Half-Year Results
13 September 2017

Results for the 26 weeks to 2nd July 2017

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Ten Entertainment Group plc
Half-Year Results

Double digit profit growth. Well on track for full-year.

Ten Entertainment Group plc ("TEG"), a leading UK operator of bowling and family entertainment centres, today announces its interim results for the 26 weeks to 2 July 2017.

Financial highlights:

- Reported total sales up 2.2%
- Proforma[2] total sales up 5.4%
- Like-for-like sales increase of 0.4%
- Proforma[2] Group Adjusted EBITDA[1] up 10.8% to £9.4m (Proforma[2] HY16: £8.5m)
- Reported Profit after tax down 84% to £0.4m (HY16: £2.5m). IPO exceptional costs of £3.1m
- Adjusted Profit after tax[1], up 24% to £6.0m (HY16: £4.9m)
- Interim dividend per share of 3.0p

Business highlights:

- Three site acquisitions successfully completed in the first half; Eastbourne, Blackburn and Rochdale
- Net Promoter Score improved by 43% to 66% (HY16: 46%)
- Games Per Stop up 19% at 223 (HY16: 187)
- Accredited in the 'Great Place to Work' awards as a top 35 best workplace
- Good overall progress against the Group's growth strategy

Nick Basing, Chairman, commented:
"Following on from the Group's IPO in April, we have achieved solid total sales growth in the first half of the financial year, positive like-for-like sales growth and completed the acquisition of three high quality sites.

"The business is currently well on track to deliver the Board's plans for the full year. I am convinced TEG's niche business model remains attractive and sustainable, and has scope for further profitable gains.

"I am especially pleased with the strong start to the second half, with year to date like-for-like sales growth now at 3.6%."

Alan Hand, Chief Executive Officer, commented:
"Our growth strategy remains on track. I am especially pleased with the impressive increase in our Net Promoter Score to 66% which reflects the improvements we have made to the customer experience over a long period of time.

"During the second half, we will continue to focus on our plans for growth including further site refurbishments, a longstanding and ongoing focus on the customer experience and an extension of the trial of a potentially transformational back of lanes technology. We also aim to engage more with our customers by both improving and leveraging our digital and yield management capabilities."

Enquiries:
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There will be a presentation today at 8.45a.m. to analysts and investors at Instinctif Partners (65 Gresham Street, London, EC2V 7NQ). The supporting slides will also be available on the TEG website, www.tegplc.co.uk, later in the day.

Forward-looking statements
This announcement contains forward-looking statements regarding TEG. These forward-looking statements are based on current information and expectations and are subject to risks and uncertainties, including market conditions and other factors outside of TEG's control. Readers are cautioned not to place undue reliance on the forward-looking statements contained herein, which speak only as of the date hereof. TEG undertakes no obligations to publicly update any forward-looking statement contained in this release, whether as a result of new information, future developments or otherwise, except as may be required by law.

1. These are non-IFRS measures used by the Group in understanding its underlying earnings. Group Adjusted EBITDA consists of Earnings before interest, taxation, depreciation and amortisation costs. Operating profit before one-off items consists of operating profit before movements in onerous leases and exceptional items. Adjusted profit after tax is profit after tax adjusted for exceptional items and shareholder loan note interest. Adjusted basic earnings per share represents earnings per share based on adjusted profit after tax. Like-for-like sales are a measure of growth of sales adjusted for new or divested sites over a comparable trading period.
2. Against proforma results, which represent comparison to the 26 weeks ended 3 July 2016. More information on the reasons for the inclusion of this proforma comparison can be found on page 6.

FINANCIAL SUMMARY

£000	26 weeks to 2 July 2017	26 weeks to 26 June 2016
Revenue	**35,095**	**34,327**
Cost of sales[2]	(4,267)	(4,200)
Gross margin	**30,828**	**30,127**
Total operating costs	(18,419)	(17,971)
Centrally allocated overheads	(1,259)	(1,220)
Support office	(1,779)	(1,631)
Group Adjusted EBITDA[1]	**9,371**	**9,305**
Amortisation of intangible assets	(413)	(396)
Profit on disposal of gaming machines	44	-
Depreciation of property, plant & equipment	(2,436)	(1,981)
Operating profit before one-off items[1]	**6,566**	**6,928**
Onerous lease provision released	79	75
Exceptional items – IPO	(3,075)	-
Exceptional items – Other	(1,377)	(388)
Operating profit	**2,193**	**6,615**
Net interest excluding shareholder loan note interest	(446)	(713)
Shareholder loan note interest	(1,151)	(1,926)
Profit before tax	**596**	**3,976**
Tax	(177)	(1,435)
Profit after tax	**419**	**2,541**

Adjusted profit after tax[1]		
Profit after tax	419	2,541
Exceptional items	4,452	388
Shareholder loan note interest	1,151	1,926
Adjusted profit after tax	**6,022**	**4,855**

Earnings per share		
Basic earnings per share	0.65p	3.92p
Adjusted basic earnings per share[1]	9.27p	7.48p
Interim dividend	3.0p	-

1 These are non-IFRS measures used by the Group in understanding its underlying earnings. Group Adjusted EBITDA consists of Earnings before interest, taxation, depreciation and amortisation costs. Operating profit before one-off items consists of operating profit before movements in onerous leases and exceptional items. Adjusted profit after tax is profit after tax adjusted for exceptional items and shareholder loan note interest. Adjusted basic earnings per share represents earnings per share based on adjusted profit after tax. Like-for-like sales are a measure of growth of sales adjusted for new or divested sites over a comparable trading period.

2 Cost of sales and operating expenses are presented on the basis as analysed by management. Cost of sales in the financial summary are determined by management as consisting of the direct bar, food, vending, amusements and gaming machine related costs. Statutory costs of sales reflected in the Statement of comprehensive income also include the staff and call centre costs incurred by the sites. Operating expenses are split into more detail in the financial summary in-order to obtain statutory operating profit, with overheads, support office, amortisation, depreciation and exceptional costs reflected separately.

CHIEF EXECUTIVE'S STATEMENT

We are pleased with our progress during the first half of FY17, which was in line with the Board's expectations. Revenue of £35.1m has grown by 5.4% when compared to the proforma sales for the first half of FY16 (proforma sales reflect comparison to the 26 weeks between week 2-27 of FY16 to adjust for the impact of the 53rd week in FY16). This growth has been driven primarily by the success to date of our acquisition programme, adding five more sites to the estate since HY16 (H2 FY16: 2 H1 FY17: 3).

Like-for-like sales grew at 0.4%, a good result when considering the tough comparators, the impact of a late Easter and less favourable weather conditions during the latter part of the first half, which caused consumers to focus on more outdoor based leisure activities. The refurbishments completed in the second half of FY16 at five of the six FY15 acquisitions resulted in these sites performing strongly in their second year under the Tenpin brand. This is encouraging for both our most recent, and our future acquisitions. In addition, a later than planned exit in July of the poorly located and underperforming site in Chelmsford resulted in a (0.6%) adverse impact on the Group's like-for-like sales performance.

Proforma total sales grew by 5.4%, with net new space contributing 5.0% to the total growth. Group Adjusted EBITDA on the same proforma basis, grew by 10.8% to £9.4m (HY16 £8.5m), with sales growth supported by good cost control, in particular from the implementation of a new payroll management system late in FY16, resulting in underlying cost savings, more than offsetting cost inflation, excluding new sites.

As planned, we have made strong progress with our programme to grow through expansion and during the first half we successfully completed three acquisitions of sites in Blackburn, Eastbourne and Rochdale. We are delighted to welcome these sites to the Tenpin brand. Tenpinisation is progressing well and we expect this process to continue to drive improved sales and better performance. Blackburn benefitted from a comprehensive refurbishment prior to its opening in March and is performing ahead of our expectations. We are confident in the pipeline of acquisition opportunities as we look ahead and are in advanced talks with multiple owners for future acquisitions.

I am pleased with how our teams throughout the business performed during a very busy period which also included the completion of a successful IPO process and the completion of a court approved Capital Reduction process. With this now behind us, the management team can focus on delivering the Group's strategy as we progress through the second half of the year.

I am also delighted that the Group's focus on our people was recognised by the 'Great Place to Work' awards. This is a great reflection on our commitment to our people, which we believe in turn results in exceptional customer service. We saw significant improvements in our Net Promoter Scores in the period, moving from 46% in the first half of last year to 66% in the same period this year.

During the second half of FY17 we will invest in refurbishing a number of our sites as expected. Work has been completed at both Ipswich and Eastbourne during August, and is planned at both Derby and Swansea for September. We will continue to review the opportunity for returning investment into refurbishments as we progress through FY17 and into FY18. Additionally, we will extend our trial of Pins & Strings to a further five sites during the second half, including Croydon which was completed during August, and Northampton, where work is currently underway. Following our initial trial at Feltham, we believe that Pins & Strings has the potential to both improve the cost efficiency of our sites and also improve the overall customer experience.

During the first half we completed a lease re-gear at our site in Maidenhead, and early in the second half we have also successfully renewed an expiring lease at our site in Swansea. We will continue to look for opportunities to both improve rental terms and secure the future of our estate.

Sales in the second half of the year have started positively and we expect the second half to be stronger than the first, with year-to-date like-for-like currently up 3.6%. We remain confident that we will deliver our plans in line with the Board's expectations for the full year.

Dividend

In light of the Group's robust performance, our strong balance sheet position and the Board's confidence in the outlook for the business, it is the Board's intention to pay dividends in respect of this financial year in full and not pro rata since Admission in April. As a result the Company has declared an interim dividend of 3.0p per share.

Alan Hand
Chief Executive Officer

OPERATING REVIEW

In April 2017, as part of its IPO process, TEG outlined its strategy to the market. The strategy has been designed to deliver sustainable growth in three key areas:

1. Organic growth
2. Attractive inward investment opportunities
3. Site acquisition and Tenpinisation

Organic Growth

Like-for-like sales growth in the period was 0.4%, which was in line with the Board's expectations for the first half of FY17. This performance is recorded against a very strong comparator from HY16 of 8.7% and also includes the impact of a late Easter and less favourable weather conditions during key peak trading weeks. Encouragingly, spend per head grew by 1.2% in the period to £14.37 (HY16: £14.20).

Post the half-year end date, TEG has also completed the planned disposal and closure of its underperforming site in Chelmsford, with the site closing on 19 July 2017. This site had a detrimental impact on trading during the first half of the financial year, with sales declines of 37% year-on-year, contributing a reduction of (0.6%) to the Group's overall like-for-like sales. There are currently no further plans to exit any other sites in the estate.

The Group has continued to develop its Customer Relationship Management ("CRM") programme. The customer database grew by 22% in the last 12 months, supported by growth in customers signing up when logging on to the on-site WiFi network. During the second half the Group will continue to develop its targeted communication programme with the increased customer base. A new role of Director of Customer Experience is currently being recruited to accelerate both the CRM programme and digital growth.

In addition, further progress is being made with technology. Six sites are currently trialling a more advanced scoring system which offers multiple features such as, among others, the ability to login and share scores via social media, options to upload 'selfies' to the overhead screens and customise the experience on the lane, supported by new 'super touch' keyboards at the lanes. Work is also expected to be completed late in 2017 on an out-of-hours booking telephone line, allowing customers the ability to book their bowling when the call centre is closed via a voice recognition system.

Inward investment

During the first half of FY17 a further seven sites were rebranded to the new Tenpin branding and logo as planned. 36 sites in the estate have now been completed, with plans in place for the remaining four being dependent upon planning being granted by the relevant local authority. This underpins the strength of our single brand, with the new brand logo designed to reflect that we put the customer at the heart of everything we do.

During the second half of FY17, we will continue to invest in refurbishment investment, with work planned at both Derby and Swansea. A refurbishment and an annex extension to include four additional lanes is also planned for Fountain Park late in H2 FY17 or early 2018 dependant on the timing of planning consent. The Group will continue to identify opportunities to invest in the quality of its sites both through refurbishment and ongoing maintenance.

Additionally, during the second half of FY17 a further five sites will be converted to Pins & Strings, extending the trial following the successful introduction into Feltham at the end of FY16. Pins & Strings is a new generation bowling machine that requires less maintenance, is more simple to operate and provides improved reliability for customers, demonstrated by improvements in the key games per stop metric. The Group has a strong relationship with its main supplier, Qubica AMF, and will look to further roll-out Pins & Strings machines across the majority of its estate should the trial prove successful.

Site acquisitions and Tenpinisation

Net new space contributed 5.0% of the total proforma sales growth of 5.4% (proforma compared to week 2-27 FY16) during the first half.

Also during the first half, the Group continued Tenpinisation at Worcester and Ipswich, which were both acquired during the second half of FY16. Tenpinisation, including rebranding, was completed at Worcester in January 2017. Investment in refurbishment work, including rebranding, at Ipswich was completed during August 2017, providing Ipswich with the platform to further drive its post-acquisition performance.

As part of the IPO, the Group outlined its target to add between two and four sites to the estate a year. Good progress has been made during the first half of FY17 with the completion of three further site acquisitions at good locations in Blackburn, Eastbourne and Rochdale. These three sites have been acquired for a total cost of £2.9m,

including fees. The Group believes that following Tenpinisation these sites will deliver a return on investment in line with previous acquisitions of c.27%. A major refurbishment was completed at Blackburn during the first half, Eastbourne has been refurbished during August and plans are currently being reviewed for Rochdale. All three sites are performing in line with the Board's expectations. The Group remains confident that there is an attractive pipeline of acquisitions available and will continue to seek to identify the right opportunities to continue to grow the estate.

People & Culture
People and culture remains an important focus, recognised with accreditation from the 'Great Place to Work 2017' best workplaces. This is a significant achievement for the Group and complements its Investors in People Gold status. TEG believe that engaged colleagues provide better customer experiences. It measures how customers value their experience using Net Promoter Scores (NPS). NPS for the first half of FY17 was 66% (FY16: 46%). This strong improvement is driven by the Group's continued focus on its colleagues to make every customer experience a memorable one.

FINANCIAL REVIEW

FY16 53rd week impact
FY16 reported figures, as disclosed in the prospectus issued on 12 April 2017, included a 53rd week in order to allow the year end date for 2016 to remain close to the end of December. Comparisons in this announcement for the 26 weeks to 2 July 2017 are therefore made to the 26 weeks to the 26 June 2016 unless otherwise stated.

In order to provide a more useful comparative to understand the underlying trading performance, Proforma Sales and EBITDA numbers for the 26-week period to 3 July 2016 (representing weeks 2-27 of FY16) have also been included. These proforma numbers exclude FY16 week 1 (w/e 3 January 2016), which is most comparable to FY16 week 53 (w/e 1 January 2017). These weeks include the key Christmas holiday trading period in each year and are significant trading weeks for TEG. Balance sheet and cash flow performance are reported unadjusted as at the half-year end date.

£000	26 weeks to 2 July 2017	Reported 26 weeks to 26 June 2016	Proforma 26 weeks to 3 July 2016
Revenue	35,095	34,327	33,282
Group Adjusted EBITDA	9,371	9,305	8,460
Operating profit before one-off items	6,566	6,928	6,083

Revenue

	Proforma 26 weeks to 2 July 2017 [1]	Reported 26 weeks to 26 June 2016
Number of bowling centres	41	36
Like-for-like sales growth	0.4%	8.7%
Net new space sales growth	5.0%	20.4%
Total sales growth	5.4%	29.1%

[1] Proforma growth measured against the 26 weeks to 3 July 2016, weeks 2-27 FY16.

Total sales were up 2.2% at £35.1m (HY16: £34.3m) on a reported basis. Proforma sales for the comparable period were up 5.4% (HY16: 2-27 £33.3m). Like-for-like sales were up 0.4% on a proforma basis. Net new space contributed 5.0% in the period on a proforma basis. The drivers of this overall sales performance have been analysed as part of the preceding operating review.

Gross margin
The reported gross margin rate was broadly flat year on year. The gross margin rate, combined with the growth in reported sales resulted in gross margin being up 2.3% to £30.8m (HY16 Reported: £30.1m).

Operating costs

£000	26 weeks to 2 July 2017	Reported 26 weeks to 26 June 2016
Site labour	(6,336)	(6,191)
Rent	(5,647)	(5,463)
Other property costs	(3,369)	(3,266)
Other operating costs	(3,067)	(3,051)
Total operating costs	**(18,419)**	**(17,971)**

Total operating costs increased by 2.5% to £18.4m (HY16: £18.0m), principally as a result of costs associated with the five additional sites during the period. Underlying operating costs excluding new space were down 3%, driven principally by good labour cost control, supported by the implementation of the Fourth Hospitality payroll management system in FY16, more than offsetting underlying cost inflation.

Central Administration costs

Centrally allocated overheads were up 3% at £1.3m (HY16: £1.2m). Support office costs were up 9% at £1.8m (HY16: £1.6m) principally driven by cost inflation, combined with the part-period impact of additional PLC related expenses.

Adjusted EBITDA

Adjusted EBITDA is up 0.7% at £9.4m (FY16: £9.3m). On a proforma basis, Adjusted EBITDA is up 10.8% (HY16 Proforma: £8.5m). The growth in EBITDA on a proforma basis is driven by a combination of the improved like-for-like sales and good operational cost control within the core estate, together with the benefit from the five additional sites within the estate, including two acquisitions in H2 FY16 and three in H1 FY17.

Adjusted EBITDA is considered by management to be a key performance metric for the business as this is calculated excluding non-recurring costs to provide a measure that is more reflective of the underlying performance of the Group.

Depreciation

Depreciation increased by 23% to £2.4m (HY16: £2.0m) in the first half, principally as a result of the five acquisitions completed during the period since HY16, together with the investment in refurbishments at five of the six FY15 acquisition sites during the second half of FY16. The amortisation charge of £0.4m (HY16: £0.4m) principally reflects the amortisation of acquisition intangibles.

Exceptional Items

Exceptional items recorded in the period were £4.5m (HY16: £0.4m). This includes a charge of £3.1m for costs relating directly to the IPO. Other exceptional items of £1.4m are principally driven by the write-off of capitalised loan arrangement fees in relation to existing term loans repaid on completion of the IPO (£0.7m), legal costs in association with the bank refinancing (£0.1m), legal costs associated with site acquisitions (£0.3m) and other property related legal costs (£0.2m).

Finance costs

£000	26 weeks to 2 July 2017	Reported 26 weeks to 26 June 2016
Interest on bank debt	(175)	(301)
Amortisation of bank financing costs	(80)	(128)
Finance lease interest charges	(128)	(204)
Other finance costs	(63)	(80)
Net interest excluding shareholder loan note interest	**(446)**	**(713)**

Net Interest (excluding shareholder loan note interest) decreased by 37% to £0.4m (HY16: £0.7m) principally driven by the refinancing of bank debt at both a lower level and on more favourable terms together with a reduction in finance lease charges as a result of the de-recognition of two finance leases at the end of FY16.

Shareholder loan note interest charges of £1.2m (HY16: £1.9m) represent the interest payable against the balance of loan notes (FY16: £42.4m) up until 10 April 2017. The shareholder loan notes were converted to equity as part of the IPO process, there will therefore be no further interest charge incurred during FY17 and beyond in relation to these loan notes.

Taxation
Taxation was £0.2m (HY16: £1.4m). Taxation has been calculated based on the Group's expected full-year effective tax rate of 29.7% (HY16: 36.1%). The reduction in the expected effective tax rate is driven by a combination of the decrease in the corporation tax rate from 20% to 19% and the elimination of the permanent differences arising on the non-allowable interest on the loan notes that were swapped for equity as part of the re-organisation during the IPO.

Profit after tax
Profit after tax was £0.4m (HY16: £2.5m) driven by the movements outlined above. Adjusted underlying profit after tax, excluding exceptional items and shareholder loan note interest, increased by 24% to £6.0m (HY16: £4.9m).

Number of shares and earnings per share
The number of shares for the purpose of calculating basic earnings per share was 65m. This represents the average number of issued ordinary shares. The earnings per share was 0.65p. Adjusted basic earnings per share grew by 24% to 9.27p (HY16: 7.48p). HY16 earnings per share have been restated to reflect the new Group capital structure.

Dividends
The Board have declared an interim dividend of 3.0p per share. The Board have decided to announce a dividend based on the full-year earnings for the Group and not pro rata since Admission in April as previously stated, reflecting its confidence in the Group's ability to deliver its long-term plans.

The ex-dividend date is 23 November 2017, the record date 24 November 2017 and the interim dividend payment date is 5 January 2018.
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BALANCE SHEET

As at £000	2 July 2017	1 January 2017	Movement	26 June 2016
Assets				
Goodwill & other intangible assets	27,060	25,742	1,318	25,005
Property, plant and equipment	35,113	34,720	393	35,090
Inventories	1,387	1,339	48	1,260
Trade and other receivables	2,381	3,346	(965)	3,010
Cash and cash equivalents	2,805	10,185	(7,380)	10,467
	68,746	75,332	(6,586)	74,832
Liabilities				
Finance lease liabilities	(4,697)	(5,149)	452	(6,564)
Bank borrowings	(5,813)	(12,120)	6,307	(14,163)
Trade and other payables & provisions	(7,702)	(9,632)	1,930	(10,050)
Shareholder loan notes	-	(42,435)	42,435	(40,452)
Other liabilities	(2,173)	(1,953)	(220)	(650)
	(20,385)	(71,289)	50,904	(71,879)
Net assets	48,361	4,043	44,318	2,953

Net assets as at 2 July 2017 were £48.4m, an increase of £44.3m versus the balance sheet date at 1 January 2017 (FY16 £4.0m), equivalent to 74.4 pence per share. The increase in net assets is primarily a result of the conversion of the loan notes to equity as part of the IPO transaction. The increase of £1.3m in Goodwill & other intangible assets to £27.1m is largely driven by goodwill arising on acquisition of new sites. Analysis of the movement in cash and cash equivalents and bank borrowings is provided within the cashflow statement on page 10.

Net Debt Analysis

As at	2 July 2017	1 January 2017	Movement	26 June 2016
Closing cash and cash equivalents	**2,805**	**10,185**	**(7,380)**	**10,467**
Bank loans	(6,000)	(12,906)	6,906	(15,063)
Bank net debt	**(3,195)**	**(2,721)**	**(474)**	**(4,596)**
Shareholder loan notes	-	(42,435)	42,435	(40,452)
Finance leases	(4,697)	(5,149)	453	(6,564)
Statutory net debt	**(7,892)**	**(50,305)**	**42,414**	**(51,612)**

Bank net debt, pre-finance leases, increased by 17% to £3.2m (FY16: £2.7m) driven by a decrease in bank loans offset by a decrease in cash and cash equivalents analysed in the following cash flow statement. The cash outflow in the period was impacted by the level of exceptional items, principally driven by the Group's IPO costs.

CASH FLOW

£000	26 weeks to 2 July 2017	26 weeks to 26 June 2016	Movement	53 weeks to 1 January 2017
Cash flows from operating activities				
Group Adjusted EBITDA	9,371	9,305	66	17,605
Movement in net working capital	(112)	628	(740)	(949)
Net cash from operating activities	**9,259**	**9,933**	**(674)**	**16,656**
Cash flows from investing activities				
Acquisition of sites by Tenpin Limited	(2,594)	(1,817)	(777)	(2,322)
Purchase of property, plant and equipment & software	(1,366)	(1,170)	(196)	(3,030)
Net cash used in investing activities	**(3,960)**	**(2,987)**	**(973)**	**(5,352)**
Cash flows from financing activities				
Proceeds from issue of ordinary shares	-	4	(4)	4
Finance lease capital repayments	(1,133)	(919)	(214)	(1,471)
Net drawdown / (repayment) of bank borrowings	(6,906)	(1,437)	(5,469)	(3,594)
Finance costs paid	(335)	(560)	225	(977)
Net cash used in financing activities	**(8,374)**	**(2,912)**	**(5,462)**	**(6,038)**
Tax paid	**(736)**	**-**	**(736)**	**-**
Pre-exceptional cash (decrease)/increase	**(3,811)**	**4,034**	**(7,845)**	**5,266**
Exceptional items	(3,569)	(388)	(3,181)	(1,902)
(Decrease)/increase in cash and cash equivalents	**(7,380)**	**3,646**	**(11,026)**	**3,364**
Opening cash and cash equivalents	10,185	6,821	3,364	6,821
Closing cash and cash equivalents	2,805	10,467	(7,662)	10,185

Cash flows from operating activities were £9.3m (HY16: £9.9m). The increase in Group Adjusted EBITDA was offset by a small movement in working capital in the period.

Acquisition investment was an outflow of £2.6m (HY16: £1.8m) utilised to purchase three new sites, Blackburn, Eastbourne and Rochdale. Net capital expenditure on property, plant and equipment and software was an outflow of £1.4m in the period (HY16: £1.2m), driven principally by a significant refurbishment at the acquired Blackburn site, an initial down payment for Pins & Strings machines at the five trial sites discussed earlier and an ongoing level of maintenance capital across the estate. Finance costs paid were £0.3m (HY16: £0.6m) with the reduction driven by the movement in the cash element of the Finance costs previously discussed. Tax paid was £0.7m (HY16: Nil).

The net movement in borrowings in the first half of FY17 was an outflow of £6.9m (HY16: £1.4m), representing the repayment of existing term loan facilities of £12.9m partially offset by the drawdown of the replacement Revolving Credit Facility to the amount of £6m. Exceptional items result in a cash outflow of £3.6m (HY16: £0.4m), as analysed on page 7, but were principally in relation to the costs associated with the Group's IPO during the first half of the financial year.

The net movement in cash and cash equivalents was an outflow of £7.4m (HY16 inflow: £3.6m).

Financing arrangements
The Group finances its operations through a combination of cash, property leases, finance leases and access to committed bank facilities where necessary. On completion of its IPO, the Group agreed a new £15m committed secured borrowing facility (the "RCF") which, as at 2 July 2017, the Group had drawn down £6m, principally to cover the exceptional costs relating to the IPO.

The Group has additional liabilities through its obligations to pay rents under a combination of both operating and finance leases (Finance leases: HY17: 2 sites HY16: 4 sites). The rental charge for the period amounted to £5.6m (FY16 £5.5m), with the increase principally a result of the five additional sites compared to the same period last year. In addition, the Group has further liabilities through its finance lease arrangement with Namco for its gaming machines. The finance lease capital repayments were an outflow of £1.1m during H1 FY17 (HY16: £0.9m).

Total property lease commitments were £135.0m at 2 July 2017 (HY16: £128.0m) with the increase driven by five additional sites, partially offset by the rents paid during the 12-month period. The total finance lease commitments as at 2 July 2017 amounted to £4.7m (FY16 £5.1m).

Share price
TEG's opening share price on entry to the market on 12 April 2017 was 165p. The price has ranged from a low of 148p to a high of 179p. On 30 June 2017, the closing price was 164p, giving a market capitalisation of £107m.

Accounting standards and use of non-GAAP measures
The Group has prepared its consolidated financial statements based on International Financial Reporting Standards for the 26 weeks ended 2 July 2017. The basis for preparation is outlined in Note 2 to the financial information on page 16.

The Group uses certain measures that it believes provide additional useful information on its underlying performance. These measures are applied consistently but as they are not defined under GAAP they may not be directly comparable with other companies adjusted measures. The non-GAAP measures are outlined in note 4 to the financial information on page 16.

Principal risks and uncertainties.
The Group's principal risks and uncertainties are set out on page 26.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the 26 week period ended 2 July 2017

	Notes	**26 weeks to 2 July 2017 Unaudited**	26 weeks to 26 June 2016 Unaudited	53 weeks to 1 January 2017 Audited
		£000	£000	£000
Revenue	9	**35,095**	34,327	67,319
Cost of sales		**(10,603)**	(10,391)	(20,639)
Gross profit		**24,492**	23,936	46,680
Exceptional administrative costs	7	**(4,452)**	(388)	(1,902)
Other administrative expenses		**(17,847)**	(16,933)	(35,022)
Total administrative expenses		**(22,299)**	(17,321)	(36,924)
Operating profit		**2,193**	6,615	9,756
Finance costs		**(1,597)**	(2,639)	(5,224)
Exceptional finance costs	7	**-**	-	904
Total finance costs		**(1,597)**	(2,639)	(4,320)
Profit before taxation		**596**	3,976	5,436
Taxation		**(177)**	(1,435)	(1,805)
Profit for the period and total comprehensive income		**419**	2,541	3,631

Earnings per share				
Basic and diluted earnings per share	8	**0.65p**	**3.92p**	**5.59p**
Adjusted basic and diluted earnings per share	8	**9.27p**	**7.48p**	**13.16p**

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 2 July 2017

	Notes	**26 weeks to 2 July 2017 Unaudited £000**	26 weeks to 26 June 2016 Unaudited £000	53 weeks to 1 January 2017 Audited £000
Assets				
Non-current assets				
Goodwill	10	**25,275**	23,290	23,552
Intangible assets	10	**1,785**	1,715	2,190
Property, plant and equipment	11	**35,113**	35,090	34,720
		62,173	60,095	60,462
Current assets				
Inventories		**1,387**	1,260	1,339
Trade and other receivables		**2,381**	3,010	3,346
Cash and cash equivalents		**2,805**	10,467	10,185
		6,573	14,737	14,870
Liabilities				
Current liabilities				
Bank borrowings and finance leases	15	**(1,917)**	(3,730)	(4,111)
Trade and other payables		**(5,879)**	(8,552)	(7,762)
Provisions		**(293)**	(164)	(293)
		(8,089)	(12,446)	(12,166)
Net current liabilities		**(1,516)**	2,291	2,704
Non-current liabilities				
Bank borrowings and finance leases	15	**(8,593)**	(16,997)	(13,158)
Other non-current liabilities		**(286)**	(390)	(442)
Deferred tax liabilities		**(1,887)**	(260)	(1,511)
Shareholder loan notes		**-**	(40,452)	(42,435)
Provisions		**(1,530)**	(1,334)	(1,577)
		(12,296)	(59,433)	(59,123)
Net assets		**48,361**	2,953	4,043
Equity				
Share capital	12	**650**	649	649
Share based payments reserve		**16**	-	-
Merger reserves		**6,171**	555	555
Retained earnings		**41,524**	1,749	2,839
Total equity		**48,361**	2,953	4,043

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
for the 26 week period ended 2 July 2017

	Notes	**26 weeks to 2 July 2017 Unaudited**	26 weeks to 26 June 2016 Unaudited	53 weeks to 1 January 2017 Audited
		£000	£000	£000
Cash flows from operating activities				
Cash generated from operations	14	**5,690**	9,545	14,754
Corporation tax paid		**(736)**	-	-
Finance costs paid		**(335)**	(560)	(977)
Net cash from operating activities		**4,619**	8,985	13,777
Cash flows from investing activities				
Acquisition of sites by Tenpin Limited		**(2,594)**	(1,817)	(2,322)
Purchase of property, plant and equipment		**(1,366)**	(1,070)	(2,455)
Purchase of software		**-**	(100)	(575)
Net cash used in investing activities		**(3,960)**	(2,987)	(5,352)
Cash flows from financing activities				
Proceeds from issue of ordinary shares		**-**	4	4
Finance lease principal payments		**(1,133)**	(919)	(1,471)
Drawdown of bank borrowings		**6,000**	-	-
Repayment of borrowings		**(12,906)**	(1,437)	(3,594)
Net cash used in financing activities		**(8,039)**	(2,352)	(5,061)
Net (decrease)/increase in cash and cash equivalents		**(7,380)**	3,646	3,364
Cash and cash equivalents – beginning of period		**10,185**	6,821	6,821
Cash and cash equivalents – end of period		**2,805**	10,467	10,185

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

as at 2 July 2017

	Share capital £000	Share based payment reserve £000	Merger reserve £000	Retained earnings/ (accumulated loss) £000	Total equity £000
Unaudited 26 weeks to 2 July 2017					
Balance at 1 January 2017	649	-	555	2,839	4,043
Issue of ordinary shares	1	-	-	-	1
Share based payment charge	-	16	-	-	16
Group reorganisation	-	-	5,616	38,266	43,882
Profit for the period and total comprehensive income	-	-	-	419	419
Balance at 2 July 2017	**650**	**16**	**6,171**	**41,524**	**48,361**
Unaudited 26 weeks to 26 June 2016					
Balance at 27 December 2015	649	-	555	(792)	412
Profit for the period and total comprehensive income	-	-	-	2,541	2,541
Balance at 26 June 2016	**649**	**-**	**555**	**1,749**	**2,953**
53 weeks to 1 January 2017					
Balance at 27 December 2015	649	-	555	(792)	412
Profit for the period and total comprehensive income	-	-	-	3,631	3,631
Balance at 1 January 2017	**649**	**-**	**555**	**2,839**	**4,043**

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
For the 26 week period ended 2 July 2017

1 General information

Ten Entertainment Group PLC (the "Company") is a public limited company incorporated and domiciled in the United Kingdom. The address of the registered office is Aragon House, University Way, Cranfield Technology Park, Cranfield, MK43 0EQ.

The condensed consolidated interim financial statements for the 26 week period ended 2 July 2017 comprise the Company and its subsidiaries (together referred to as the "Group") that were acquired by the Company on 12 April 2017 before the Company was admitted to the London Stock Exchange on 19 April 2017. The principal activity of the Group comprises the operation of tenpin bowling centres.

The financial information for the 26 week period ended 2 July 2017 has been reviewed by the Company's auditors. Their report is included within this announcement. The financial information does not constitute statutory financial statements within the meaning of Section 434 of the Companies Act 2006. The Company was incorporated on 15 March 2017 and has not previously prepared consolidated financial statements. The condensed consolidated interim financial information should be read in conjunction with the annual financial statements of Indoor Bowling Equity Limited for the 53 week period to 1 January 2017 as included in the Company's prospectus dated 12 April 2017. The statutory financial statements of Indoor Bowling Equity Limited were approved by the board of directors on 12 April 2017 and have been filed with the Registrar of Companies. The report of the auditors on those financial statements was unqualified, did not contain an emphasis of matter paragraph and did not contain any statement under section 434 of the Companies Act 2006.

This report was approved by the directors on 13 September 2017.

2 Basis of preparation

The Company was incorporated on 15 March 2017 and acquired the businesses of the Indoor Bowling Equity Limited Group on 12 April 2017 as detailed in note 5. The proforma interim financial statements for the 26 week period to 2 July 2017 and the comparatives for the 26 week period to 26 June 2016 and the 53 week period to 1 January 2017 have been prepared using merger accounting principles as if the Group was in existence throughout these periods. The Group will present its 31 December 2017 financial statements as a continuation of the existing Indoor Bowling Equity Limited business and to account for its acquisition by insertion of the holding company (Ten Entertainment Group plc) using the principles of predecessor accounting. In doing so, the Group will restate its comparatives as if the Group had always existed in its current form.

The condensed consolidated interim financial statements have been prepared in accordance with IAS 34 "Interim financial reporting" as endorsed by the European Union and the Disclosures and Transparency Rules of the United Kingdom's Financial Conduct Authority, and incorporate the consolidated results of the Company and all its subsidiaries for the 26 week period ended 2 July 2017. The comparative financial information is for the Indoor Bowling Equity Limited Group for the 26 week period ended 26 June 2016.

The accounting policies applied by the Company in this report are consistent with those of the financial statements of Indoor Bowling Equity Limited for the 53 week period to 1 January 2017, as described in those financial statements except for income taxes. Income tax in the interim period is accrued using the tax rate that would be applicable to expected total annual profit.

3 Going concern

The Group meets its day-to-day working capital requirements with the assistance of its bank facilities. The Group's forecasts and projections take account of reasonably possible changes in trading performance and show that the Group should be able to operate within the level of its current facilities, meet future debt repayments and will continue to comply with its banking covenants for at least the foreseeable future. The Group therefore continues to adopt the going concern basis in preparing its condensed consolidated interim financial statements.

4 Accounting estimates, judgements and non GAAP measures

The preparation of condensed consolidated interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. In preparing these condensed consolidated interim financial statements, the significant judgements made by

management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the 53 week period ended 1 January 2017.

The Company has identified certain measures that it believes will assist in the understanding of the performance of the business. The measures are not defined under IFRS and they may not be directly comparable with other companies adjusted measures. The non-IFRS measures are not intended to be a substitute for an IFRS performance measure but the business has included them as it considers them to be important comparables and key measures used within the business for assessing performance. These condensed interim financial statements make reference to the following non-IFRS measures:

Group adjusted EBITDA – This consists of Earnings before interest, taxation, depreciation and amortisation costs. The reconciliation to operating profit is included on page 3.

Adjusted underlying profit after tax – This consists of the profit after tax adjusted for exceptional costs and shareholder loan note interest. The reconciliation of this number to profit after tax is included under note 8.

Exceptional costs - Exceptional items are those significant items which management consider to be one-off and non-recurring. The separate reporting of these per note 7 helps to provide a better indication of underlying performance.

Proforma sales – This consists of the sales for the 26 week period to 3 July 2016 representing the weeks 2 to 27 of FY 2016. This number will exclude the sales for week 1 which is the week ending 3 January 2016 which is the most comparable to the 53rd week included in the FY 2016 results. This has been done to provide a more useful comparative to understand the underlying trading performance for the 26 weeks to 2 July 2017.

Like-for-like sales - are a measure of growth of sales adjusted for new or divested sites over a comparable trading period.

5 Group re-organisation

On 12 April 2017 as part of the Offer and Admission of the ordinary share capital of the Company to the premium segment of the main market of the London Stock Exchange, a group re-organisation was carried out resulting in the Company becoming the ultimate holding company of the Group. The following steps carried out on 12 April 2017 and their impact on the financial statements are as follows:

Capitalisation of Shareholder loan notes

Indoor Bowling Equity Limited shareholders converted their holding of £43,586,573 shareholder loan notes for 824,253 shares at a nominal value of £1 increasing the number of issued shares to 2,028,175. A share premium reserve of £42,762,320 was recognised for the difference in the value of the issued shares swapped for the shareholder loan notes.

Share for share exchange - acquisition of TEG Holdings Limited by Ten Entertainment Group plc

The Company acquired the entire share capital of TEG Holdings Limited with the consideration being the issue and allotment of shares in the Company. The Company issued 64,901,400 shares at £0.01 each as consideration for the entire holding in TEG Holdings Limited. The investment in TEG Holdings Limited was £38,914,665 with the excess over the value of the issued shares being £38,265,649 and accounted for in the merger reserve account. The Company allotted a further 98,400 shares to bring the share capital to 65,000,000 shares immediately prior to the issue of the prospectus on 12 April 2017.

Admission

On 12 April 2017 the Company announced its Initial Public Offering (IPO) of 65,000,000 shares, including 16,250,000 shares in the capital of the Company (offered at a price of 165 pence per share by certain discretionary investment management and/or advisory clients of Harwood Capital LLP, the Executive Directors and Nick Basing) representing 25% of the Company's issued ordinary shares on Admission. The Company was admitted to the premium segment of the main market of the London Stock Exchange on 19 April 2017.

Capital reduction

Subsequent to the IPO, on 7 June 2017 shareholders of the Company approved a special resolution for the reduction of its share capital, which involved the capitalisation of £38,265,649.03 of the merger reserve into new B ordinary shares and the reduction in full of these B ordinary shares to distributable reserves. As the Company

is a publically listed entity, this process required approval by a court order. On 28 June 2017 the High Court of England and Wales confirmed the reduction of 38,265,649 B ordinary shares which was registered at Companies House on 28 June 2017. The effect of the reduction and cancellation is to create distributable reserves to support the Board's future dividend policy.

6 Performance share plan awards

The Company operates a Performance Share Plan (PSP) for its executive directors. In accordance with IFRS 2 Share Based Payments, the value of the awards is measured at fair value at the date of the grant. The fair value is written off on a straight-line basis over the vesting period, based on management's estimate of the number of shares that will eventually vest. In accordance with the PSP scheme announced on 22 May 2017,the vesting of these awards is conditional upon the achievement of two performance conditions which will be measured following the announcement of results for the year to 31 December 2019 ("FY2019"). The first performance condition applying to the awards will be based on Earnings per Share of the Company ("EPS") and will apply to 50 per cent. of the total number of Share Awards granted. The second performance condition will be based on Total Shareholder Return ("TSR") of the Company over the period from the date of grant to the announcement of results for FY2019 relative to a comparator group of companies and will apply to the remaining 50 per cent. of Share Awards granted.

During the 26 week period ended 2 July 2017, 739,393 share awards were granted under the PSP. For this grant, the Group recognised a charge of £16,008.

7 Exceptional administrative costs

	26 weeks to 2 July 2017	26 weeks to 26 June 2016	53 weeks to 1 January 2017
	£000	£000	£000
IPO professional fees, taxes and other costs	**3,075**	-	-
Professional fees, taxes and other costs in acquisition of sites	**282**	160	547
Professional fees and other one off costs	**392**	228	1,355
Write off repaid loans capitalised finance costs	**703**	-	-
Total exceptional items	**4,452**	388	1,902
Gain on de-recognition of finance leases	**-**	-	(904)

8 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. Earnings Per Share is based on the capital structure of the Company and includes the weighted average of the 65,000,000 ordinary shares issued upon the admission of the Company on 19 April 2017. The total shares in issue at the end of the 26 week period was 65,000,000. The weighted average number of shares for the preceding periods has been stated as if the Group share for share exchange had occurred at 27 December 2015.

The Company has 739,393 potentially issuable shares (2016: nil) all of which relate to share options issued to Directors of the Company. Diluted earnings per share amounts are calculated by dividing profit for the year and total comprehensive income attributable to equity holders of the parent Company by the weighted average number of ordinary shares outstanding during the year together with the dilutive number of ordinary shares.

Adjusted basic earnings per share have been calculated in order to compare earnings per share year on year and to aid future comparisons. Earnings have been adjusted to exclude IPO expenses, share based payments and other one-off costs (and any associated impact on the taxation charge). Adjusted diluted earnings per share is calculated by applying the same adjustments to earnings as described in relation to adjusted earnings per share divided by the weighted average number of ordinary shares outstanding during the year adjusted by the effect of the outstanding share options.

Basic and diluted *	**26 weeks to 2 July 2017 Unaudited £000**	26 weeks to 26 June 2016 Unaudited £000	53 weeks to 1 January 2017 Audited £000
Profit after tax	**419**	2,541	3,631
Weighted average number of shares in issue	**65,000,000**	64,901,600	64,901,600
Basic earnings per share (pence)	**0.65p**	**3.92p**	**5.59p**

* The weighted average number of shares in issue for the 26 week period ended 2 July 2017 for the diluted EPS calculation is 65,014,553. The increased number of shares has not had an impact on the diluted EPS which remains at 0.65 pence.

Below is the calculation of the adjusted earnings per share.

Adjusted earnings per share	**26 weeks to 2 July 2017 Unaudited £000**	26 weeks to 26 June 2016 Unaudited £000	53 weeks to 1 January 2017 Audited £000
Profit after tax	**419**	2,541	3,631
Exceptional costs	**4,452**	388	1,902
Exceptional costs within finance costs	**-**	-	(904)
Shareholder loan note interest	**1,151**	1,926	3,909
Adjusted profit after tax	**6,022**	4,855	8,538
Adjusted profit after tax	**6,022**	4,855	8,538
Weighted average number of shares in issue	**65,000,000**	64,901,600	64,901,600
Adjusted basic and diluted earnings per share	**9.27p**	**7.48p**	**13.16p**

9 Segment reporting

Segmental information is presented in respect of the Group's business segments. Strategic decisions are made by the Board based on information presented in respect of these segments.
The Group comprises the following segments:

Tenpin (Bowls) - Tenpin is a leading tenpin bowling operator in the UK. All revenue is derived from activities conducted in the UK.

Central - Comprises central management including company secretarial work, the board of directors' and general head office assets and costs. The segment results are used by the board for strategic decision making, and a reconciliation of those results to the reported profit/(loss) in the consolidated statement of comprehensive income, and the segment assets are as follows:

	Tenpin	Central	Group
	£000	£000	£000
For the 26 week period ended 2 July 2017:			
Segment revenue – external	35,095	-	35,095
Adjusted EBITDA	9,891	(520)	9,371
Segment net assets/(liabilities) as at 2 July 2017	72,534	(3,789)	68,745
Reconciliation of adjusted EBITDA to reported operating profit:			
Adjusted EBITDA	9,891	(520)	9,371
Amortisation and depreciation of intangible and tangible fixed assets	(2,516)	(43)	(2,559)
Amortisation of fair valued intangibles	-	(290)	(290)
Profit on disposal of amusement machines	44	-	44
Exceptional costs (note 7)	(2,348)	(2,104)	(4,452)
Onerous lease provision movement	79	-	79
Operating profit/(loss)	5,150	(2,957)	2,193
Finance costs	(376)	(1,221)	(1,597)
Profit/(loss) before taxation	4,774	(4,178)	596

	Tenpin	Central	Group
	£000	£000	£000
For the 53 week period ended 1 January 2017:			
Segment revenue – external	67,319	-	67,319
Adjusted EBITDA	18,178	(573)	17,605
Segment net assets/(liabilities) as at 1st of January 2017	70,915	5,203	76,118
Reconciliation of adjusted EBITDA to reported operating profit:			
Adjusted EBITDA	18,178	(573)	17,605
Amortisation and depreciation of intangible and tangible fixed assets	(4,416)	(10)	(4,426)
Amortisation of fair valued intangibles	-	(971)	(971)
Unwind of other fair value adjustments	-	(336)	(336)
Profit on disposal of amusement machines	58	-	58
Exceptional costs (note 7)	(1,320)	(582)	(1,902)
Onerous lease provision movement	(272)	-	(272)
Operating profit/(loss)	12,228	(2,472)	9,756
Finance costs	(198)	(4,122)	(4,320)
Profit/(loss) before taxation	12,030	(6,594)	5,436

Tenpin	Central	Group

	£000	£000	£000
For the 26 week period ended 26 June 2016:			
Segment revenue – external	34,327	-	34,327
Adjusted EBITDA	9,560	(255)	9,305
Segment net assets/(liabilities)as at 26 June 2016	68,841	6,894	75,735
Reconciliation of adjusted EBITDA to reported operating profit:			
Adjusted EBITDA	9,560	(255)	9,305
Amortisation and depreciation of intangible and tangible fixed assets	(2,046)	-	(2,046)
Amortisation of fair valued intangibles	-	(331)	(331)
Exceptional costs (note 7)	(320)	(68)	(388)
Onerous lease provision movement	75	-	75
Operating profit/(loss)	7,269	(654)	6,615
Finance costs	(526)	(2,113)	(2,639)
Profit before taxation	6,743	(2,767)	3,976

All assets have been allocated to segments.

10 Goodwill and intangible assets

	Fair valued intangibles on acquisition	Goodwill	Software	Total
	£000	£000	£000	£000
Cost				
At 27 of December 2015	**2,098**	**22,757**	**151**	**25,006**
Additions	487	533	100	1,120
At 26 June 2016	**2,585**	**23,290**	**251**	**26,126**
Additions	396	262	475	1,133
At 1 January 2017	**2,981**	**23,552**	**726**	**27,259**
Disposals	-	-	8	8
Additions	-	1,723	-	1,723
At 2 July 2017	**2,981**	**25,275**	**734**	**28,990**
Amortisation and impairment losses				
At 27 of December 2015	366	-	28	394
Charge for the period - amortisation	683	-	44	727
At 26 June 2016	**1,049**	**-**	**72**	**1,121**
Charge for the period - amortisation	331	-	65	396
At 1 January 2017	**1,380**	**-**	**137**	**1,517**
Charge for the period - amortisation	290	-	123	413
At 2 July 2017	**1,670**	**-**	**260**	**1,930**
Net book value				
At 2 July 2017	**1,311**	**25,275**	**474**	**27,060**
At 1 of January 2017	1,601	23,552	589	25,742
At 26 June 2016	1,536	23,290	179	25,005

11 Property, plant and equipment

	Long leasehold premises £000	Short leasehold premises £000	Amusement machines £000	Fixtures, fittings and equipment £000	Total £000
Cost					
At 27 of December 2015	2,617	9,879	4,963	18,164	35,623
Additions	-	-	692	2,200	2,892
At 26 June 2016	**2,617**	**9,879**	**5,655**	**20,364**	**38,515**
Additions	-	301	1,457	1,485	3,243
Disposals	(495)	-	(1,023)	-	(1,518)
At 1 January 2017	**2,122**	**10,180**	**6,089**	**21,849**	**40,240**
Additions	-	-	535	1,366	1,901
Acquisition of new sites	-	-	-	879	879
Disposals	-	-	(139)	-	(139)
At 2 July 2017	**2,122**	**10,180**	**6,485**	**24,094**	**42,881**
Accumulated depreciation and impairment					
At 27 of December 2015	51	230	563	600	1,444
Depreciation charge	62	280	751	888	1,981
At 26 June 2016	**113**	**510**	**1,314**	**1,488**	**3,425**
Charge for the period	30	305	967	1,040	2,342
Disposals - Depreciation	(78)	-	(169)	-	(247)
At 1 January 2017	**65**	**815**	**2,112**	**2,528**	**5,520**
Charge for the period	39	303	935	1,159	2,436
Disposals – Depreciation	-	-	(188)	-	(188)
At 2 July 2017	**104**	**1,118**	**2,859**	**3,687**	**7,768**
Net book value					
At 2 July 2017	**2,018**	**9,062**	**3,626**	**20,407**	**35,113**
At 1 of January 2017	2,057	9,365	3,977	19,321	34,720
At 26 June 2016	2,504	9,369	4,341	18,876	35,090

12 Share capital

		Shares	£000
At date of incorporation	(a)	2	-
Share split	(b)	198	-
Share for share exchange	(c)	64,901,400	649
Issue of shares	(d)	98,400	1
		65,000,000	**650**

(a) The Company was incorporated on 15 March 2017 with 2 ordinary shares at £1 each
(b) Prior to the IPO, the Company split the 2 ordinary shares into 200 ordinary shares at £0.01 each
(c) The Company acquired the entire share capital of TEG Holdings Limited with the consideration being the issue and allotment of shares in the Company. The Company issued 64,901,400 shares at £0.01 each as consideration for the entire holding in TEG Holdings Limited.
(d) The Company allotted a further 98,400 shares at £0.01 each

13 Business combinations

Business Combination – Eastbourne
On the 21 February 2017, the Group acquired the assets and trade of the Eastbourne bowling site known as The Lanes, part of the David Lloyd Leisure Centre. The Group entered into a Business Purchase Agreement with David Lloyd Leisure Limited and acquired the assets for £1.5m.

The table below summarises the consideration paid for the acquisition, the fair value of the assets acquired and the liabilities assumed on the date of acquisition:

Consideration as at 21 February 2017	**£000**
Cash consideration paid	1,538
Identifiable assets acquired and liabilities assumed	
Inventory	21
Property, plant and equipment	467
Intangible assets	-
Cash and cash equivalents	6
Deferred tax liabilities	(67)
Other assets and liabilities, net	23
Total identifiable net assets	450
Goodwill	1,088
Total	1,538

Acquisition related costs of £0.1m have been charged to administrative expenses. Food and bar stocks were initially recognised with a step up in value from their historical cost of £0.02m which was expensed when the inventories were sold. Property, plant and equipment fair values were determined internally looking at the market prices for the acquired assets and for similarly aged assets elsewhere in the company's business which resulted in a step up from the assets book values of £0.4m which will be depreciated over 5 years. Deferred tax

liabilities were recognised on the fair values of assets acquired and their tax basis which will be released as the related fair value measurement differences are recognised in the Statement of comprehensive income.

Business Combination - Rochdale
On the 26 June 2017, the Group acquired the assets and trade of the Rochdale bowling site known as Sandbrooke Leisure. The Group entered into a Business Transfer Agreement with Sandbrooke Leisure Limited and acquired the assets for £1m.

The table below summarises the consideration paid for the acquisition, the fair value of the assets acquired and the liabilities assumed on the date of acquisition:

Consideration as at 26 June 2017	**£000**
Cash consideration paid	1,056
Identifiable assets acquired and liabilities assumed	
Inventory	16
Property, plant and equipment	412
Cash and cash equivalents	22
Deferred tax liabilities	(27)
Other assets and liabilities, net	(2)
Total identifiable net assets	421
Goodwill	635
Total	1,056

Acquisition related costs of £0.1m have been charged to administrative expenses. Food and bar stocks were initially recognised with a step up in value from their historical cost of £0.02m which was expensed when the inventories were sold. Property, plant and equipment fair values were determined internally looking at the market prices for the acquired assets and for similarly aged assets elsewhere in the company's business which resulted in a step up from the assets book values of £0.1m which will be depreciated over 5 years. Deferred tax liabilities were recognised on the fair values of assets acquired and their tax basis which will be released as the related fair value measurement differences are recognised in the Statement of comprehensive income.

The acquisition of the site in Blackburn was not deemed to be a business combination per IFRS 3 but the acquisition of assets as per IAS 16 Property, Plant and Equipment.

14 Cashflow from operations

Cash flows from operating activities	**26 weeks to 2 July 2017 Unaudited £000**	26 weeks to 26 June 2016 Unaudited £000	53 weeks to 1 January 2017 Audited £000
Profit for the period	**419**	2,541	3,631
Adjustments for:			
Tax	**177**	1,435	1,805
Finance costs, net	**1,597**	2,639	4,320
Non-cash exceptionals	**735**	-	-
Amortisation of intangible assets	**413**	727	1,080
Depreciation of property, plant and equipment	**2,436**	2,342	4,317
Changes in working capital:			
(Increase)/decrease in inventories	**(47)**	36	(9)
Decrease in trade and other receivables	**965**	522	320
Decrease in trade and other payables	**(911)**	(609)	(982)
(Decrease)/increase in provisions	**(94)**	(88)	272
Cash generated from operations	**5,690**	9,545	14,754

15 Bank borrowings and finance leases

	26 weeks to 2 July 2017 Unaudited	26 weeks to 26 June 2016 Unaudited	53 weeks to 1 January 2017 Audited
Current liabilities	**£000**	£000	£000
Bank loans	**-**	2,872	2,872
Finance leases	**2,104**	1,758	2,025
Capitalised financing costs	**(187)**	(900)	(786)
	1,917	3,730	4,111
Non - current liabilities			
Bank loans	**6,000**	12,191	10,034
Finance leases	**2,593**	4,806	3,124
	8,593	16,997	13,158

On 12 April 2017 the Group repaid the £12.9m outstanding term loan with the Royal Bank of Scotland plc and entered into a new 3 year, £15m committed RCF and £5m uncommitted Accordion Facility. The loans incur interest at LIBOR plus a margin of 1.75%. The Group has drawn £6m of the RCF as at the half year end.

16 Financial risk management

Cash flow and fair value interest rate risk

Cash flow interest rate risk derives from the Group’s floating rate financial liabilities, being its bank debt and overdraft facility, which are linked to LIBOR plus a margin of 1.75%. The Group has no fair value interest rate risk. The average period to the expected maturity date of the interest-free financial liabilities, being the onerous lease provisions, is 12 years. 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 the Group's earnings.

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 current bank facilities consist of £15m RCF and a £5m uncommitted Accordion facility.

17 Principal risks and uncertainties

Risks relating to operations –

- The Company's bowling business is based exclusively in the United Kingdom ("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 success of the business depends on the successful implementation of the businesses growth strategy, which includes expanding operations through the acquisition of new sites as well as the redevelopment of existing sites. Uncertainties associated with this are that there is no guarantee of the availability of new single sites for acquisition, no certainty that an acquisition will lead to increased profits and that the redevelopment of an existing site may not necessarily lead to the expected returns.
- The ten-pin bowling market is subject to competition regulation in the UK. In light of the businesses current focus on the acquisition of smaller independent sites, the Directors believe it is unlikely that competition regulations will restrict the growth strategy in the short term, however, it could delay or prevent potential mergers or acquisitions in the future.
- 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 Company's results and school holidays are beneficial for the bowling business, which is also affected by the timing of bank holidays.
- The Group relies on key suppliers for certain requirements of the business. In the event that a key supplier ceased to trade or was otherwise unable or unprepared to continue to supply the Group it is possible that an adequate alternative source of supply may not be identified in the short term, with a consequent adverse impact on the operation of the business.
- Approximately 18% of the Group's turnover is from bar sales, principally of alcoholic beverages. These sales could be adversely affected by changes in consumers' preferences, licensing requirements, or by increased concerns about the effect of alcohol on health or of drinking and driving.
- Approximately 27% of the Group's turnover is generated from amusement and gaming machines. The loss of the related licences, or a further reduction in the popular appeal of amusement and gaming machines among the target consumers could adversely affect sales.
- Possible regulatory threats to the profitability of the business include UK or European Union (EU) employment legislation, such as minimum and living wage increases and the working time regulations; competition, consumer protection and environmental laws; and further implementation of the Disability Discrimination Act.
- Any regulatory, fines, claims or damage to the Group's reputation may have a material effect on the Group's business, financial condition and prospects.
- The Group'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.
- The business may face increased competition, especially from consolidation in the bowling sector which might lead to a competitor with greater financial resources or a more aggressive pricing policy, which could adversely affect financial performance.
- The Group's operations, including in particular its online booking, payroll and accounting systems and its food and drink ordering software, are dependent in part on its IT systems, and there is a risk that such systems could fail and have a material adverse effect on the Group's business, financial condition

and results of operations. The business has in place business continuity procedures and security measures in the event of IT failures or disruption, including backup IT systems for business critical systems.

- On 23 June 2016 the UK electorate voted to leave the European Union. This decision commenced a process that is likely to take a minimum of two years to complete, and during this time the UK remains a member of the European Union. There will be a resulting period of uncertainty for the UK economy, with increased volatility expected in financial markets which may have an impact on people's disposable income which could have an impact on their spend in our businesses.

18 Related Parties

There are no related party transactions nor any related party balances receivable or payable that are not intercompany related. All intercompany transactions and balances have been eliminated on consolidation. There were no material related party transactions requiring disclosure, other than compensation of key management personnel which will be disclosed in the Group's Annual Report and Accounts for the year ending 31 December 2017.

DIRECTORS RESPONSIBILTY STATEMENT

The directors confirm that these condensed interim financial statements have been prepared in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union and that the interim management report includes a fair review of the information required by DTR 4.2.7 and DTR 4.2.8, namely:

- an indication of important events that have occurred during the first six months and
- their impact on the condensed set of financial statements, and a description of the principal risks and uncertainties for the remaining six months of the financial year; and
- material related-party transactions in the first six months and any material changes in the related-party transactions described in the last annual report.

The directors are responsible for the maintenance and integrity of the company's website. Legislation in the United Kingdom governing the preparation and dissemination of interim financial statements may differ from legislation in other jurisdictions.

The responsibility statement was approved by the Board on 13 September 2017 and signed on its behalf by:

Alan Hand	**Mark Willis**
CEO	**CFO**
13 September 2017	**13 September 2017**

INDEPENDENT REVIEW REPORT TO TEN ENTERTAINMENT GROUP PLC

Report on the condensed consolidated financial statements

Our conclusion
We have reviewed Ten Entertainment Group Plc's condensed consolidated interim financial statements (the "interim financial statements") in the interim announcement of Ten Entertainment Group Plc for the 26 week period ended 2 July 2017. Based on our review, nothing has come to our attention that causes us to believe that the interim financial statements are not prepared, in all material respects, in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

What we have reviewed
The interim financial statements comprise:

- the condensed consolidated statement of financial position as at 2 July 2017;
- the condensed consolidated statement of comprehensive income for the period then ended;
- the condensed consolidated statement of cash flows for the period then ended;
- the condensed consolidated statement of changes in equity for the period then ended; and
- the explanatory notes to the interim financial statements.

The interim financial statements included in the interim announcement have been prepared in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

As disclosed in note 2 to the interim financial statements, the financial reporting framework that has been applied in the preparation of the full annual financial statements of the Group is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

Responsibilities for the interim financial statements and the review

Our responsibilities and those of the directors
The interim announcement, including the interim financial statements, is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the interim announcement in accordance with the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

Our responsibility is to express a conclusion on the interim financial statements in the interim announcement based on our review. This report, including the conclusion, has been prepared for and only for the company for the purpose of complying with the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority and for no other purpose. We do not, in giving this conclusion, 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.

What a review of interim financial statements involves
We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures.

A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

We have read the other information contained in the interim announcement and considered whether it contains any apparent misstatements or material inconsistencies with the information in the interim financial statements.

PricewaterhouseCoopers LLP
Chartered Accountants
London
13 September 2017

a) The maintenance and integrity of the Ten Entertainment Group Plc website is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the interim financial statements since they were initially presented on the website.
b) Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.