

Top Ten Holdings plc, is the third largest UK bingo operator with 38 bingo clubs predominantly in the Midlands and North West of England, and in Wales.

Key Points

- Results impacted by anticipated turmoil resulting from the effects of the smoking ban and introduction of the Gambling Act.
- Following a review in 2006 the Board put in place a strategy to limit the effect of the smoking ban and to dispose of marginal clubs: two clubs sold at £320,000 over book value resulting in a higher quality estate.
- The group remains profitable and cash generative. Pre-tax profits were £381,000 (2006: £846,000); EPS 1.21p (2006: 2.27p).
- Net assets increased to £23.7 million (2006: £21.6 million).
- Top Ten echoes lobby for removal of double taxation of bingo industry.
- Further strategic review underway focussing on medium and long term value.
- Current trading: remaining unpredictable with difficult market conditions to persist through the second half. Cost reduction programme to feed through in the first half of 2008.

21 November 2007

Commenting on the results Sir Aubrey Brocklebank, Chairman, said,

"Despite our considerable preparation for the smoking ban and introduction of the Gambling Act our business has still felt the impact that the combination of this unprecedented change has caused. Our strategy to dispose of our most marginal clubs will leave the group better positioned to ride out challenging market conditions.

We continue to review our business and to implement actions to maximise value for shareholders in the medium and long term."

For Further Information:

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Chairman's Statement

Introduction

The period of 26 weeks ending 30th September 2007 has been one of unprecedented turmoil in the Bingo Industry. In Wales the Smoking Ban came into force on April 2nd and on July 1st in England. In addition full deregulation and enactment of the Gambling Act came into force on September 1st. Whilst we commenced planning and taking action to mitigate the effects of the smoking ban and the changes implemented by the Gambling Act last year, the combination of the smoking ban and of the elimination of "Section 21" gaming machines has, as anticipated and previously consistently cautioned, had an adverse effect on the Company's trading.

In 2006, in anticipation of a challenging period for the industry, the Board reviewed the estate, evaluated which clubs were marginal in the event of a reduction in volumes and began a disposal process. Since this programme began 5 units have been sold above book value and enabled the Group's debt to be reduced. The process is continuing and on completion of the disposal programme the Company will have fewer, but better quality, units to face the challenges of today's marketplace.

Results

Operating profits declined to £1.4m (2006: £2.1m). Pre-tax profits were £380,088 (2006: £846,307) after taking into account exceptional items which comprised predominantly profits on sale of clubs and reorganisation costs. EPS before exceptional items was 0.87p and 1.21p after exceptional items. (2006: 3.08p and 2.27p). Net asset value was £23.7 million (2006: £21.6 million).

The interim report is lengthier than in previous years due to the requirement for the Company to report under International Financial Reporting Standards ("IFRS") from 27th March 2006 and have required the restatement of results from prior periods. The adjustments between UK GAAP and IFRS are detailed at note 6.

Capital Expenditure

We have continued to upgrade the estate where a significant financial benefit can be realised from further investment. During the period capital expenditure of £1.4m was made, including the major refurbishment of Mansfield, one of the company's largest sites.

Corporate Strategy

Because of the exceptional changes to the bingo industry, the board of directors has initiated a further review focused on the Company's longer term financial structure, including the banking relationship, in order to improve shareholder value. Various actions and initiatives have been commenced both in advance of and since the Smoking Ban with the principal focus of reducing overheads at head office and at site level and reducing the Group's level of debt.

Disposals

During the period, Top Ten sold two small, poorly-performing bingo clubs for £551,000. The sales proceeds generated a surplus of £320,000 profit over book value. Further property sales are expected prior to the current financial year end.

Management Changes

Norman Weston and Alan Weston have announced that they will be retiring as executive Directors after many years with the company and I am pleased to report that they have agreed to remain as non-executive directors so that we may continue to benefit from their years of experience. Richard Simons has indicated his intention to retire as a non-executive director and we would wish to thank him for his contribution during the last five years.

Allen Walsh and Gary Bennett, currently executive directors of Top Ten Bingo Limited (our subsidiary trading company), will be appointed to the main board. The contents of this announcement include the full disclosures required under Schedule 2, Para (g) of the AIM Rules.

Allen Walsh (57) is currently, or has been in the past five years, a director of the following companies: Top Ten Bingo Limited, Westvale Leisure Limited, Walker Holdings (UK) Limited, Walker Group Limited, Walker Leisure (UK) Limited, Walker Property Management Limited.

Gary Bennett (34) is currently, or has been in the past five years, a director of the following companies: Top Ten Bingo Limited, Walker Property Management Limited.

VAT

At industry level, the taxation regime continues to require bingo clubs to pay both VAT and Gross Profit Tax ("GPT") on revenues, whereas harder gambling formats pay only GPT. It is perverse that our more socially responsible business should be taxed more highly and prevented from using the same fruit machines as the rest of the gaming industry. The legality of the present VAT regime is being challenged. We have submitted claims for VAT already paid amounting to £5.4m. Whilst it is unlikely that this will be resolved in the short term the Treasury has had several meetings with the industry trade association which is lobbying for a managed resolution of this gross inequity.

A separate claim for VAT repayment, in respect of the unequal tax treatment of fruit machine income, was submitted last year following a judgment by the European Court of Justice. This claim amounts to £2.6 million and will be concluded when the current industry test case is resolved.

Current Trading and Prospects

As outlined in the trading statement of 15th October 2007 average customer spending levels and club admissions remain very unpredictable and it is difficult to discern any clear trends. We continue to implement actions across the estate and individually within certain units to generate sales and to mitigate the effects of the smoking ban and Gambling Act.

The outlook for the current financial year is for difficult market conditions to persist and trading at depressed levels will remain until the effects of the current cost reduction programme begin to feed through in 2008. Should the current trading conditions persist the Board anticipates that the second half of the year will be marginally profitable and consequently it is unlikely that we will pay a dividend in the New Year as we had previously hoped.

Sir Aubrey Brocklebank
Chairman

21st November 2007

Condensed consolidated interim income statement (unaudited)

	26 weeks to 30 September 2007	Non- recurring	26 weeks to 30 September 2007	26 weeks to 24 September 2006 (restated)	53 weeks to 1 April 2007 (restated)
	£		£	£	£
Continuing operations					
Revenue	13,654,381	-	13,654,381	14,690,201	30,579,375
Cost of sales	(2,180,831)	-	(2,180,831)	(2,264,353)	(4,922,294)
Gross profit	11,473,550	-	11,473,530	12,425,848	25,657,081
Distribution costs	(9,092,307)	-	(9,092,307)	(9,113,410)	(18,493,903)
Administrative expenses	(1,014,245)	-	(1,014,245)	(1,247,465)	(2,295,999)
Other operating income	-	290,209	290,209	-	194,302
Other operating expenses	-	(202,025)	(202,025)	(206,129)	(359,683)
Operating profit	1,366,998	88,184	1,455,182	1,858,844	4,701,798
Finance costs	(1,073,923)	-	(1,073,923)	(1,012,537)	(2,108,679)
Profit before tax	293,075	88,184	381,259	846,307	2,593,119
Taxation	(71,499)	-	(71,499)	(270,297)	(808,573)
Profit for the period	221,576	88,184	309,760	576,010	1,784,546
Profit for the period attributable to ordinary shareholders	221,576	88,184	309,760	576,010	1,784,546
Earnings per share:					
Basic and diluted earnings per share			<u>1.21p</u>	<u>2.27p</u>	<u>7.02p</u>

There is no material difference between basic and diluted EPS.

The impact of discontinued operations is immaterial.

Condensed consolidated interim balance sheet (unaudited)

	30 September 2007	24 September 2006 (restated)	1 April 2007 (restated)
	£	£	£
ASSETS			
Non-current assets			
Goodwill	16,499,737	16,557,844	16,499,737
Other intangible assets	100,340	-	85,165
Property, plant and equipment	36,646,378	35,563,311	36,553,495
Other financial assets	912,000	22,000	461,000
	<u>54,158,455</u>	<u>53,143,155</u>	<u>53,599,397</u>
Current assets			
Inventory	479,799	417,950	488,399
Trade and other receivables	1,596,911	2,160,274	749,732
Cash and cash equivalents	1,172,258	2,038,589	1,645,253
	<u>3,248,968</u>	<u>4,616,813</u>	<u>2,883,384</u>
Total assets	<u>57,407,423</u>	<u>57,759,968</u>	<u>56,482,781</u>
LIABILITIES			
Current liabilities			
Trade and other payables	(2,297,220)	(2,616,262)	(1,807,442)
Bank overdrafts and loans	-	(1,500,000)	-
Obligations under finance leases	(915,040)	(504,924)	(618,671)
Current taxation	(829,051)	(1,044,773)	(1,319,193)
	<u>(4,041,311)</u>	<u>(5,665,959)</u>	<u>(3,745,306)</u>
Non-current liabilities			
Bank loans	(28,728,271)	(29,500,000)	(28,326,152)
Obligations under finance leases	(328,491)	(634,543)	(608,635)
Deferred taxation	(561,321)	(367,897)	(561,321)
Total non-current liabilities	<u>(29,618,083)</u>	<u>(30,502,440)</u>	<u>(29,496,110)</u>
Total liabilities	<u>(33,659,394)</u>	<u>(36,168,399)</u>	<u>(33,241,416)</u>
Net assets	<u>23,748,029</u>	<u>21,591,569</u>	<u>23,241,365</u>
EQUITY			
Equity attributable to equity holders of the parent			
Share capital	5,101,151	5,101,147	5,101,151
Share premium account	8,878,606	8,878,606	8,878,606
Share options reserve	12,583	9,339	11,623
Other reserve	912,000	22,000	461,000
Profit and loss account	8,843,689	7,580,477	8,788,985
Total equity	<u>23,748,029</u>	<u>21,591,569</u>	<u>23,241,365</u>

Condensed consolidated statement of changes in equity

	Share Capital £	Share Premium £	Share Options Reserve £	Other Reserves	Retained Profits £	Total Equity £
Balance at 27 March 2006	5,064,923	8,711,247	7,053	(429,000)	7,371,668	20,725,891
Profit for the period	-	-	-	-	576,010	576,010
Changes in fair value of cash flow hedges	-	-	-	451,000	-	451,000
Total recognised income and expense for the period	5,064,923	8,711,247	7,053	22,000	7,947,678	21,752,901
Shares issued during period	36,224	167,359	-	-	-	203,583
Dividend	-	-	-	-	(367,228)	(367,228)
Share Option charge	-	-	2,286	-	-	2,286
Balance at 24 September 2006	5,101,147	8,878,606	9,339	22,000	7,580,450	21,591,542
	Share Capital £	Share Premium £	Share Options Reserve £	Other Reserves £	Retained Profits £	Total Equity £
Balance at 2 April 2007	5,101,151	8,878,606	11,624	461,000	8,788,985	23,241,366
Profit for the period	-	-	-	-	309,760	309,760
Changes in fair value of cash flow hedge	-	-	-	451,000	-	451,000
Total recognised income and expense for the period	5,101,151	8,878,606	11,624	912,000	9,098,745	24,002,126
Dividend	-	-	-	-	(255,056)	(255,056)
Share Option charge	-	-	959	-	-	959
Balance at 30 September 2007	5,101,151	8,878,606	12,583	912,000	8,843,689	23,748,029

Condensed consolidated interim cash flow statement (unaudited)

	26 weeks to 30 September 2007 £	26 weeks to 24 September 2006 £	53 weeks to 1 April 2007 £
Cash flows from operating activities			
Profit after taxation	1,455,182	1,858,844	4,699,414
Adjustments for:			
Share based payment	960	2,288	4,571
Depreciation of property, plant and equipment	937,333	833,659	1,588,126
Profit on sale of property, plant and equipment	(290,209)	6,086	(194,302)
Decrease/(increase) in inventories	8,601	1,759	(64,921)
Decrease/(increase) in trade and other receivables	(847,179)	(1,460,697)	177,052
Increase in trade payables	242,078	697,235	121,558
Cash generated from operations	1,506,766	1,939,174	6,331,498
Interest paid	(1,074,560)	(1,013,312)	(2,126,029)
Taxation paid	(313,947)	(211,265)	(640,563)
Net cash inflow from operating activities	118,259	714,597	3,564,906
Cash flows from investing activities			
Interest received	636	775	17,349
Investment in intangible assets	(15,175)	(85,165)	-
Purchase of Property, plant and equipment	(732,349)	(353,706)	(1,095,871)
Proceeds from sale of Property, plant and equipment	599,589	29,933	675,960
Acquisition of subsidiary, net of cash acquired	-	(982,375)	(1,100,281)
Net cash used in investing activities	(147,299)	(1,390,538)	(1,502,843)
Cash flows from financing activities			
Repayments of obligations under finance leases	(591,018)	(89,195)	(546,683)
Proceeds from long-term borrowings	402,119	1,452,078	900,000
Repayments of borrowings	-	-	(2,121,770)
Dividends paid to shareholders	(255,056)	(367,224)	(367,228)
Net cash used in financing activities	(443,955)	995,659	(2,135,681)
Net (decrease)/increase in cash and cash equivalents	(472,995)	319,718	(73,618)
Cash and cash equivalents at beginning of period	1,645,253	1,718,871	1,718,871
Cash and cash equivalents at end of period	1,172,258	2,038,589	1,645,253

Notes to the condensed consolidated interim financial statements

1 General information

The financial information set out in this condensed interim report for the twenty six weeks ended 30th September 2007 and the comparative figures for the twenty six weeks ended 24th September 2006. This financial information does not constitute statutory accounts as defined in Section 240 of the Companies Act 1985. The Company's statutory financial statements for the period ended 1st April 2007, prepared under UK GAAP, received an unqualified audit report, did not contain statements under section 237(2) of the Companies Act 1985 and have been filed with the Registrar of Companies.

2 Basis of preparation

These interim consolidated financial statements of Top Ten Holdings plc are for the twenty six weeks ended 30th September 2007. They have been prepared taking into account the requirements of IAS 34, Interim Financial Reporting, and the requirements of IFRS 1, First-time Adoption of IFRS, because they are part of the period covered by the Company's first IFRS financial statements for the period ended 30 March 2008. They do not include all of the information required for full annual financial statements, and should be read in conjunction with the consolidated financial statements of the Company for the period ended 1st April 2007. These condensed consolidated interim financial statements (the interim financial statements) have been prepared in accordance with the accounting policies set out below which are based on the recognition and measurement principles of IFRS in issue as adopted by the European Union (EU) and are effective at 30th March 2008 or are expected to be adopted and effective at 30th March 2008, our first annual reporting date at which we are required to use IFRS accounting standards adopted by the EU.

Top Ten Holding plc's consolidated financial statements were prepared in accordance with applicable United Kingdom Generally Accepted Accounting Principles (UK GAAP) until 1st April 2007. The date of transition was 27th March 2006. UK GAAP differs in some areas from IFRS. In preparing Top Ten Holdings plc's 2007 consolidated interim financial statements, management has amended certain accounting, valuation and consolidation methods applied in the UK GAAP financial statements to comply with IFRS. The comparative figures in respect of 2006 were restated to reflect these adjustments.

Reconciliations and descriptions of the effect of the transition from UK GAAP to IFRS on the Company's equity and its net income and cash flows are provided in Note 6.

These consolidated interim financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and financial liabilities at fair value. The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise judgement in the process of applying the Company's accounting policies.

Notes to the condensed consolidated interim financial statements (continued)

3 Summary of significant accounting policies

The accounting policies used in the interim statement are consistent with those used in the financial statements for the 53 weeks ended 1 April 2007, subject to the adoption of IAS 38 Intangible Assets and IAS 39 Financial Instruments: Measurement and Recognition following the introduction of IFRS.

Key accounting policies are summarised below:

a Basis of Consolidation

(i) Subsidiaries

Subsidiaries are entities over which the Company has power to control the financial and operating policies so as to obtain benefits from its activities.

Investments in subsidiary undertakings are accounted for using the purchase method of accounting. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The excess of the cost of acquisition over the fair value of the Company's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the Company's share of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement.

b Revenue Recognition

Revenue results from the operation of bingo clubs, snooker clubs, and amusement arcades. Bingo revenue is recorded as the customer stake, less applicable gaming duties, cash prizes and VAT. Revenues from the sale of food and beverages are recorded net of VAT.

c Goodwill

All business combinations are accounted for by applying the purchase method. Goodwill represents amounts arising on acquisition of subsidiaries, joint ventures and associates. In respect of business acquisitions goodwill represents the difference between the cost of acquisition and the fair value of the net identifiable assets acquired. Goodwill is allocated to cash generating units and is tested annually for impairment at a consistent time each year. Goodwill is stated at cost or deemed cost less any accumulated impairment losses.

d Internally-generated Intangible Assets - Research and Development Expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred. An internally-generated intangible asset arising is recognised only if all of the following conditions are met:

- an asset is created that can be identified;
- it is probable that the asset created will generate future economic benefits; and
- the development cost of the asset can be measured reliably.

Notes to the condensed consolidated interim financial statements (continued)

d Internally-generated Intangible Assets - Research and Development Expenditure (continued)

Internally-generated intangible assets are amortised on a straight-line basis over their useful lives. Where no internally-generated intangible asset can be recognised, development expenditure is recognised as an expense in the period in which it is incurred.

e Property, Plant and Equipment

Property, plant and equipment are stated at cost, net of depreciation and any provisions for impairment.

The gain or loss arising on the disposal of an asset is determined as the difference between the disposal proceeds and the carrying amount of the asset and is recognised in the income statement. The gain or loss arising from the sale of held for sale assets is included in "other income" or "other expense" in the income statement.

Depreciation is calculated to write off the cost of the assets less estimated residual value in over their expected useful lives. Depreciation is provided at the following rates:

Freehold property	2% straight line
Leasehold property	Over life of lease
Plant, property and equipment	12.5% - 20% reducing balance
Motor vehicles	25% reducing balance

The carrying values of property, plant and equipment are reviewed for impairment when there is an indication that they may be impaired.

f Derivative Financial Instruments

Derivative financial instruments are measured initially at fair value and comprise interest rate swaps.

These derivative financial instruments are designated as cash flow hedges in line with the Company's treasury policy. The portion of the gain or loss on the hedging instrument that is determined to be an effective hedge, is defined by IAS 39 "Financial Instruments: Recognition and Measurement", is recognised in equity, with any ineffective portion recognised in the consolidated income statement. When hedged cash flows result in the recognition of a non financial asset or liability, the associated gains or losses previously recognised in equity are included in the initial measurement of the asset or liability. For all other cash flow hedges, the gains or losses that are recognised in equity are transferred to the income statement in the same period in which the hedged cash flows affect the income statement.

Notes to the condensed consolidated interim financial statements (continued)

4 Earnings per share

The calculation of basic earnings per share is based on a profit for the period of £309,760 (2006: £576,010) and on 25,505,751 (2006: 25,368,202) ordinary shares, being the weighted average number of ordinary shares in issue during the period.

During the period under review, the company has recorded exceptional disposal profits of £290,209 (2006: £nil) and exceptional costs of £202,025 (2006: £206,129) relating to site closures and reorganisation costs. The net pre-tax profit before this exceptional item ("adjusted profit") is £221,576 (2006: £782,139). The adjusted profit per share, based on 25,505,751 ordinary shares, being the weighted average number of ordinary shares in issue during the period, is 0.08p (2006: 3.08p).

The profit attributable to ordinary shareholders and the weighted average number of ordinary shares for the purpose of calculating the diluted earnings per share are identical to those used for the basic earnings per share. Similarly, the adjusted profit attributable to ordinary shareholders and the weighted average number of ordinary shares for the purposes of calculating the diluted adjusted earnings per share are identical to those used for the adjusted earnings per share.

5 Dividends

During the period the proposed dividend of 1p per share (£255,056) was approved at the Annual General Meeting on 29th August 2007 and was subsequently paid. The Directors do not foresee payment of a further 1p per share in February 2008 as was originally indicated in the financial statements to 1st April 2007.

6 Explanation of transition to IFRS

As stated in the Basis of Preparation, these are the Company's first condensed consolidated interim financial statements for part of the period covered by the first IFRS annual consolidated financial statements prepared in accordance with IFRS. An explanation of how the transition from UK GAAP to IFRS has affected the Company's financial position, financial performance and cash flows is set out below. The following reconciliations provide a quantification of the effect of the transition to IFRS.

IFRS 1 permits companies adopting IFRS for the first time to take certain exemptions from the full requirements of IFRS in the transition period. These interim financial statements have been prepared on the basis of taking the following exemptions:

- business combinations prior to 27th March 2006, the Company's date of transition to IFRS, have not been restated to comply with IFRS 3 "Business Combinations".

Notes to the condensed consolidated interim financial statements (continued)

6.1 Transition statement at 27th March 2006

	UK GAAP £	IAS 39 £	IFRS £
Non-current assets			
Goodwill	16,171,890	-	16,171,890
Property, plant and equipment	35,802,997	-	35,802,997
	<u>51,974,887</u>	<u>-</u>	<u>51,974,887</u>
Current assets			
Inventory	419,708	-	419,708
Trade and other receivables	923,744	-	923,744
Cash and cash equivalents	1,718,871	-	1,718,871
	<u>3,062,323</u>	<u>-</u>	<u>3,062,323</u>
Total assets	<u>55,037,210</u>	<u>-</u>	<u>55,037,210</u>
Current liabilities			
Trade and other payables	(1,821,173)	-	(1,821,173)
Short-term borrowings	(1,500,000)	-	(1,500,000)
Obligations under finance leases	(344,885)	-	(344,885)
Current tax payable	(1,123,627)	-	(1,123,627)
	<u>(4,789,685)</u>	<u>-</u>	<u>(4,789,685)</u>
Non-current liabilities			
Bank loans	(28,047,922)	-	(28,047,922)
Obligations under finance leases	(676,817)	-	(676,817)
Deferred tax	(367,895)	-	(367,895)
Other financial liabilities	-	(429,000)	(429,000)
	<u>(29,092,634)</u>	<u>(429,000)</u>	<u>(29,521,634)</u>
Net assets	<u>21,154,891</u>	<u>(429,000)</u>	<u>20,725,891</u>
Equity			
Share capital	5,064,923	-	5,064,923
Share premium account	8,711,247	-	8,711,247
Share options reserve	7,053	-	7,053
Other reserve	-	(429,000)	(429,000)
Profit and loss account	7,371,668	-	7,371,668
	<u>21,154,891</u>	<u>(429,000)</u>	<u>20,725,891</u>
Total equity	<u>21,154,891</u>	<u>(429,000)</u>	<u>20,725,891</u>

Notes to the condensed consolidated interim financial statements (continued)

6.2 Transition statement at 24th September 2006

	UK GAAP	IAS 39	IFRS
	£	£	£
Non-current assets			
Goodwill	16,557,844	-	16,557,844
Property, plant and equipment	36,563,311	-	36,563,311
Other financial assets	-	22,000	22,000
	<u>53,121,155</u>	<u>22,000</u>	<u>53,143,155</u>
Current assets			
Inventory	417,950	-	417,950
Trade and other receivables	2,160,274	-	2,160,274
Cash and cash equivalents	2,038,589	-	2,038,589
	<u>4,616,813</u>	<u>-</u>	<u>4,616,813</u>
Total assets	<u>57,737,968</u>	<u>22,000</u>	<u>57,759,968</u>
Current liabilities			
Trade and other payables	(2,616,262)	-	(2,616,262)
Short-term borrowings	(1,500,000)	-	(1,500,000)
Obligations under finance leases	(504,924)	-	(504,924)
Current tax payable	(1,044,773)	-	(1,044,773)
	<u>(5,665,959)</u>	<u>-</u>	<u>(5,665,959)</u>
Non-current liabilities			
Bank loans	(29,500,000)	-	(29,500,000)
Obligations under finance leases	(634,543)	-	(634,543)
Deferred tax	(367,897)	-	(367,897)
Other financial liabilities	-	-	-
	<u>(30,502,440)</u>	<u>-</u>	<u>(30,502,440)</u>
Net assets	<u>21,569,569</u>	<u>22,000</u>	<u>21,591,569</u>
Equity			
Share capital	5,101,147	-	5,101,147
Share premium account	8,878,606	-	8,878,606
Share options reserve	9,339	-	9,339
Other reserve	-	22,000	22,000
Profit and loss account	7,580,477	-	7,580,477
Total equity	<u>21,569,569</u>	<u>22,000</u>	<u>21,591,569</u>

Notes to the condensed consolidated interim financial statements (continued)

6.3 Transition statement at 1st April 2007

	UK GAAP £	IAS 38 £	IAS 39 £	IFRS £
Non-current assets				
Goodwill	16,499,737		-	16,499,737
Other intangible assets	-	85,165	-	85,165
Property, plant and equipment	36,636,276	(82,781)	-	36,553,495
Other financial assets	-	-	461,000	461,000
	<u>53,136,013</u>	<u>2,384</u>	<u>461,000</u>	<u>53,599,397</u>
Current assets				
Inventory	488,399	-	-	488,399
Trade and other receivables	749,732	-	-	749,732
Cash and cash equivalents	1,645,253	-	-	1,645,253
	<u>2,883,384</u>	<u>-</u>	<u>-</u>	<u>2,883,384</u>
Total assets	<u>56,019,397</u>	<u>2,384</u>	<u>461,000</u>	<u>56,482,781</u>
Current liabilities				
Trade and other payables	(1,807,442)	-	-	(1,807,442)
Short-term borrowings	-	-	-	-
Obligations under finance leases	(618,671)	-	-	(618,671)
Current tax payable	(1,319,193)	-	-	(1,319,193)
	<u>(3,745,306)</u>	<u>-</u>	<u>-</u>	<u>(3,745,306)</u>
Non-current liabilities				
Bank loans	(28,326,152)	-	-	(28,326,152)
Obligations under finance leases	(608,637)	-	-	(608,637)
Deferred tax	(561,321)	-	-	(561,321)
Other financial liabilities	-	-	-	-
	<u>(29,496,110)</u>	<u>-</u>	<u>-</u>	<u>(29,496,110)</u>
Net assets	<u>22,777,981</u>	<u>2,384</u>	<u>461,000</u>	<u>23,241,365</u>
Equity				
Share capital	5,101,151	-	-	5,101,151
Share premium account	8,878,606	-	-	8,878,606
Share options reserve	11,623	-	-	11,623
Other reserve	-	-	461,000	461,000
Profit and loss account	8,786,601	2,384	-	8,788,985
	<u>22,777,981</u>	<u>2,384</u>	<u>461,000</u>	<u>23,241,365</u>
Total equity	<u>22,777,981</u>	<u>2,384</u>	<u>461,000</u>	<u>23,241,365</u>

Notes to the condensed consolidated interim financial statements
(continued)

6.4 Reconciliation of income

26 weeks to 24th September 2006

	UK GAAP £	IAS 39 £	IFRS £
Company revenue	14,690,201	-	14,690,201
Cost of sales	(2,264,353)	-	(2,264,353)
Gross profit	12,425,848	-	12,425,848
Distribution costs	(9,113,410)	-	(9,113,410)
Administrative expenses	(1,247,465)	-	(1,247,465)
Other operating expenses	(206,129)	-	(206,129)
Profit from operations	1,858,844	-	1,858,844
Finance cost	(1,012,537)	-	(1,012,537)
Profit before tax	846,307	-	846,307
Taxation on ordinary activities	(270,297)	-	(270,297)
Profit for the period	576,010	-	576,010

53 weeks to 1st April 2007

	UK GAAP £	IAS 38 £	IAS 39 £	IFRS £
Company revenue	30,579,375	-	-	30,579,375
Cost of sales	(4,922,294)	-	-	(4,922,294)
Gross profit	25,657,081	-	-	25,657,081
Distribution costs	(18,493,903)	-	-	(18,493,903)
Administrative expenses	(2,298,383)	2,384	-	(2,295,999)
Profit from operations	4,864,795	2,384	-	4,867,179
Other operating income	194,302	-	-	194,302
Other operating expenses	(359,683)	-	-	(359,683)
Finance cost	(2,108,679)	-	-	(2,108,679)
Profit before tax	2,590,735	2,384	-	2,593,119
Taxation on ordinary activities	(808,573)	-	-	(808,573)
Profit for the period	1,782,162	2,384	-	1,784,546

Notes to the condensed consolidated interim financial statements (continued)

6.5 Notes to the reconciliation

Up to and including the accounting period to 1st April 2007, the Company prepared its consolidated financial statement in accordance with UK GAAP (Generally Accepted Accounting Principles). With effect from 1st April 2007 it is required to prepare its consolidated financial statements in accordance with (IFRS) as adopted by the European Union.

The Company has adopted IFRS from 27th March 2006, the date of transition. The first full set of audited financial statements prepared under IFRS will be for the year ended 30th March 2008 and the first interim report prepared under IFRS is for the twenty six weeks ended 30th September 2007.

The rules for transition to IFRS are set out in IFRS 1 "first time adoption of international accounting standards". Advantage has been taken of not restating business combinations undertaken prior to the date of transition. The only acquisition subsequent to the transition to IFRS was the purchase of Lance Leisure (Mexborough) Limited. No adjustments are necessary in respect of this acquisition in relation to the transfer to IFRS.

Key Differences

The key reconciling items between IFRS to previous UK GAAP for the primary financial statements arise from the adoption and first time application of the following IFRS standards:

International Accounting Standard 38: Intangible Assets

The 2006 balance sheet and financial statements have now been adjusted to reflect adoption of IFRS. Full details of the adjustments and the effect of the adjustments on the financial statements of the Company are disclosed earlier in this note. The major differences between our prior accounting practice and IFRS have been in respect of the reclassification of certain fixed assets development expenditure from Tangible fixed assets to Intangible fixed assets and the add back of associated depreciation. In addition Goodwill is no longer amortised over its useful economic life rather it is tested for impairment annually. As the Goodwill of Top Ten Holdings plc was not previously amortised the change to IFRS has no impact. The Intangible fixed assets at the transition date and at 27th March 2006, 24th September 2006, and 1st April 2007 and 30th September 2007 have been reviewed and no impairment has been identified.

Under UK GAAP the fair value of cash flow hedges that hedged exposure to cash flows was recognised on an accruals basis.

International Accounting Standard 39: Financial Instruments: Recognition and Measurement

Under IAS 39, "Financial Instruments: Recognition and Measurement" derivatives are carried at a fair value and the portion of the gain or loss on the hedging instrument that is determined to be an effective hedged is recognised in equity, with any ineffective portion recognised in the consolidated income statement. When hedged cash flows result in the recognition of a non financial asset or liability the

Notes to the condensed consolidated interim financial statements (continued)

associated gains or losses previously recognised in equity are included in the initial measurement of the asset or liability.

Accordingly the following have been recognised in the balance sheet at the following dates:

- A financial liability of £429,000 at 27 March 2006
- A financial asset of £22,000 at 30 September 2006
- A financial asset of £461,000 at 1 April 2007
- A financial asset of £912,000 at 30 September 2007

Segmental Reporting

The Company has only one business segment, the operation of bingo clubs in England and Wales.

7 Interim Statement

This interim statement is unaudited. The interim statement will be sent to shareholders and will also be available from the investor relations section of the Company's website at www.toptenbingo.com. Copies may be obtained from the Company Secretary, Top Ten Holdings plc, Unit 8, Verulam Industrial Estate, 224 London Road, St Albans, Hertfordshire AL1 1JF.