

## BEST OF THE BEST PLC

Preliminary Group audited results for the year ended 30th April 2010

Best of the Best plc displays luxury cars as competition prizes within airport terminals and online

### Key points:

- Revenue of £7.30 million (2009: £7.46 million)
- Profit Before Tax of £0.48 million (2009: £0.52 million)
- Strong cash generation with a 15% increase in cash balances to £2.29 million (2009: £1.99 million)
- Board recommending 9% increase in dividend to 1.2p per share (2009: 1.1p)
- New contract signed with Dublin Airport
- Site refurbishments continue to contribute positive results
- Ongoing discussions with new domestic and international airport sites
- New IT platform and website launched in September 2009

William Hindmarch, Chief Executive, said:

"I am pleased to report results that reflect a solid year's trading, particularly for the first 11 months of the financial year. However, the widely reported disruption in April 2010 due to the volcanic activity in Iceland resulted in the closure of our airport sites for a sustained period, and had a significant impact on profitability in the final month of the period.

The major investment in our IT infrastructure and website was completed during the year, providing our existing customers with a considerably enhanced experience, whilst opening up new organic growth opportunities through the acquisition of new online players.

The Company has ended the year with increased cash balances of £2.29 million. The Group is well positioned with opportunities both to increase the scope, size and contribution of its online business and to open new physical outlets over the coming months."

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## **Chief Executive's Statement**

I am pleased to report results that reflect a solid year's trading, particularly for the first 11 months of the financial year. However, the widely reported disruption in April 2010 due to the volcanic activity in Iceland resulted in the closure of our airport sites for a sustained period, and had a significant impact on profitability in the final month of the period.

Having traded in line with expectations throughout the year, the effective closure of the business for 6-7 days, combined with the operational gearing of the business, resulted in a shortfall in profits for the full year.

The major investment in our IT infrastructure and website was completed during the year, providing our existing customers with a considerably enhanced experience, whilst opening up new organic growth opportunities through the acquisition of new online players. Our online business continues to perform well, representing approximately 21% of total sales during the year and our database of registered players has reached approximately 420,000. We have allocated substantial resources towards the development of our IT systems, website and online marketing capabilities over the past six months, which the Directors believe will bring significant new opportunities in this area.

During the period we signed a contract with Dublin Airport Authority to open a site in the new Terminal 2, and we are in discussions with operators of both domestic and international airports with a view to securing further sites.

## **Results**

Turnover for the year ended 30 April 2010 was £7.30 million (2009: £7.46m), generating profit before tax of £0.48 million (2009: £0.52 million). Reported earnings per share was 2.68p per share (2009: 2.98p).

The cash position of the Company increased by 15% to £2.29 million (2009: £1.99 million), with prize inventory on display at £1.42 million. The balance sheet has strengthened further with net assets increasing to £4.28 million (2009: £4.08 million).

## **Dividend**

The Board is recommending a final dividend payment of 1.2 pence per share for the full year ending 30th April 2010 subject to shareholder approval at the AGM on 16th September 2010. The final dividend is covered 2.2 times by earnings per share and will be paid on 15th October 2010 to shareholders on the register on 17th September 2010.

## **Business**

The first 11 months of the financial year saw solid trading across our airport sites. Despite passenger numbers remaining below the levels seen in previous years, income per passenger (or Best of the Best customer) remained broadly stable.

Having traded in line with expectations throughout the year, the effective closure of the business for a 6-7 day period as a result of the volcanic ash disruption in April, combined with the operational gearing of the business, resulted in a shortfall in profits for the month and impacted the full year result.

There have been major landlord terminal refurbishments underway at Heathrow Terminal 4, Manchester Terminal 1, Edinburgh, and Glasgow. We have taken the opportunity to reinstall brand new, redesigned sites at Heathrow Terminal 4, Manchester Terminal 1 and Glasgow, as well as two sites in Heathrow's Terminal 1.

Our new site at Edinburgh Airport will reopen in August having been closed for the past 12 months due to the terminal refurbishment. Our tender for a site in Dublin Airport's impressive new Terminal 2 development was successful and will open in November 2010.

The sale by BAA of Gatwick Airport is complete and our contracts have transferred to the new owners, and we remain well prepared should BAA transfer any further airports over the coming months and years.

The Directors believe that our customer database is a source of significant value, and we have begun to substantiate this through partnerships with Aston Martin, Maserati and Tesla, providing them with additional exposure to both our airport sites and our customer database.

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Our new IT platform has allowed us to trial new products and price points, both at airport terminals and online, as well as to expand our loyalty program. We will look to build on these trials in the coming months to increase the penetration and revenues at our airport locations.

In light of the recent economic environment we have been cautious regarding overseas expansion. However, we continue to engage in discussions with international airport operators to identify key tier 1 locations and countries where multiple site developments will be possible.

### **Online Business**

The online business represented approximately 21% of total turnover and performed in line with expectations during the year ended 30 April 2010. During the period we invested substantial resources towards the complete redevelopment of our IT systems and website, which was launched in the second quarter. We are pleased to report that this was delivered on time and on budget, and has been well received by our customers and our airport staff. The last six months have proven the stability and flexibility of the new systems, which give us scalable foundations for future growth.

New account based reward scheme functionality together with marketing initiatives have increased the conversion of airport to online players, and the database of registered players on the new platform stands at approximately 420,000.

Traditionally, the acquisition of our online players has predominantly been through our physical airport sites, and our website has almost exclusively served our existing customer base. The Directors believe the new platform will bring significant growth opportunities for the online business, and have very recently appointed a Head of Marketing to lead this development.

We have budgeted for a greater level of marketing resources, primarily to increase the levels of player acquisition through traditional online channels, as well as to improve the metrics related to retention, loyalty and increased lifetime value of our existing airport acquired players.

### **Outlook**

Despite the unpredictability of the past year, including the economic climate and the unfortunate ash related events of April 2010, the Group continues to trade profitably.

The Board remains optimistic about the trading prospects for the Group in the coming year. The Directors are confident of steady trading from the airport estate, and are optimistic with regards to the future opportunities for the online business.

With its strong cash balance, the Group is well placed to execute its strategy of increasing the scope, size and contribution of its online offering, as well as to assess locations to open new physical outlets over the coming months.

We continue to monitor developments and review opportunities in our sector and look forward to updating shareholders with further progress in due course.

William Hindmarch

Chief Executive

12th July 2010

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**BEST OF THE BEST PLC**  
**Consolidated Income Statement**  
**For The Year Ended 30<sup>th</sup> April 2010**

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	Notes	<b>2010</b> <b>£'000</b>	<i>2009</i> <i>£'000</i>
<b>CONTINUING OPERATIONS</b>			
Revenue	5	<b>7,298</b>	7,462
Cost of sales		<b>(2,980)</b>	(2,986)
<b>GROSS PROFIT</b>		<b>4,318</b>	4,476
Administrative expenses		<b>(3,869)</b>	(4,012)
<b>OPERATING PROFIT</b>		<b>449</b>	464
Finance income		<b>31</b>	55
<b>PROFIT BEFORE TAX</b>		<b>480</b>	519
Tax	6	<b>(139)</b>	(139)
<b>PROFIT FOR THE YEAR</b>		<b>341</b>	380
Earnings per share expressed in pence per share:			
Basic	7	<b>2.68</b>	2.98
Diluted		<b>2.62</b>	2.92

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**BEST OF THE BEST PLC**

**Consolidated Statement of Comprehensive Income  
For The Year Ended 30<sup>th</sup> April 2010**

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	Notes	<b>2010</b> <b>£'000</b>	<i>2009</i> <i>£'000</i>
<b>PROFIT FOR THE FINANCIAL YEAR</b>		<b>341</b>	380
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<u><b>341</b></u>	<u>380</u>

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**BEST OF THE BEST PLC**

**Consolidated Statement of Financial Position  
30<sup>th</sup> April 2010**

	Notes	2010 £'000	2009 £'000
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		1,314	1,172
Deferred tax		22	3
		1,336	1,175
<b>CURRENT ASSETS</b>			
Inventories		1,421	1,739
Trade and other receivables		110	115
Cash and cash equivalents		2,290	1,988
		3,821	3,842
<b>TOTAL ASSETS</b>		5,157	5,017
<b>EQUITY</b>			
<b>SHAREHOLDERS' EQUITY</b>			
Called up share capital	8	636	636
Share premium	9	1,783	1,783
Share-based payment reserve	9	148	145
Retained earnings	9	1,715	1,514
<b>TOTAL EQUITY</b>		4,282	4,078
<b>LIABILITIES</b>			
<b>CURRENT LIABILITES</b>			
Trade and other payables		727	799
Tax payable		148	140
<b>TOTAL LIABILITIES</b>		875	939
<b>TOTAL EQUITY AND LIABILITIES</b>		5,157	5,017

**BEST OF THE BEST PLC****Consolidated Statement of Changes in Equity  
For The Year Ended 30<sup>th</sup> April 2010**

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	<b>Called up share capital £'000</b>	<b>Profit and loss account £'000</b>	<b>Share premium £'000</b>	<b>Other reserves £'000</b>	<b>Total equity £'000</b>
<b>Balance at 1 May 2008</b>	636	1,261	1,783	106	3,786
<b>Changes in equity</b>					
Dividends	-	(127)	-	-	(127)
Total comprehensive income	-	380	-	39	419
<b>Balance at 30 April 2009</b>	<u>636</u>	<u>1,514</u>	<u>1,783</u>	<u>145</u>	<u>4,078</u>
<b>Changes in equity</b>					
Dividends	-	(140)	-	-	(140)
Total comprehensive income	-	341	-	3	344
<b>Balance at 30 April 2010</b>	<u>636</u>	<u>1,715</u>	<u>1,783</u>	<u>148</u>	<u>4,282</u>

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**BEST OF THE BEST PLC**

**Consolidated Cash Flow Statement  
For The Year Ended 30<sup>th</sup> April 2010**

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		<b>2010</b>	<i>2009</i>
		<b>£'000</b>	<i>£'000</i>
<b>Cash flows from operating activities</b>			
Cash generated from operations	1	<b>987</b>	960
Tax paid		<b>(150)</b>	(246)
Net cash from operating activities		<b>837</b>	714
<b>Cash flows from investing activities</b>			
Purchase of tangible fixed assets		<b>(477)</b>	(382)
Sale of tangible fixed assets		<b>51</b>	22
Interest received		<b>31</b>	55
Net cash from investing activities		<b>(395)</b>	(305)
<b>Cash flows from financing activities</b>			
Equity dividends paid		<b>(140)</b>	(127)
Net cash from financing activities		<b>(140)</b>	(127)
<b>Increase/(Decrease) in cash and cash equivalents</b>		<b>302</b>	282
<b>Cash and cash equivalents at beginning of year</b>		<b>1,988</b>	1,706
<b>Cash and cash equivalents at end of year</b>		<b>2,290</b>	1,988

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**BEST OF THE BEST PLC**

**Notes to the Consolidated Cash Flow Statement  
For The Year Ended 30<sup>th</sup> April 2010**

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**1. RECONCILIATION OF PROFIT BEFORE TAX TO CASH GENERATE FROM OPERATIONS**

	<b>2010</b>	<i>2009</i>
	<b>£'000</b>	<i>£'000</i>
Profit before tax	480	519
Depreciation charges	292	253
(Profit)/Loss on disposal of fixed assets	(7)	7
Employee share based payment	3	38
Finance income	<u>(31)</u>	<u>(55)</u>
	737	762
Decrease in inventories	318	249
Decrease in trade and other receivables	5	22
Decrease in trade and other payables	<u>(73)</u>	<u>(73)</u>
<b>Cash generated from operations</b>	<b><u>987</u></b>	<b><u>680</u></b>

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## BEST OF THE BEST PLC

### Notes to the Preliminary Announcement For The Year Ended 30<sup>th</sup> April 2010

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#### 1. BASIS OF PREPARATION

The financial information has been prepared in accordance with the recognition and measurement requirements of International Financial Reporting Standards as adopted by the EU (Adopted IFRS's) and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS. The financial statements have been recorded under the historical cost convention.

The financial information set out above does not constitute the Group's statutory accounts for the years ended 30<sup>th</sup> April 2010 or 2009. The statutory accounts for 2010 will be delivered to the registrar of companies in due course.

#### 2. BASIS OF CONSOLIDATION

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiary undertakings). Where necessary, adjustments are made to the financial statements of the subsidiaries to bring their accounting policies in line with the Group. All intra-group transactions, balances, income and expenses are eliminated on consolidation.

#### 3. ACCOUNTING POLICIES

The preliminary financial information has been prepared using accounting policies set out in the Group's statutory accounts for the year ended 30th April 2010.

FRS 20 'Share-based payment' was adopted for the first time during the 2007 year end. Under this standard, an expense is recognised in the income statement when the Group receives goods for services in exchange for shares or where the valuation of those goods or services incorporates the performance of the Group's share price. The income statement includes a charge for share-based payments of £2,843 (2009: £38,555).

Revenue represents the value of tickets sold in respect of competitions which have been completed at the accounting date. A competition is completed when the Group closes entries.

#### 4. SEGMENTAL REPORTING

The directors consider that the primary reporting format is by business segment and that there is only one such segment being that of competition operators. This disclosure has already been provided in this preliminary report.

All of the Group's material operations are located in the United Kingdom.

#### 5. EXCEPTIONAL ITEM

During 2009, the company received £82,000 with respect to overpaid VAT on foreign internet sales. This amount has been included in turnover for the year ended 30<sup>th</sup> April 2009.

#### 6. TAX

##### Analysis of the tax charge

	2010 £'000	2009 £'000
Current tax:		
Tax	148	136
Under/(over)provision in prior year	<u>10</u>	<u>(10)</u>
Total current tax	158	126
Deferred tax	<u>(19)</u>	<u>13</u>
Total tax charge in income statement	<u>139</u>	<u>139</u>

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## 7. EARNINGS PER SHARE

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

Diluted earnings per share is calculated using the weighted average number of shares adjusted to assume the conversion of all dilutive potential ordinary shares. The Group has one category of dilutive potential ordinary shares: share options. For the share options a calculation is performed to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the Group's shares) based on the monetary value of the subscription rights attached to outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options.

Reconciliations are set out below.

	Earnings £'000	2010 Weighted average number of shares	Per-share amount pence
<b>Basic EPS</b>			
Earning attributable to ordinary shareholders	341	12,718,254	2.68
<b>Effect of dilutive securities</b>			
Options	-	<u>273,254</u>	
<b>Diluted EPS</b>			
Adjusted earnings	<u>341</u>	<u>12,991,508</u>	<u>2.62</u>

	Earnings £'000	2009 Weighted average number of shares	Per-share amount pence
<b>Basic EPS</b>			
Earning attributable to ordinary shareholders	380	12,718,254	2.98
<b>Effect of dilutive securities</b>			
Options	-	<u>262,367</u>	
<b>Diluted EPS</b>			
Adjusted earnings	<u>380</u>	<u>12,980,621</u>	<u>2.92</u>

8. **CALLED UP SHARE CAPITAL**

Authorised:				
Number:	Class:	Nominal value:	<b>2010</b>	<i>2009</i>
			<b>£'000</b>	<i>£'000</i>
30,000,000	Ordinary shares	5p	<b><u>1,500</u></b>	<i><u>1,500</u></i>
Allotted, issued and fully paid:				
Number:	Class:	Nominal value:	<b>2010</b>	<i>2009</i>
			<b>£'000</b>	<i>£'000</i>
12,718,254	Ordinary shares	5p	<b><u>636</u></b>	<i><u>636</u></i>

No shares have been issued during or subsequent to the year ended 30<sup>th</sup> April 2010.

9. **RESERVES**

	<b>Retained earnings</b>	<b>Share premium</b>	<b>Share-based payment reserve</b>	<b>Totals</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
At 1 <sup>st</sup> May 2009	<b>1,514</b>	<b>1,783</b>	<b>145</b>	<b>3,442</b>
Profit for the year	<b>341</b>			<b>341</b>
Dividends	<b>(140)</b>			<b>(140)</b>
Employee benefits			<b>3</b>	<b>3</b>
	<b><u>1,715</u></b>	<b><u>1,783</u></b>	<b><u>148</u></b>	<b><u>3,646</u></b>
At 30 <sup>th</sup> April 2010				

10. **RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**

	<b>2010</b>	<i>2009</i>
	<b>£'000</b>	<i>£'000</i>
Profit for the financial year	<b>341</b>	<i>380</i>
Dividends	<b>(140)</b>	<i>(127)</i>
	<b>201</b>	<i>253</i>
Employee share schemes adjustment	<b><u>3</u></b>	<i><u>39</u></i>
<b>Net addition to shareholders' funds</b>	<b>204</b>	<i>292</i>
Opening shareholders' funds	<b><u>4078</u></b>	<i><u>3,786</u></i>
<b>Closing shareholders' funds</b>	<b><u>4,282</u></b>	<i><u>4,078</u></i>

11. The financial information set out above for the years ended 30<sup>th</sup> April 2010 and 2009 does not constitute statutory accounts within the meaning of Section 240 of the Companies Act 2006. Statutory accounts for 30<sup>th</sup> April 2009 have been delivered to the Registrar of Companies and those for 30<sup>th</sup> April 2010 will be delivered following the Company's annual general meeting. The Company's auditors have reported on the full accounts for both years and have accompanied each year with an unqualified report.
12. The annual report and accounts will be posted to shareholders shortly and will be available for members of the public at the Company's registered office, 2 Plato Place, St Dionis Road, London, SW6 4TU.
13. The Annual General Meeting will be held on 16th September 2010 at the offices of Charles Stanley Securities, 25 Luke Street, London, EC2A 4AR.