncome statement, so as to gıve a constant perıodıc rate of charge on the remaınıng balance of the oblıgatıon outstandıng at each accountıng perıod end

Cash settled share based payments

The group operates a long-term cash settled ıncentıve plan lınked to growth ın shareholder value It consısts of a number of tranches of optıons, lınked to the performance of the company's shares, granted to executıve dırectors and senıor employees The optıons are accounted for at valuatıon, usıng the Bınomıal Model and takıng ınto account relevant factors such as share prıce volatılıty, share prıce growth hurdles lapse rates and dıvıdend expectatıons The faır value of each tranche of optıons over performance shares made under the plan ıs recognısed ın the ıncome statement over the perıod from the effectıve date of grant to the vestıng date for that tranche Operatıng profıt for the perıod ıs reduced by the cost of optıons allocated to that perıod based on the valuatıon as at the perıod end, together wıth any adjustment to charges recorded ın earlıer perıods due to revısıons ın the valuatıon ın the perıod, whıch prıncıpally arıse from changes ın Georgıca's share prıce

Statement of accounting policies

Continued

A management incentive scheme, introduced in January 2006, will reward senior management with a payment in cash if (i) an offer for the ordinary shares of the company or a takeover effected by a scheme of arrangement becomes or is declared unconditional in all respects (ii) one or both of the company s main operating subsidiaries are bought and an amount is returned to shareholders (iii) amounts are returned to shareholders on a refinancing of the group before 31st December 2008 Payments under the scheme will be linked to the return to shareholders, computed as a percentage of the value delivered to shareholders in excess of the value of Georgica at the date of grant In accordance with IFRS 2 the expense recognised in the income statement is based on an estimate of the fair value of the awards issued under the scheme at each reporting date These awards will either vest in full, following a return to shareholders, or lapse if there has not been a qualifying return to shareholders before the scheme expires and accordingly the expense is recognised in the income statement in full or not at all, dependent on the assessment of the likelihood that the awards will vest at the reporting date Currently no expense is being recognised

Provisions

Provisions are recognised when the group has a present obligation (legal or constructive) as the result of a past event and it is both probable that an outflow of resources will be required to settle the obligation and the amount of the obligation can be reliably estimated Where the group expects to be reimbursed for an outflow of resources associated with a provision, for example under an insurance contract, the expected reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain If the effect of the time value of money is material, provisions are calculated by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and where appropriate, the risks specific to the liability Where discounting is used, the increase in the provision due to the unwinding of the discount over time is charged to finance costs in the income statement

Onerous lease commitments

Provisions are recognised for the present value of onerous leases and vacant properties, calculated as the expected net cash out flows over the remaining life of the lease, discounted at a rate which approximates the group s weighted average cost of capital Notional interest is charged in respect of the unwinding of the discount

Intra-group financial instruments

Where the company enters into financial guarantee contracts to guarantee the indebtedness of other companies within its group, the company considers these to be insurance arrangements and accounts for them as such In this respect the company treats the guarantee contract as a contingent liability until such time as it becomes probable that the company will be required to make a payment under the guarantee

Debt issue costs

Issue costs of debt are recognised in the income statement on a systematic basis over the term of the debt

Tax

The tax charge comprises current tax payable and deferred tax The current tax charge represents an estimate of the tax payable in respect of the group's taxable profits and is based on an interpretation of existing tax laws

As required by IAS 12 (revised) the group provides deferred income tax using the balance sheet liability method on all temporary differences between the tax bases of assets and liabilities and their carrying values at the balance sheet date Deferred income tax assets and liabilities so recognised are determined using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date and are based on the expected manner of realisation or settlement of the carrying amount of the assets or liabilities Deferred income tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised Deferred income tax balances are not discounted Deferred tax is not recognised in respect of the initial recognition of an asset or liability acquired in a transaction which is not a business combination and at the time of the transaction does not affect accounting or taxable profits

Segment reporting

A segment is a distinguishable component of the group that is engaged either in providing products or services (business segment) The group wholly operates within the United Kingdom

Discontinued operations

A discontinued operation is a component of the group's business that either has been disposed of or classified as held for sale or is a company or group of companies to which a receiver or administrator has been appointed and over which the group does not exercise control

Dividends

Dividends receivable are recognised when the right to receive the dividend is established, which is generally when the dividend is received

Company reserves

The company's reserves comprise a share premium account, a special capital reserve and a capital redemption reserve None of these reserves is distributable

1 Segment reporting

Segment information is presented in respect of the group's business segments

Segment results assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis Segment capital expenditure is the total cost incurred during the period to acquire segment assets that are expected to be used for more than one period

Business segments
The group comprises the following main business segments

Tenpin (Bowls) - Tenpin is the largest tenpin bowling operator in the UK with an approximate 20% share of the UK market

Georgica – this comprises 8 properties held for sale for redevelopment together with central management, being company secretarial and the board central finance head office assets and costs and group debt

Until 28th August 2007 Georgica had a third segment, Rileys (Cue sports), which it sold on that date - Rileys is the largest and only national cue sports operator in the UK accounting for approximately 15% of the total number of dedicated cue sports venues Rileys has been classified as discontinued business below

The segment results and capital expenditure for the 52 week period ended 30th December 2007 and the segment assets and liabilities at 30th December 2007 are as follows

	Tenpin £000	Georgica £000	Continuing Business £000	Discontinued Business £000	Total Group £000
Segment revenue - external	65,681	-	65,681	-	65 681
Operating profit – segment result	28 228	(5 108)	23,120	-	23,120
Net interest			(15 959)	-	(15,959)
Profit before tax			7,161	-	7,161
Tax			1 392	-	1 392
Discontinued operations net (see note 8)			-	(18 975)	(18 975)
Profit after tax for the period			8,553	(18,975)	(10 422)
Other segment items included in the income statement					
Impairment of goodwill	(1 837)	-	(1 837)	(130)	(1,967)
Depreciation of property plant and equipment	(3 927)	(100)	(4 027)	(3 535)	(7,562)
Impairment of property plant and equipment	(1 412)	-	(1 412)	-	(1 412)
Segment assets	96,223	5,895	102 118	-	102,118
Segment liabilities	(20 749)	(2 030)	(22 779)	-	(22 779)
Net assets	75,474	3,865	79 339	-	79,339
Capital expenditure	6 563	16	6,579	8,562	15,141

Discontinued Business comprises the results for the period of the Rileys operation, which was sold on 28th August 2007, together with the loss on sale of the Rileys operation It also includes a £200,000 benefit arising from the receivership of Allied Leisure, which was discontinued in 2004

Capital expenditure comprises additions to property, plant and equipment and intangible assets including additions resulting from acquisitions through business combinations

Notes to the financial statements

Continued

1 Segment reporting (continued)

The segment results and capital expenditure including the purchase of goodwill and intangible assets, for the 52 week period ended 31st December 2006 and the segment assets and liabilities at 31st December 2006 are as follows

	Tenpin £000	Georgica £000	Continuing Business £000	Discontinued Business £000	Total Group £000
Segment revenue - external	67,443	-	67,443	-	67,443
Operating profit – segment result	15 018	(3,719)	11 299	-	11,299
Net interest			(10 396)	-	(10,396)
Profit before tax			903	-	903
Tax			(1,353)	–	(1 353)
Discontinued operations net (see note 8)			–	4 562	4 562
(Loss)/profit after tax for the period			(450)	4,562	4,112
Other segment items included in the income statement					
Impairment of goodwill	289	–	289	721	1 010
Depreciation of property plant and equipment	4 363	167	4,530	4 543	9,073
Impairment of property plant and equipment	289	–	289	579	868
Segment assets	121 774	8 398	130,172	97 455	227,627
Segment liabilities	(14 140)	(107,271)	(121 411)	(16 445)	(137,856)
Net assets	107,634	(98,873)	8,761	81,010	89,771
Capital expenditure	8,491	86	8,577	10,624	19,201

Discontinued Business comprises the results for the period of the Rileys operation, which was sold on 28th August 2007 It also includes a £2 4m benefit arising from the receivership of Allied Leisure and the administration of Megabowl Limited, which were both discontinued in 2004

Geographical segments

All activities are conducted in the United Kingdom

2 Profit on disposal of properties

Profit on disposal of properties all of which were Tenpin disposals, comprises

	52 week period ended 30th December 2007 £000	52 week period ended 31st December 2006 £000
Sale and leaseback of 9 bowling venues	27 896	-
Sale of Plympton bowl	487	-
Goodwill adjustment in respect of disposals	(2,123)	-
Sale of Streatham bowl	-	4 629
Sale of Bristol bowl	-	4,468
Continuing operations	26 260	9 097

2 Profit on disposal of properties (continued)

On 28th August 2007 Tenpin completed the sale and leaseback of 9 freehold and long leasehold properties for cash consideration of £43 0m of which £1 75m will be received in 2008, following completion of structural works to a bowl The profit recorded of £27 9m was after deduction of fees of £0 6m and the net book value of the freehold and long leasehold interests of £14 5m Annual rental costs have increased by £2 5m as a result of this transaction

During the period Tenpin also sold its Plymouth Plympton freehold site for redevelopment for gross consideration of £3 1m The profit on disposal, after deduction of fees of £0 3m, other costs of £0 2m and the net book value of the bowl of £2 1m, was £0 5m The annual EBITDA of the business was £0 1m on sales of £1 0m

The profit on disposal in the period is also net of a £2 1m write off of goodwill related to disposals

In 2006 Tenpin completed the sale of its Streatham site and exchanged an unconditional contract for the sale of its Bristol site both for redevelopment The aggregate consideration received was £17 3m, £9 3m of which was received in March 2007 After accounting for the net book value of the bowls of £6 4m (including goodwill) and costs of £1 8m, a profit on disposal of £9 1m was recorded The annual EBITDA of the businesses was £0 35m on turnover of £2 3m

3 Staff costs and numbers

Staff costs and numbers - group

	52 week period ended 30th December 2007			52 week period ended 31st December 2006		
	Continuing operations £000	**Discontinued operations £000**	**Total £000**	Continuing operations £000	Discontinued operations £000	Total £000
Wages and salaries	17,025	12,538	29,563	19 700	18 086	37 786
Social security contributions	1,506	1,039	2,545	1 218	1 407	2 625
Cash-settled share based payments (note 9)	(714)	–	(714)	668	–	668
	17,817	13 577	31,394	21 586	19 493	41 079

Staff costs included within cost of sales is £14 3m (2006 £15 1m) The balance of staff costs from continuing operations is recorded as an administrative expense within overheads Details of directors' remuneration are disclosed in the remuneration report

All key management positions are held by executive directors of Georgica PLC and accordingly no further disclosure of key management remuneration beyond that in the remuneration report is deemed necessary other than that the cash-settled share based payment credit in the period which relates to executive directors is £507 000 (2006 charge of £586 000)

The average number of persons employed (including directors) during the period analysed by category, was as follows

	52 week period ended 30th December 2007			52 week period ended 31st December 2006		
	Continuing operations	**Discontinued operations**	**Total**	Continuing operations	Discontinued operations	Total
Weighted average number of employees						
Staff	1,312	1 467	2,779	1 654	1 442	3 096
Administration	67	71	138	68	63	131
Unit management	241	340	581	289	324	613
	1 620	1,878	3 498	2 011	1 829	3 840

Notes to the financial statements

Continued

3 Staff costs and numbers (continued)

Staff costs and numbers - company

	52 week period ended 30th December 2007 £000	52 week period ended 31st December 2006 £000
Wages and salaries	1,372	783
Social security contributions	313	111
Cash-settled share based payments (note 9)	(714)	668
	971	1 562

	52 week period ended 30th December 2007 number	52 week period ended 31st December 2006 number
Administration	10	10
	10	10

4 Interest payable and similar charges

	52 week period ended 30th December 2007 £000	52 week period ended 31st December 2006 £000
Floating rate notes	5 031	7 001
Bank loans and overdrafts	2 175	2 698
Amortisation of deferred financing costs	4,462	919
Financial instruments	149	(385)
Finance leases	338	293
Other	4 056	105
Interest payable and similar charges – continuing operations	16,211	10 631

On 28th August 2007 the company used proceeds from sale and leasebacks of certain of its freehold and long leasehold properties and from the sale of Rileys Limited to redeem its £60m Floating Rate Notes due 2011 and refinance its senior debt, reducing its drawn senior debt from £41m to £3m On completion of the redemption of the Floating Rate Notes, a premium of 6% was paid (£3 6m included in "Other") and related deferred financing costs of £2 4m were written off (included in 'Amortisation of deferred financing costs") A similar write off of deferred financing costs of £0 8m was made on refinancing and paying down the senior debt

5 Interest receivable

	52 week period ended 30th December 2007 £000	52 week period ended 31st December 2006 £000
Interest income on bank deposits – continuing operations	252	235

6 Profit before taxation

The following items have been included in arriving at profit before taxation

	52 week period ended 30th December 2007			52 week period ended 31st December 2006		
	Continuing operations £000	**Discontinued operations £000**	**Total £000**	Continuing operations £000	Discontinued operations £000	Total £000
Staff costs (see note 3)	17,817	13,577	31,394	21 586	19 493	41 079
Consumables charged to cost of sales	5,396	5,344	10,740	5,653	7 427	13 080
Depreciation of property, plant and equipment	4 027	3,535	7,562	4,530	4 543	9 073
Impairment of property plant and equipment	1,412	–	1,412	289	579	868
Impairment of goodwill	1,837	130	1,967	289	721	1 010
Depreciation and amortisation of intangible assets	164	13	177	21	25	46
Operating lease rentals payable - property	8 273	2,840	11,113	7,450	3 380	10 830
Repairs on property, plant and equipment	1 280	1,530	2,810	1,372	2 129	3 501
Gains/(losses) on financial assets	(149)	–	(149)	385	–	385
Auditors remuneration						
Audit of Georgica group and company financial statements	35	–	35	33	–	33
Audit of subsidiary financial statements	40	–	40	40	40	80
Transaction due diligence	859	–	859	270	–	270
Accounting services	–	–	–	15	–	15
Consulting services	61	–	61	70	–	70

The PwC fees for transaction due diligence are in respect of the demerger preparation, the Tenpin and Rileys sale and leaseback transactions the sale of Rileys and the proposed sale of Georgica The consulting services are in respect of the members voluntary liquidation of 9 group companies initiated as part of the rationalisation of the group, and tax advice in relation to the listing of the convertible shares of Georgica

7 Taxation

Recognised in the income statement

	52 week period ended 30th December 2007 £000	52 week period ended 31st December 2006 £000
Current tax	–	–
Deferred tax		
Continuing operations		
Origination and reversal of temporary differences	(1,392)	1 353
Total continuing operations	(1,392)	1 353
Discontinued operations		
Origination and reversal of temporary differences	5,201	1 260
Tax charge in income statement (note 26)	3,809	2,613

Reconciliation of effective tax rate for continuing operations

	52 week period ended 30th December 2007 £000	52 week period ended 31st December 2006 £000
Profit before tax	7 161	903
Tax using the UK corporation tax rate of 30% (2006 30%)	2,148	271
Permanent items	721	1 082
Reduction in corporation tax rate	(142)	–
Effect of tax losses utilised	(3 240)	–
Prior year adjustment	(879)	–
Tax (credit)/charge in income statement	(1,392)	1,353

Notes to the financial statements

Continued

8 Discontinued operations

	52 week period ended 30th December 2007 £000	52 week period ended 31st December 2006 £000
Disposal of Rileys	(19,175)	2 146
Receivership of Allied Leisure	200	-
Administration of Megabowl	-	2,416
Net (loss)/profit from discontinued operations	(18,975)	4 562

On 28th August 2007 Rileys Limited completed the sale and lease back of 44 freehold and long leasehold properties for cash consideration before costs, of £28 0m A profit of £11 2m was recorded by Rileys, after deduction of fees of £0 7m and the related net book value of £16 1m On the same day Georgica Holdings Limited sold the entire ordinary share capital of Rileys Limited to Crucible Acquisitions Limited an acquisition vehicle of Greenhill Capital Partners Europe LLP and North Atlantic Value LLP, for £34 9m consideration received in cash Accordingly, Rileys has been treated as a discontinued operation in the period, and the prior period comparatives for Rileys have been reclassified to discontinued operations Also included in the discontinued operations line in the income statement is the loss on disposal, being the loss on sale including costs

	52 week period ended 30th December 2007 £000	52 week period ended 31st December 2006 £000
Discontinued operations		
Income statement disclosures in respect of discontinued operations are		
Revenue	40,613	58 161
Profit from sale and leaseback	11,234	-
Expenses	(38,151)	(54 809)
Profit before tax	13,696	5 822
Tax on profit	(5,201)	(1 260)
Loss on sale	(27,470)	-
The cash flows in respect of discontinued operations are		
Cash generated from operating activities	5,955	9 858
Net cash generated from/(used in) investing activities	22,684	(10 309)
Net cash (used in)/from financing activities	(29,768)	4 961

The loss on sale of Rileys is calculated as follows

	52 week period ended 30th December 2007 £000
Total proceeds	34,916
Less costs of disposal	(1,269)
Net proceeds	33,647
Net assets at 28th August 2007	(61,117)
Loss on sale	(27,470)

8 Discontinued operations (continued)

Discontinued operations also include profits related to Allied Leisure Limited and Megabowl Limited In 2004 a receiver was appointed to Allied Leisure Limited and an administrator was appointed to Megabowl Limited, both subsidiaries of the company at that time In June 2006 a settlement agreement was signed with the Allied receiver, in accordance with which the group made a settlement payment of £1 0m In July 2006 a settlement agreement was signed with the Megabowl administrator, in accordance with which the group made a settlement payment of £50,000 The Megabowl administrator ceased to act in September 2006 and Megabowl was dissolved in December 2006

In the period, Georgica's funding banks, being the secured creditors of both Allied Leisure and Megabowl, have received payments of £0 2m in respect of Allied Leisure which is now being dissolved following completion of the receivership (2006 £1 3m from the administrator of Megabowl prior to its dissolution in December 2006) Under the terms of the loan agreement these amounts have been applied to reduce Georgica's borrowings A profit of £0 2m has been recorded in the period (2006 £2 4m, being £2 8m less tax of £0 4m) in respect of these discontinued operations

9 Share-based payments

In 2001, the company established the Georgica Executive Participation Plan under which share based payment options are granted to key management personnel and senior employees Grants on similar terms have been made each year since 2001 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 are currently linked to growth in the market value of the share price from the date the options were granted to the exercise date The options are exercisable on an unconditional offer for the company, subject to certain criteria

The number of performance shares currently issued under the scheme, and their terms is as follows

Grant date	Number of performance shares	Exercise price	Period exercisable
28th November 2003 - block	1 300 000	£0 78	28th November 2007 to 28th November 2011
28th November 2003 - 4 tranches	62,500	£0 78	28th November 2007
15th March 2004 - block	450,000	£0 875	15th March 2008 to 15th March 2012
11th June 2004 - 4 tranches	37,500	£0 875	15th March 2008
2nd February 2005 - block	400 000	£0 825	2nd February 2009 to 2nd February 2013
2nd February 2005 - 4 tranches	95,000	£0 825	2nd February 2009
31st January 2006 - 4 tranches	82,500	£1 060	31st January 2010
27th February 2007 - block	85 000	£1 420	27th February 2011 to 27th February 2015
27th February 2007 - 4 tranches	140 000	£1 420	27th February 2011

Notes to the financial statements

Continued

9 Share-based payments (continued)

Performance shares outstanding at the end of the period have the following expiry dates and valuations

Grant date	Number	Expiry date	Value (pence per share)	Value (£)
28th November 2003	842 500	28th November 2008	1	7,800
28th November 2003	130 000	28th November 2009	1	1 300
28th November 2003	130 000	28th November 2010	1	1 300
28th November 2003	130 000	28th November 2011	1	1 300
28th November 2003	130 000	28th November 2012	1	1 300
15th March 2004	270 000	15th March 2009	1	2 700
15th March 2004	45 000	15th March 2010	1	450
15th March 2004	45 000	15th March 2011	1	450
15th March 2004	45 000	15th March 2012	1	450
15th March 2004	45 000	15th March 2013	1	450
11th June 2004	37 500	11th June 2009	–	–
2nd February 2005	335 000	2nd February 2010	2	5 750
2nd February 2005	40 000	2nd February 2011	2	800
2nd February 2005	40 000	2nd February 2012	2	800
2nd February 2005	40 000	2nd February 2013	2	800
2nd February 2005	40 000	2nd February 2014	2	800
31st January 2006	82 500	31st January 2011	1	825
27th February 2007	191 000	27th February 2011	2	2 420
27th February 2007	8,500	27th February 2012	2	170
27th February 2007	8,500	27th February 2013	2	170
27th February 2007	8 500	27th February 2014	2	170
27th February 2007	8 500	27th February 2015	2	170

There is no material difference between the actual remaining life and the contractual remaining life

The number and weighted average value of performance shares is as follows

	52 week period ended 30th December 2007				52 week period ended 31st December 2006			
	Weighted average exercise price pence	Value in pence per Binomial Model pence	Number of performance shares	Charge/ (credit) and liability £000	Weighted average exercise price pence	Value in pence per Binomial Model pence	Number of performance shares	Charge/ (credit) and liability £000
Beginning of the period	81 7	55 6	2,525,000	734	80 7	19 5	2,945 000	148
Granted during the period	142 0	26 8	290,000	–	106 0	41 0	97,500	–
Exercised during the period	103 6	9 1	(105,000)	10	78 9	18 2	(450,000)	82
Lapsed during the period	136 5	–	(57,500)	–	79 9	–	(67,500)	–
Change in fair value (spread)	–	–	–	(724)	–	–	–	586
Outstanding at the end of the period	86 7	1 1	2 652 500	20	81 7	55 6	2 525 000	734
Exercisable at the end of the period	82 0	–	1,007 500	–	100 0	–	37,500	–

9 Share-based payments (continued)

The change in fair value in the period is spread over the period to first exercise date of each tranche of performance shares representing the period over which the benefit of the shares is being earned

The fair value of services received in return for performance shares granted is measured by reference to the fair value of the performance share granted The estimate of the fair value of the services received is measured based on the Binomial Model The contractual life of the performance share is used as an input into this model Expectations of exercise are also incorporated into the model

In valuing the performance shares, it has been assumed that 10% of the shares will lapse before reaching the exercise date

Key assumptions in the Binomial Model used	30th December 2007	31st December 2006
Fair value at measurement date	£0 011	£0 556
Share price at measurement date	£0 48	£1 505
Expected volatility (expressed as weighted average volatility used in the modelling under Binomial model)	33%-68%	24%-34%
Option life (expressed as weighted average life used in the modelling under the Binomial model)	0 4-7 7 years	1 4-6 6 years
Expected dividends	–	–
Risk-free interest rate	4 4%-4 8%	4 9%-5 2%

The expected volatility is based on the historic volatility (calculated with reference to the weighted average remaining life of the performance shares at the reporting date)

Performance shares are granted under a service condition Such conditions are not taken into account in the grant date fair value measurement of the services received There are no market conditions associated with the performance share grants

10 Result attributable to Georgica PLC

The financial statements of the parent company Georgica PLC, were approved by the board of directors on 5th February 2008 The result for the financial period dealt with in the financial statements of Georgica PLC was a profit of £11 8m (2006 loss of £4 9m) As permitted by Section 230 of the Companies Act 1985, no separate Income Statement is presented in respect of the parent company The profit for 2007 benefited from the receipt of dividends from Tenpin Finance Limited and Georgica Holdings Limited of £38 9m (2006 from Rileys Limited of £1 75m)

Notes to the financial statements

Continued

11 Goodwill and intangible assets

Group	Goodwill £000	Software £000	Trademarks £000	Total £000
Cost				
At 1st January 2006	78 009	362	75	78 446
Additions	3 061	58	-	3 119
Disposals	1,182	-	-	1,182
At 31st December 2006	82,252	420	75	82 747
Additions	3,114	451	-	3 565
Disposals	(36,639)	(283)	(75)	(36 997)
At 30th December 2007	**48,727**	**588**	-	**49,315**
Amortisation and impairment losses				
At 1st January 2006	140	362	25	527
Charge for the period - amortisation	-	21	25	46
Impairment losses	1,010	-	-	1 010
At 31st December 2006	1,150	383	50	1 583
Charge for the period - amortisation	-	164	13	177
Impairment losses	1 967	-	-	1,967
Disposals	2 982	(83)	(63)	2 836
At 30th December 2007	**6 099**	**464**	-	**6,563**
Net book value				
At 30th December 2007	**42,628**	**124**	-	**42,752**
At 31st December 2006	81 102	37	25	81 164
At 1st January 2006	77 869	-	50	77 919

Goodwill additions are set out in note 14

The amortisation and impairment charge is recognised in administrative expenses in the income statement

Impairment loss

Goodwill has been allocated to cash generating units and is summarised by business segment as follows

	30th December 2007 Tenpin £000	**30th December 2007 Rileys £000**	31st December 2006 Tenpin £000	31st December 2006 Rileys £000
Goodwill at the period end	42,628	-	48 225	32,877
Impairment of goodwill recorded in the period	1,837	130	289	721

The recoverable amount of each cash generating unit has been calculated with reference to its value in use and its fair value less cost to sell The calculations of value in use are based on pre-tax cash flow projections from the financial budgets approved by the board covering a two to three year period Cash flows beyond this two to three year period are extrapolated over the life of the lease relating to that site, extended by 15 years for short leasehold premises in England and Wales where the provisions of the Landlord and Tenants Act apply and the company has the right and expects to extend the lease on expiry, or over 50 years for a long leasehold or freehold site

11 Goodwill and intangible assets (continued)

The key features of this calculation are shown below

	30th December 2007	31st December 2006
Period on which management approved forecasts are based	2 to 3 years	2 to 3 years
Growth rate applied beyond approved forecast period	0%	0%
Pre-tax discount rate	7%	10%

The budgets which underlie the calculations are compiled on a site by site basis, with gross margin, staff cost, property cost and other operating profit assumptions being based on past performance and known factors specific to that site which are expected by management to affect future performance, to reflect the operating circumstances and risks relevant to each part of the business The pre-tax discount rate applied to the cash flow projections approximates the group s weighted average cost of capital The key assumption to which the calculation is sensitive is the future trading performance expected of each bowl, which has a more significant effect than the discount or growth rates assumed

For the calculation of fair value less cost to sell, management have assumed that each Tenpin business could be sold for a multiple of 5 75 x EBITDA Before its disposal management assumed that each Rileys business could be sold for a multiple of 5 5 x EBITDA These are believed to be conservative assumptions

12 Investments

Company	Shares £000	Subsidiaries Loans £000	Total £000
Cost			
At 1st January 2006	41 965	25,388	67 353
Additions	–	2 723	2,723
At 31st December 2006	41 965	28,111	70,076
Additions	221 869	2,192	224,061
Repayment	–	(30,303)	(30 303)
Impairments	(95 373)	-	(95 373)
At 30th December 2007	168,461	–	168,461

Additions to shares in the period relate to the acquisitions by Georgica PLC of the entire issued share capital of Tenpin Group Limited and Tenpin Limited in the period both acquired from other subsidiaries of Georgica PLC Impairments to investment balances have arisen on receipt of dividends from directly held subsidiaries

Notes to the financial statements

Continued

12 Investments (continued)

Principal group investments

The parent company has 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 Holdings Limited	England & Wales	Great Britain	Holding Company	100%
Tenpin Limited	England & Wales	Great Britain	Bowling	100%
Companies owned indirectly by Georgica PLC				
Georgica Share Incentive Plan Limited *	England & Wales	Great Britain	Share Incentive Plan	100%
Georgica New Unit 2 Limited *	England & Wales	Great Britain	Holding Company	100%
Georgica (Lewisham) Limited *	England & Wales	Great Britain	Leisure	100%
Georgica New Unit 4 Limited *	England & Wales	Great Britain	Leisure	100%
Georgica New Unit 5 Limited *	England & Wales	Great Britain	Leisure	100%
Tenpin (Ashford) Limited **	England & Wales	Great Britain	Bowling	100%
Tenpin Sunderland Limited **	England & Wales	Great Britain	Bowling	100%
Tenpin Halifax Limited **	England & Wales	Great Britain	Bowling	100%
Tenpin (Widnes) Limited **	England & Wales	Great Britain	Bowling	100%
Tenpin New Unit 4 Limited **	England & Wales	Great Britain	Bowling	100%

* These companies are all directly held subsidiaries of Georgica Holdings Limited

** These companies are all directly held subsidiaries of Tenpin Limited

Rileys Limited and its subsidiary undertakings were sold on 28th August 2007 (see note 8)

Nine group companies were placed into members voluntary liquidation in October 2007, following a group reorganisation to simplify the group structure These comprised Georgica Leisure PLC, Georgica Bowling Limited Georgica Franchises Limited, Georgica Realisations Limited, Tenpin Group Limited, Tenpin Finance Limited, Megabowl Group Limited Megabowl Services (CI) Limited and Pondtrail Limited

Notes to the financial statements

Continued

13 Property, plant and equipment

Group	Freehold land and buildings £000	Long leasehold premises £000	Short leasehold premises £000	Fixtures fittings and equipment £000	Total £000
Cost					
At 1st January 2006	35 849	18 919	35 606	65 323	155 697
Additions	1 153	2 075	5,087	7 767	16 082
Disposals	(7 093)	-	(171)	(1 660)	(8 924)
At 31st December 2006	29 909	20 994	40,522	71 430	162 855
Additions	669	73	3,611	6 315	10 668
Disposals	(30 578)	(13 743)	(22,648)	(37,948)	(104 917)
At 30th December 2007	**-**	**7,324**	**21,485**	**39 797**	**68 606**
Depreciation and impairment					
At 1st January 2006	2 601	2,186	8 309	21 640	34 736
Charge for the period	487	451	1,599	6 536	9 073
Disposals	(677)	–	(204)	(591)	(1 472)
Impairment	–	–	-	868	868
At 31st December 2006	2 411	2 637	9 704	28 453	43 205
Charge for the period	432	379	1 348	5 403	7 562
Disposals	(2 843)	(1 706)	(4 010)	(20 678)	(29 237)
Impairment	–	–	–	1 412	1 412
At 30th December 2007	**-**	**1,310**	**7,042**	**14 590**	**22,942**
Net book value					
At 30th December 2007	**-**	**6 014**	**14,443**	**25,207**	**45 664**
At 31st December 2006	27 498	18 357	30 818	42 977	119 650
At 1st January 2006	33,248	16 733	27 297	43,683	120 961

Freehold land, amounting to £nil (2006 £9 0m) for the group, has not been depreciated

Bank borrowings are secured on property, plant and equipment for the value of £4,800,000 (2006 £48,230,000)

Properties held under finance leases had a net book value of £5 0m (2006 £2 6m) and the finance lease depreciation charged in the period was £124,000 (2006 £144,000)

Impairment has been assessed on a consistent basis with impairment of goodwill, using the approach and assumptions detailed in note 11 In 2007 the property, plant and equipment assets of three Tenpin bowls were impaired by £1 412 000 based on comparing their value in use with their net book value All three bowls are now fully impaired

Notes to the financial statements

Continued

13 Property, plant and equipment (continued)

Company	Fixtures fittings and equipment £000	Total £000
Cost		
At 1st January 2006	964	964
Additions	86	86
Disposals	(49)	(49)
At 31st December 2006	1 001	1 001
Additions	15	15
Disposals	–	–
At 30th December 2007	**1,016**	**1,016**
Depreciation		
At 1st January 2006	286	286
Charge for the period	167	167
Disposals	(24)	(24)
At 31st December 2006	429	429
Charge for the period	99	99
Disposals	–	–
At 30th December 2007	**528**	**528**
Net book value		
At 30th December 2007	**488**	**488**
At 31st December 2006	572	572
At 1st January 2006	678	678

14 Acquisition of trade and assets

The group acquired three companies in the 52 week period ended 30th December 2007 to effect the acquisition of four cue sports clubs in Scotland Rileys Limited acquired 100% of the ordinary share capital of each of the 3 companies on 16th February 2007, the companies being Gioco Leisure (Edinburgh) Limited, The Angle Snooker Club Limited and The New Yorker Limited These companies were sold with Rileys on 28th August 2007 No profit information has been presented in respect of this corporate acquisition as these companies were disposed of on 28th August 2007 with Rileys Limited and their results whilst in the group are not included in profit from continuing operations

Tenpin Limited acquired the trade and assets of a bowling business in Grantham as a going concern for cash on 24th May 2007

In the 52 week period ended 31st December 2006 the group acquired the trade and assets of 2 bowls and 3 cuesports clubs as going concerns for cash

14 Acquisition of trade and assets (continued)

The acquisitions, which are not individually material to the group, had the following aggregate effect on the group's assets and liabilities

	52 week period ended 30th December 2007 £000	52 week period ended 31st December 2006 £000
Continuing operations		
Property, plant and equipment	246	879
Stocks	21	46
Trade and other receivables	8	63
Cash and cash equivalents	2	-
Trade and other payables	-	-
Net identifiable assets and liabilities acquired (at book and fair value)	277	988
Goodwill	248	1 972
Consideration	525	2 960
Discontinued operations		
Property, plant and equipment	338	126
Stocks	43	2
Trade and other receivables	32	48
Cash and cash equivalents	47	4
Trade and other payables	(122)	-
Net identifiable assets and liabilities acquired (at book and fair value)	338	180
Goodwill	2 866	1 089
Consideration	3,204	1 269
Total consideration	3,729	4 229
Consideration paid (including legal fees of £50 000 (2006 £118 600)), satisfied in cash	3,729	4 229
Cash (acquired)	(49)	(4)
Net cash outflow	3,680	4 225

15 Inventories

	Group 30th December 2007 £000	Group 31st December 2006 £000	Company 30th December 2007 £000	Company 31st December 2006 £000
Goods held for resale	1,596	2 130	-	-

Notes to the financial statements

Continued

16 Trade and other receivables

	Group 30th December 2007 £000	Group 31st December 2006 £000	Company 30th December 2007 £000	Company 31st December 2006 £000
Trade receivables	–	58	–	–
Amounts owed by subsidiary undertakings	–	–	535	122 901
Amounts owed by related parties	–	62	–	62
Other receivables	2 279	10 004	422	391
Prepayments and accrued income	4,388	5 491	153	125
	6 667	15 615	1,110	123 479

Amounts owed by subsidiary undertakings are loaned at the group s average borrowing rate, being commercial loans repayable on demand Other receivables in 2006 included £9 3m receivable on the sale of Bristol bowl

17 Assets held for resale

Assets held for resale of £4 5m in 2007 (2006 £nil) comprise the freehold or long leasehold property interest in 8 cue sports clubs leased to Rileys Limited The group is actively seeking planning consent for these property interests, and buyers for each for redevelopment The assets are held in the group balance sheet at original cost

18 Financial assets

	Group 30th December 2007 £000	Group 31st December 2006 £000	Company 30th December 2007 £000	Company 31st December 2006 £000
Interest receivable	21	–	–	–
Interest rate cap	191	327	191	327
Interest rate swap	48	61	48	61
	260	388	239	388

19 Cash and cash equivalents

	Group 30th December 2007 £000	Group 31st December 2006 £000	Company 30th December 2007 £000	Company 31st December 2006 £000
Cash at bank and on hand	528	1 237	–	–
Short term bank deposits	188	7 443	188	7,443
Cash and cash equivalents	716	8 680	188	7 443
Overdrafts	(545)	(3 998)	(938)	(4 107)
Cash and cash equivalents as reported in the cash flow statement	171	4 682	(750)	3 336

20 Share capital

Group and Company	30th December 2007 £000	31st December 2006 £000
Authorised share capital		
130 000,000 (2006 130,000,000) ordinary shares of 5p each	6,500	6 500
2 538 075 (2006 2 538,075) convertible ordinary shares of 50p each	1,269	1 269
	7 769	7 769
Allotted, called up and fully paid share capital		
97 422 700 (2006 97,422 700) ordinary shares of 5p each	4,871	4,871
2 538 075 (2006 2 538 075) convertible ordinary shares of 50p each	1,269	1 269
	6,140	6 140

	Number	£000
Movements in ordinary shares		
At 1st January 2006	98 097 700	4,905
Buy back of ordinary shares	(675 000)	(34)
At 31st December 2006	97 422 700	4 871
Buy back of ordinary shares	–	–
At 30th December 2007	97,422,700	4 871

The company purchased no shares for cancellation in the period (2006 675,000 ordinary shares with a nominal value of £33 750 and representing 0 7% of the company's called-up ordinary shares, for an average price of £1 26 per share for a total consideration of £852,000 including expenses of £5,000)

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 factor affecting the conversion rate is 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 share price at 30th December 2007 the rate of conversion was 2 181818 (2006 2 181818) ordinary shares for 1 convertible ordinary share

The rights and benefits attaching to each convertible ordinary share at 30th December 2007 were equivalent to those attaching to 2 181818 (2006 2 181818) ordinary shares

21 Earnings per share

Basic earnings per share for each period is calculated by dividing the earnings attributable to ordinary shareholders by the weighted average number of ordinary shares in issue during the period, including convertible ordinary shares which are converted at the conversion rate applicable at each period end

For diluted earnings per share, the weighted average number of ordinary shares in issue is adjusted to reflect the impact of all dilutive potential ordinary shares The potential dilutive effects of the shares held by the Georgica Share Incentive Plan Limited are set out below The group's incentive schemes, although based on share price movements, will all be cash settled and so are not dilutive

Notes to the financial statements

Continued

21 Earnings per share (continued)

Details of the earnings and weighted average number of ordinary shares used in each calculation are set out below

	52 weeks to 30th December 2007 £000	52 weeks to 31st December 2006 £000
Earnings attributable to ordinary shareholders – continuing operations	8,553	(450)
Earnings attributable to ordinary shareholders – discontinued operations	(18,975)	4 562
Earnings attributable to ordinary shareholders	(10 422)	4 112
	Number of shares	
Weighted average number of ordinary shares		
For basic earnings per share	102 799 604	103 036 264
Effect of shares held by the Georgica Share Incentive Plan	160,714	149 177
For diluted earnings per share	102,960,318	103 185 441
Effective number of ordinary shares in issue at the period end assuming maximum conversion of convertible shares	107 575,000	107 575 000
	Pence per share	
Basic earnings per share – continuing	8 3p	(0 4)p
Diluted earnings per share – continuing	8 3p	(0 4)p
Basic earnings per share – discontinued	(18 4)p	4 4p
Diluted earnings per share – discontinued	(18 4)p	4 4p
Basic earnings per share	(10 1)p	4 0p
Diluted earnings per share	(10 1)p	4 0p

The weighted average number of shares includes convertible ordinary shares which convert to ordinary shares based upon 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 earnings per share the ratio of conversion for the convertible ordinary shares was 2 181818 (2006 2 181818) ordinary shares for each convertible share This was the rate at which the shares could have been converted on 30th December 2007 had the option been exercised The rights and benefits attaching to each convertible ordinary share at 30th December 2007 were equivalent to those attaching to 2 181818 (2006 2 181818) ordinary shares

For diluted earnings per share the ratio of conversion for the convertible ordinary shares was also 2 181818 (2006 2 181818) ordinary shares for each convertible ordinary share Based upon the share price at 30th December 2007 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 earnings per share in 2007 or 2006

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

The Georgica Share Incentive Plan Limited acquired 7,229 (2006 12,909) ordinary shares in the period to be offered as matching" or free" shares to members of the plan The effect of these shares, together with the "matching or "free" shares issued in previous years, on earnings per share in 2007 and 2006 is shown above

22 Cash generated from operations

Cash flows from operating activities	Group 52 weeks to 30th December 2007 £000	Group 52 weeks to 31st December 2006 £000	Company 52 weeks to 30th December 2007 £000	Company 52 weeks to 31st December 2006 £000
Profit/(loss) for the period – continuing operations	8,553	(450)	(27 046)	(6 640)
Adjustments for				
Tax	(1,392)	1 353	-	-
Interest income	(252)	(235)	(3,283)	(7 863)
Interest expense and finance charges	16,211	10 631	23,947	10 607
Impairment of property plant and equipment	1,412	289	-	-
Impairment of goodwill	1,837	289	-	-
Depreciation and amortisation of intangible assets	164	21	-	-
Depreciation	4,027	4 530	100	167
Profit on disposal	(26,260)	(9 212)	1 016	15
Changes in working capital				
Decrease/(increase) in inventories	(20)	(122)	-	-
(Increase)/decrease in trade and other receivables	(1,222)	604	165	(9)
Increase/(decrease) in payables	433	742	(304)	903
Increase/(decrease) in provisions	986	114	(44)	(42)
Cash generated from continuing operations	4 477	8 554	(5,449)	(2 862)
(Loss)/profit for the period – discontinued operations	(18,975)	4 562	-	-
Adjustments for				
Tax	5,294	1 260	-	-
Interest income	-	-	-	-
Interest expense and finance charges	224	320	-	-
Impairment of property plant and equipment	-	579	-	-
Impairment of goodwill	130	721	-	-
Depreciation and amortisation of intangible assets	13	25	-	-
Depreciation	3 535	4 518	-	-
Loss on disposal	15,854	115	-	-
Profit on Allied receivership and Megabowl administration	(200)	(2 790)	-	-
Changes in working capital				
Decrease/(increase) in inventories	(173)	(22)	-	-
(Increase)/decrease in trade and other receivables	407	(332)	-	-
Increase/(decrease) in payables	89	(311)	-	-
Increase/(decrease) in provisions	(53)	224	-	-
Cash generated from discontinued operations	6,145	8,869	-	-
Cash generated from operations	10,622	17 423	(5,449)	(2 862)

Notes to the financial statements

Continued

23 Financial liabilities

Current liabilities

	Group 30th December 2007 £000	Group 31st December 2006 £000	Company 30th December 2007 £000	Company 31st December 2006 £000
Bank overdrafts	545	3 998	938	4 107
Bank loans	4,313	6 151	(487)	6 151
Finance leases	71	108	–	–
Other	103	388	71	358
	5,032	10 645	522	10 616

Bank loans due within one year are shown net of deferred financing costs of £487,000 (2006 £849,000) The debt was originally arranged and drawn by Georgica and the costs were incurred by Georgica Accordingly although the debt has been redrawn by Tenpin, the deferred financing cost is held in the company balance sheet

Non-current liabilities

	Group 30th December 2007 £000	Group 31st December 2006 £000	Company 30th December 2007 £000	Company 31st December 2006 £000
Bank loans	–	36 606	–	34 915
Floating rate note	–	57 817	–	57 817
Finance leases	2,791	3 852	–	–
	2,791	98 275	–	92 732

Bank loans due after more than one year are shown net of £nil (2006 £626,000) of deferred financing costs The floating rate note is shown net of deferred financing costs of £nil (2006 £2,183,000)

The bank loans and overdrafts are secured by fixed and floating charges on all of the group's properties and assets The directors have reviewed all loans and borrowings and have concluded that the terms of the agreements are on a commercial basis The carrying value represents fair value to the group for all non-current borrowings

Borrowings are repayable as follows

	Group 30th December 2007 £000	Group 31st December 2006 £000	Company 30th December 2007 £000	Company 31st December 2006 £000
Bank loans and floating rate note				
Between one and two years	-	11 550	–	11 550
Between two and five years	-	25,682	–	23 931
After five years	-	60,000	–	60 000
	-	97,232	–	95 481
Within one year	4,800	7,000	–	7 000
	4,800	104,232	–	102 481

The group had £nil (2006 £19 000) of approved but undrawn capex facilities and £nil (2006 £18 5m) of undrawn revolving facilities at 30th December 2007 The group had cash on deposit of £188,000 (2006 £7 4m)

The company's £60m of senior second secured floating rate notes due 2012 were redeemed in full on 28th August 2007 Under the terms of the indenture governing the notes a premium of 6% (£3 6m) was paid

23 Financial liabilities (continued)

Finance lease liabilities – Group

The payment profile of minimum lease payments under finance leases is as follows

	Net		Gross	
	30th December 2007 £000	31st December 2006 £000	**30th December 2007 £000**	31st December 2006 £000
Less than one year	71	108	352	494
Between two and five years	365	526	1,408	1 950
More than five years	2,426	3 326	4 460	6 936
	2,862	3 960	6,220	9 380
Future finance charges on finance leases	–	–	(3,358)	(5 420)
Present value of finance lease liabilities	2 862	3 960	2,862	3,960

24 Trade and other payables and other non-current liabilities

	Group		Company	
Trade and other payables	**30th December 2007 £000**	31st December 2006 £000	**30th December 2007 £000**	31st December 2006 £000
Trade payables	2,375	3,106	–	–
Amounts due to subsidiary undertakings	–	–	73,687	13 790
Social security and other taxes	913	2 612	–	–
Other payables	4 800	964	89	496
Accruals	2 284	10 004	1 436	640
Deferred income	65	1 088	–	–
	10,437	17 774	75,212	14 926

Amounts due to subsidiary undertakings are loaned at the group's average borrowing rate, being commercial loans repayable on demand

	Group		Company	
Other non-current liabilities	**30th December 2007 £000**	31st December 2006 £000	**30th December 2007 £000**	31st December 2006 £000
Cash-settled share based payment accrual	20	734	20	734
Deferred income – lease incentives	1,324	905	–	–
	1,344	1 639	20	734

Notes to the financial statements

Continued

25 Provisions

	Group £000	Company £000
Onerous lease provisions		
At 1st January 2006	379	86
Provided in the period	530	-
Utilised in the period	(192)	(42)
Notional interest on unwinding of discount	29	-
At 31st December 2006 - current	289	44
At 31st December 2006 - non-current	457	-
Provided in the period	1 090	-
Utilised in the period	(189)	(44)
Released on disposal of Rileys	(525)	-
Notional interest on unwinding of discount	60	-
At 30th December 2007 - current	148	-
At 30th December 2007 - non-current	1 034	-

The provision for onerous contracts comprises provision for the onerous element of the property leases on certain trading units, covering the expected period of the onerous commitment and provision for establishment costs at vacant properties or properties to be vacated based on the directors best estimate of the costs arising on a property by property basis, covering the expected period of vacant possession and any lease incentive anticipated to be required to sublease the property The assumptions underlying the onerous lease provisions are consistent with the assumptions used for impairment (see note 11)

26 Deferred tax

The company has no deferred tax asset or liability

Group

Deferred tax assets and liabilities are attributable to the following

	Assets		Liabilities		Net	
	30th December 2007 £000	31st December 2006 £000	**30th December 2007 £000**	31st December 2006 £000	**30th December 2007 £000**	31st December 2006 £000
Property plant and equipment	–	2 791	(5,096)	(16 598)	(5,096)	(13,807)
Tax losses	5 176	5,925	–	–	5,176	5,925
Other	–	–	(2,073)	(895)	(2,073)	(895)
Total	5,176	8 716	(7 169)	(17 493)	(1,993)	(8 777)

Movement in deferred tax during the 52 week period ended 30th December 2007

	1st January 2007 £000	Recognised in income statement £000	Recognised in equity £000	**30th December 2007 £000**
Property plant and equipment	(13 807)	8,711	-	(5,096)
Tax losses	5 925	(749)	-	5,176
Other	(895)	(1 178)	-	(2,073)
Total	(8,777)	6,784	-	(1,993)

26 Deferred tax (continued)

Movement in deferred tax during the 52 week period ended 31st December 2006

	2nd January 2006 £000	Recognised in income statement £000	Recognised in equity £000	31st December 2006 £000
Property, plant and equipment	(13 203)	(604)	-	(13 807)
Tax losses	7 039	(1 114)	-	5 925
Other	-	(895)	-	(895)
Total	(6,164)	(2,613)	-	(8 777)

The group has carry forward tax losses of an estimated £18 6m (2006 £19 7m) These tax assets have been included in the assessment of deferred tax set out above

27 Financial instruments

The group s principal financial instruments comprise bank loans, an interest rate cap 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 receivables and trade payables that arise directly from its operations All the group's financial instruments are denominated in £ sterling The carrying value of all the group's financial instruments approximates fair value and they are classified as loans and receivables except the group's interest rate cap and swap agreements which are carried at fair value through profit and loss reassessed at each reporting date on a mark to market basis

Financial risk management

Cash flow and fair value 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 After taking account of these instruments the interest rate profile of the group's financial liabilities, gross of debt issue costs, was as follows

Interest rate risk profile of financial liabilities

	30th December 2007 £000	31st December 2006 £000
Fixed rate financial liabilities	5,345	15 000
Floating rate financial liabilities	-	93 230
Finance leases	2 862	3,960
Financial liabilities on which no interest is paid	1 182	746
	9,389	112 936

Up to £15m of financial liabilities was fixed until 1st January 2008 under a £15m interest rate swap The interest rate applicable to the fixed rate financial liabilities was 5 03% From 1st January 2008 the group has no fair value interest rate risk A further £85m of the group s floating rate interest risk was capped at 6% This cap has increased to £100m from January 2008, and is in place until April 2010

Cash flow interest rate risk derives from the group's floating rate financial liabilities, being its bank debt and overdraft facility which are both linked to 3 month LIBOR plus a margin of 1 5%

The weighted average period to maturity of the interest-free financial liabilities, being onerous lease provisions, is 10 years (2006 2 years)

Notes to the financial statements

Continued

27 Derivatives and other financial instruments (continued)

Sensitivity analysis

In managing interest rate risk the group aims to reduce the impact of short-term fluctuations on the group's earnings Over the longer-term, however sustained changes in interest rates would have an impact on consolidated earnings

It is estimated that a general increase of one percentage point in interest rates would decrease the group s profit before tax by less than £0 1m (2006 £0 7m) The interest rate cap has been included in this calculation

Credit risk

As almost all of the group's sales are for cash, the group is exposed to minimal credit risk

Liquidity risk

The group's cash position and cash flow forecasts are reviewed by management on a daily basis The £4 8m bank debt and £3 5m overdraft facility are due for repayment in April 2008 and negotiations are currently underway with the group's lending bank to extend and increase the facilities available to the group

Currency risk

The group has no exposure to currency risk

28 Capital commitments

Neither the company nor the group had any capital commitments which were contracted for but not provided for at 30th December 2007 or at 31st December 2006

29 Operating leases

The future aggregate minimum lease payments under non-cancellable operating leases are as follows

	30th December 2007 £000	31st December 2006 £000
Group		
Within one year	9,454	10 059
Between two and five years	40,235	37 726
After five years	102,113	83 015
	151,802	130 800
Company		
Within one year	273	273
Between two and five years	986	1,013
After five years	2 818	3 061
	4,077	4,347

Tenpin has 33 bowling venues held on operating leases, all with less than 25 years to run Of these, three of the leases are subject to landlord breaks on very short notice with no compensation The majority of the leases are in England and Wales, and the provision of the Landlord and Tenants Act giving the tenant the right to extend the lease by 15 years on expiry applies in most cases

During 2007 Tenpin sold and leased back 9 of its freehold and long leasehold properties The lease backs are for 20 years at market rents, with 5 yearly rent reviews, and account for £57m of the 2007 commitment £40m of the 2006 group commitment related to properties which were sold with Rileys Limited during 2007

30 Contingent liabilities

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 The directors do not expect this to have any material effect

31 Related party transactions

The company sub-lets part of its London office to a company in which Nicholas Oppenheim has a significant interest In 2007, rent and other service costs of £209,500 (2006 £226,000) were recharged to this company, all of which was invoiced All (2006 £170,000) of the invoiced amount has been paid

During 2007 Georgica PLC received dividends of £63 1m from Georgica Holdings Limited, £50 5m from Tenpin Finance Limited £13 0m from Tenpin Limited and £12 2m from Tenpin Group Limited It also received intercompany funding payments of £1 0m from Rileys Limited and £3 5m from Tenpin Limited (2006 £4 0m from Rileys Limited and £9 4m from Tenpin Limited) It transferred capex funding of £3 7m to Rileys Limited and £0 5m to Tenpin Limited (2006 £10 0m to Rileys Limited and £5 2m to Tenpin Limited) and received £49 3m of disposal proceeds from Tenpin Limited (2006 £8 9m) and £0 4m from Rileys Limited The company accrued interest of £7 4m on its intercompany loans in the period (2006 £4 1m) and had outstanding intercompany balances at 30th December 2007 of £0 5m receivable from Georgica Holdings Limited, £54 6m payable to Tenpin Limited, £10 0m payable to Tenpin Finance Limited £4 6m payable to Georgica Franchises Limited and £4 5m payable to Tenpin Group Limited (2006 £68 7m receivable from Rileys Limited, £14 2m payable to Tenpin Limited, £3 0m receivable from Georgica Bowling Limited and £51 3m receivable from Tenpin Finance Limited)

Fees paid to non-executive directors in respect of services provided to the company are disclosed in the remuneration report The company is listed on the Alternative Investment Market and no individual investor holds more than 25% of the company's shares or has more than 25% voting control Accordingly the directors do not believe that there is an ultimate controlling party

Unaudited supplementary information

for the 52 week period ended 30th December 2007

Operating review

Overview

Georgica is the holding company for the tenpin bowling operations of Tenpin Limited and a portfolio of 8 properties held for sale for redevelopment and currently occupied by Rileys Formerly it was also the holding company for the cue sports operations of Rileys Limited which were sold on 28th August 2007 Tenpin is the largest tenpin bowling operator in the UK with an approximate 20% share of the UK market

Results of operations – continuing activities

Tenpin

The table below sets out Tenpin's performance for the 52 week period to 30th December 2007 compared with the 52 week period to 31st December 2006

	Tenpin (Tenpin bowling division)	
	Unaudited 52 weeks to 30th December 2007 £m	Unaudited 52 weeks to 31st December 2006 £m
Turnover	65 7	67 4
Cost of sales	(26 8)	(28 1)
Operating costs	(16 5)	(17 6)
Rent	(8 2)	(7 4)
Contribution	14 2	14 3
Overheads	(3 5)	(3 3)
EBITDA	10 7	11 0
Non recurring items and provisions	24 8	9 0
Depreciation and impairment	(7 3)	(5 0)
Operating profit	28 2	15 0
Gross margin %	85 3%	84 7%
Contribution margin %	21 6%	21 2%
EBITDA margin %	16 3%	16 3%

Turnover Turnover decreased by £1 7m (2 5%) from £67 4m in the 52 weeks to 31st December 2006 to £65 7m in the 52 weeks to 30th December 2007 Sales from two sites acquired (Grantham) or opened (Croydon) in 2007 added £0 5m whilst incremental sales from the acquisitions of Edinburgh and Telford in 2006 added £0 8m Refurbished sites generated an additional £1 1m, whilst the disposal of Streatham, Bristol and Plympton for redevelopment was responsible for a £2 2m decrease There was a £1 9m reduction in the turnover of the underlying estate despite £1 3m of benefit from the 2006 and 2007 pricing initiatives

Contribution Contribution decreased by £0 1m (0 7%) from £14 3m in the 52 weeks to 31st December 2006 to £14 2m in the 52 weeks to 30th December 2007 and contribution margin improved by 0 4% points from 21 2% to 21 6% Refurbished sites contributed an incremental £1 3m The disposal of the three sites was responsible for a reduction in contribution of £0 3m The remaining business contribution fell by £1 1m due to lower contribution from sales (£1 4m) and rents on the sale and leaseback properties in the four months from August (£0 9m) being partially offset by net cost savings of £1 2m Benefits from cost saving initiatives of £1 9m more than offset increases in staff costs of £0 4m increases in utility costs of £0 2m and increases in property costs excluding rent of £0 1m

EBITDA EBITDA decreased by £0 3m (2 7%) from £11 0m in the 52 weeks to 31st December 2006 to £10 7m in the 52 weeks to 30th December 2007 and EBITDA margin remained at 16 3% This £0 3m decrease comprises the contribution decrease of £0 1m together with a £0 2m increase in overheads

Operating review (continued)

Operating profit. Operating profit increased by £13 2m (88 0%) from £15 0m in the 52 weeks to 31st December 2006 to £28 2m in the 52 weeks to 30th December 2007 This increase is attributable to gains from the sale and leaseback of 9 properties (£27 9m gain but also responsible for a reduction in EBITDA of £0 9m for rent) and the disposal of Plympton for redevelopment (£0 5m gain) together with an increase in EBITDA of £0 6m before the effect of sale and leaseback rents partially offset by non-recurring costs associated with the outsourcing of sales office activities to a call centre (£0 4m) increases to onerous lease provisions (£1 1m) and an adjustment to goodwill on disposal of £2 1m The disposal of Streatham and Bristol generated a profit of £9 1m in 2006 partially offset by onerous lease provisions of £0 1m

Depreciation and impairment increased by £2 3m from £5 0m to £7 3m, comprising an increase in depreciation of £0 3m from new sites and refurbishments of £0 1m from sale and leaseback properties, an increase in impairment of £2 6m from £0 6m in 2006 to £3 2m in 2007 offset by savings of £0 3m in respect of disposed sites and £0 4m from assets reaching the end of their depreciable lives

Central (Georgica overheads)

EBITDA The EBITDA loss for the centre decreased by £1 1m (60 2%) from £2 7m in the 52 weeks to 31st December 2006 to £1 6m in the 52 weeks to 30th December 2007 Increases of £0 7m in 2006 related to the Georgica Executive Participation Plan almost fully reversed in 2007 explaining a reduction of £1 3m partially offset by higher staff costs of £0 3m EBITDA also benefited positively in 2007 from £0 1m in rents received from Rileys in respect of 8 freehold or long leasehold sites being marketed for redevelopment by Georgica Holdings but currently occupied by Rileys clubs

Operating loss The operating loss increased by £1 4m (37 8%) from £3 7m in the 52 weeks to 31st December 2006 to £5 1m in the 52 weeks to 30th December 2007 The improvement in EBITDA loss of £1 1m together with depreciation £0 1m lower, was more than offset by an increase of £2 6m in group restructuring costs, including vendor due diligence and other costs associated with the proposed sale of Georgica

Results of operations – discontinued activities

On 28th August 2007, Georgica sold the entire ordinary share capital of Rileys Limited to Crucible Acquisitions Limited, an acquisition vehicle of Greenhill Capital Partners Europe LLP and North Atlantic Value LLP for £34 9m consideration received in cash Accordingly the Rileys operation has been discontinued by Georgica Prior to its disposal, and on the same day Rileys completed the sale and leaseback of 44 freehold and long leasehold properties for cash consideration, before costs, of £28 0m A profit of £11 2m was recorded by Rileys More details of the disposal are set out in note 8

Property matters

Tenpin

During 2007 Tenpin acquired an operating leasehold business in Grantham in May and opened its new site in Croydon in November Since July 2005 Tenpin has acquired 4 bowls opened one new bowl and has signed agreements to lease a further 6 sites

Three Tenpin bowls are on leases of less than 5 years with regular break clauses on 4 or 6 months notice These bowls currently contribute annual turnover of £4 1m and annual EBITDA of £0 7m

Sale and leaseback transactions

Tenpin completed the sale and leaseback of 9 freehold and long leasehold properties on 28th August 2007 for consideration of £43m Annual rents payable are £2 5m Tenpin is in ongoing negotiations regarding the sale and leaseback of an additional long leasehold property

Rileys completed the sale and leaseback of 44 freehold and long leasehold properties on 28th August 2007 for consideration of £28m

Unaudited supplementary information

Continued

Operating review (continued)

Asset realisation programme

The company is considering the sale of 9 freehold and long leasehold sites where the redevelopment value exceeds the trading value of the units 8 of these sites were formerly owned by Rileys but prior to the sale of the Rileys business these were retained by Georgica and leased back to Rileys with break clauses exercisable by Georgica for no compensation

To date Tenpin has completed the disposal of three bowls, with annual EBITDA of £0 45m, for redevelopment for consideration of £20 4m, including Plympton which was sold for £3 1m during the year

In the period to 28th August 2007, Rileys completed the disposal of two clubs with a combined annual EBITDA loss of £0 01m for £0 9m

Risk factors

Detailed below are the principal risks and uncertainties which have been identified by management as facing the Georgica group Additional risks and uncertainties which are not currently known or are deemed immaterial may also have a material impact on the group

Risks relating to operations

- Tenpin s bowling business is based exclusively in the UK and so is exposed to UK economic conditions and consumer confidence As a leisure activity bowling may be affected by the general level of consumer spending on leisure activities and may also be affected by changing consumer preferences
- The business is subject to seasonal demand variations Warm weather adversely impacts revenues as does unusual weather conditions such as heavy snow, icy conditions or high winds that discourage people from venturing out Major sporting events also affect the results of Tenpin events such as the football world cup can adversely affect revenues as supporters visit venues with large screens dedicated to the sport School holidays are beneficial for the bowling business which is also affected by the timing of bank holidays
- The ban on smoking in public places which was implemented in England and Wales in 2007 may result in a reduction of the number of customers at bowling venues or the amount of time they spend there which could impact revenues Bowl modification works are being completed to mitigate the impact of the ban, as far as possible Other possible regulatory threats to the profitability of the business include UK or EU employment legislation such as minimum wage increases and the working time regulations, competition consumer protection and environmental laws, and further implementation of the Disability Discrimination Act
- The majority of Tenpin s properties are subject to periodic rent reviews and renegotiation of rents when leases are renewed, this may have an adverse effect on profits and rents may increase to the extent that individual businesses become unprofitable
- A number of UK fiscal factors affect the business such as duty on alcoholic drinks VAT and other business and corporation taxes Changes in legislation which affect any of these factors could adversely impact the results of the business
- The group depends on the continued contribution of key management, and the loss of a significant member of the management team could adversely affect the business

Risks relating to financing

- The continued availability of the group s senior debt finance is dependent on continued covenant compliance, and on the successful refinancing of the group before the facilities are due for repayment in April 2008
- The continued availability of the capex facilities used by the group to fund acquisitions new build sites and refurbishments in Tenpin is dependent on continuing to achieve the required returns on investment in respect of all past bank funded investments in aggregate
- The ability to continue to roll out the group's capital expenditure programme is further dependent on the availability of opportunities at the right price, and the success of the group in converting them to completed acquisitions or agreements to lease on acceptable terms
- Any rise in base lending rates has an adverse impact on financing costs

Unaudited supplementary information

Continued

Five year record

	52 weeks to 30th December 2007 IFRS £m	52 weeks to 31st December 2006 IFRS £m	53 weeks to 1st January 2006 IFRS £m	53 weeks to 1st January 2006 UK GAAP £m	52 weeks to 26th December 2004 UK GAAP £m	52 weeks to 28th December 2003 UK GAAP £m
Sales	65 7	125 6	129 0	129 0	156 0	97 4
Cost of sales	(26 8)	(56 2)	(56 9)	(56 9)	(72 6)	(50 5)
Gross profit	38 9	69 4	72 1	72 1	83 4	46 9
Administrative expenses	(42 1)	(63 8)	(58 8)	(59 9)	(76 9)	(45 4)
Profit on disposal	26 3	9 1	0 2	0 3	5 8	-
Share of operating loss of joint venture	-	-	-	-	-	(0 1)
Profit before finance charges	23 1	14 7	13 5	12 5	12 3	1 4
Finance charges	(15 9)	(10 7)	(11 1)	(10 5)	(8 8)	(8 9)
Profit/(loss) before taxation	7 2	4 0	2 4	2 0	3 5	(7 5)
Taxation	1 4	(2 3)	5 8	2 1	0 2	-
Discontinued operations	(19 0)	2 4	-	-	-	-
Profit/(loss) after taxation	(10 4)	4 1	8 2	4 1	3 7	(7 5)

Note The figures for 2006 have been presented as published in the 2006 annual report, without the reclassification of Rileys to discontinued operations The figures for 2004 and 2003 have been reclassified in order to conform to the presentation adopted in the 2005 UK GAAP consolidated income statement

Capitalisation table

	As at 30th December 2007 £m	As at 31st December 2006 £m
Debt (excluding cash and overdraft)		
Senior term loan facilities	4 8	40 2
Senior revolving credit facility	-	4 0
Secured floating rate notes	-	60 0
Gross debt (excluding cash and overdraft)	4 8	104 2
Debt issue costs	(0 5)	(3 7)
Net debt (excluding cash and overdraft)	4 3	100 5
Shareholders' funds	79 3	89 8
Total capitalisation	83 6	190 3
Reconciliation to statutory net debt		
Net debt (excluding cash and overdrafts)	4 3	100 5
Net (cash)/overdraft	(0 2)	(4 7)
Statutory net debt	4 1	95 8

Notice of Annual General Meeting

Notice is hereby given that the Eighth Annual General Meeting of Georgica PLC will be held at The Royal Automobile Club, 89, Pall Mall, London, SW1Y 5HS on Wednesday 28th May 2008 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 30th December 2007 and the Auditors' report thereon
Resolution 2	To approve the directors' remuneration report
Resolution 3	To re-elect Kaye Collins as a director of the company
Resolution 4	To re-elect Don Hanson as a director of the company
Resolution 5	To re-elect Peter Haspel 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 Simon Prew as a director of the company
Resolution 9	To re-elect Robert Wickham as a director of the company
Resolution 10	That PricewaterhouseCoopers 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 11 and 13 shall be proposed as special resolutions and resolution 12 as an ordinary resolution

Resolution 11

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 14,613,405 Ordinary Shares of 5p having a nominal value of £730 670,

(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 5 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 12

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 32,475,000 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 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 this authority shall be in addition and without prejudice to

(ii) the authority given by a resolution passed on 4th May 2005 and expiring on 20th September 2010 being the 10th anniversary and the final date for conversion of the Convertible Ordinary Shares, in respect of the remaining 10 152 300 Ordinary Shares arising on conversion of the Convertible Ordinary Shares

Resolution 13

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 12 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 £243,556,

and shall expire on the expiry of the general authority conferred by resolution 12 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
5th February 2008

Notice of Annual General Meeting

Continued

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 The Proxy Department, 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 - 9, Election and re-election of directors

Kaye Collins Don Hanson (73), Peter Haspel, Margaret Mountford, Nicholas Oppenheim Simon Prew and Robert Wickham (73) shall retire by rotation at the AGM and shall be offered for re-election in accordance with the Articles of Association

Resolution 11, Purchase of own shares by the company

The resolution authorises the directors to make market purchases of up to 14,613,405 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 12, Authority to allot relevant securities

This resolution authorises the directors to allot up to 32,475,000 Ordinary Shares representing approximately 33% of its current issued ordinary share capital This is in addition to the authority given on 4th May 2005 to allot up to 10,152,300 Ordinary Shares reserved for the conversion of the Convertible Ordinary Shares that expires on 20th September 2010 being the 10th anniversary and the final date for conversion of these shares The authority relating to the 32,750,000 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 13, Disapplication of statutory pre-emption rights
If equity securities are to be allotted for cash using the authority given by resolution 12 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 13 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 13 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 £243,556 which is equivalent to 5% of the issued ordinary share capital of the company at the date of this notice