

News Release

10 January 2008

Preliminary results for the year ended 31 October 2007

Deep Sea Leisure PLC, the leisure company which runs two aquariums in the UK, Blue Planet in Chester and Deep Sea World in Edinburgh, featuring marine life, announces its preliminary results for the year ended 31 October 2007.

Highlights

- Pre-tax profit for the year ended 31 October 2007 was £1.319 million (2006 - £1.417 million) on turnover of £6.535 million (2006 - £6.473 million)
- The board is not recommending a final dividend
- Administration expenses have increased significantly reflecting higher utilities costs and recalculation of management fee paid to the company's parent company.
- Both aquariums continue to expand range of activities to diversify revenue streams
- Blue Planet celebrates its 10th birthday in 2008 and events will be held throughout the year to mark the occasion. Liverpool's status as 'City of Culture' should also benefit aquarium
- Deep Sea World awarded Gold Award under Visit Scotland's Green business scheme in recognition of the aquariums energy efficient manner of conducting business.

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Chairman's statement

As a company, our two aquariums have a high seasonality with most visits taking place around the major holiday periods of Easter, Bank holidays and the school terms. The performance over the past year was influenced by the weather during these key holiday periods which affected visitor numbers to our indoor attractions. The business returned a pre-tax profit of £1.319m for the year ended 31 October 2007 (£1.417m – 31 October 2006) on turnover of £6.535m (£6.473m – 31 October 2006). The Board is not recommending a dividend.

At our peak periods, an unseasonably warm Easter adversely affected visitor numbers, though this was largely counterbalanced by an unusually wet July; resulting in a performance slightly beneath that achieved in 2006. We managed to maintain our gross profit, however higher administration costs reduced profit before tax year on year.

The Board sees the forthcoming year as presenting opportunities for the further development of the Group.

Blue Planet Aquarium celebrates its 10th birthday in 2008 and events will be held throughout the year to mark the occasion and encourage repeat visitation. Blue Planet Aquarium should also benefit from Liverpool's status as "City of Culture" in 2008, and the increased visitors to the City. We are also continuing to expand the range of experiences at our Aquariums - such as diving and our "crew for a day" packages – and to diversify our revenue streams.

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Chairman

10 January 2008

Directors report

The directors present their report and the audited financial statements of the Company for the year ended 31 October 2007.

PRINCIPAL ACTIVITIES AND REVIEW OF THE BUSINESS

Deep Sea Leisure owns and operates two public aquarium visitor attractions. Deep Sea World located in Fife, close to Edinburgh opened in 1983 and Blue Planet Aquarium located in Ellesmere Port near Chester opened in 1998.

The company is majority owned by the Aspro Group which was created in 1991 with the aim of becoming the leading European leisure and entertainment consortium and is currently regarded as one of the top three operators. Predominantly Spanish owned, the Group operates across several European countries operating across a wide range of parks including aquariums, water parks, zoological parks, marine zoos, botanical parks and bird sanctuaries.

CUSTOMER BASE

The customer base for both aquariums include families, education groups, individuals interested in marine life and the environment, corporate clients and, uniquely in the UK, qualified and unqualified divers who participate in our range of dive experiences.

The majority of visitors to both aquariums live within a two hour drive time and this allows us to draw on significant domestic populations in the North West of around 6.8 million and in Scotland of 5.1 million.

REGULATORY ENVIRONMENT

In addition to the usual regulations governing a business we are also required to have a Zoo Licence and to comply with the Zoo Licensing Act 1981 (amended). Zoo inspectors are required to assess compliance in accordance with the Secretary of States Standards of Modern Zoo Practice. The Standards are designed to ensure that the welfare of animals in zoos is protected, that zoos are safe places for the public to visit and that zoos participate in appropriate conservation and public education measures.

Both aquariums fully comply with the standards. Blue Planet Aquarium passed its full inspection in January 2007.

MANAGING THE BUSINESS

We are focused on growing the business by constantly improving the quality of our visitor experience whilst simultaneously seeking to influence customer behaviour to persuade visitors to become advocates of living sustainably by connecting with them on an intellectual and emotional level.

Our mission is

"To offer fun in parks which are safe and environmentally friendly and guarantee a high quality of service with customers served by a motivated team, to ensure they are satisfied and want to return"

This mission statement is embodied in our strategy, which looks for opportunities to acquire well-established parks offering a diverse range of services in key areas, and a potential for further optimisation of operations that is at all times firmly supported by Management Excellence. We continue to improve and develop our existing premises and facilities, assess and implement new attractions and seek full optimisation of technical and human resources.

Directors' report (continued)

MARKET OPPORTUNITY

The growth area in which we operate is in day trips and short breaks often themed around shopping, culture, heritage or attractions. This market is characterised by visitors wanting to “do” and be active and proactive. (*Tomorrow's Tourism Today – Executive Summary Department Culture, Media and Sport*). Both aquariums are well placed to serve this market appealing to a wide range of ages and fitting in with something to do on a short break. Although families are still the largest proportion of visitors to the aquariums, anecdotal evidence does suggest a change in the make up of visitors with an increase in the 55+ age group and additionally this age group visiting with grandchildren.

Concern about the environment is of growing importance and as the science behind global warming becomes more generally accepted all businesses are being targeted to reduce their environmental impact. This has a two fold effect on Deep Sea Leisure. Sustainable tourism is in its infancy but there is an expectation amongst consumers that it will become increasingly important in future. This is supported by qualitative research conducted by Visit England. As an organisation educating and raising awareness of environmental matters of vital importance and we are uniquely placed to show visitors the hidden underworld of our rivers and oceans.

The main mode of transport to the aquariums however is by car. With rising fuel costs and worries of the environmental impact the business is taking action to improve public transport access to the attractions. In the case of Deep Sea World by offering a joint promotional ticket with Scotrail. Further actions are planned at Blue Planet Aquarium in the coming year to make it easier for our customers to use the excellent rail links in North West England.

Liverpool Capital of Culture in 2008 presents an opportunity to Blue Planet Aquarium with an influx of 2 million visitors expected into the region. To this end the aquarium intends to increase its presence in the city during 2008.

INVESTING IN THE FUTURE

At Deep Sea World we continued with the temporary exhibition strategy which we successfully engaged in last year. This year the exhibition was entitled “Dinomites” linked to the popular BBC series Walking with Dinosaurs. The exhibition was free to enter being incorporated into the normal admission ticket. The exhibition proved very popular particularly with our younger visitors and attendance levels of up to 70%.

Significant investment in the moving walkway at Deep Sea World was also undertaken to rectify operational issues. Deep Sea World has one of the longest underwater tunnels in the world at 112 metres in length and it is an integral part of the attraction.

We continued the project started last year in improving the visitor environment with new flooring and carpeted panels. The improvement in the environment has been well received by visitors and also by Visit Scotland in their two yearly report where Deep Sea World retained its 4 star rating.

No major investment was carried out at Blue Planet Aquarium during the year although some small projects were completed. The entrance turnstiles were replaced ensuring the control of visitor numbers within the aquarium to remain compliant with fire safety requirements. Following several power cuts during the year the aquarium has taken delivery of a generator from another attraction within the parent company and this is to be commissioned to become part of the aquariums live stock support system.

A diver communication system has also been purchased to comply with diving regulations but also in a secondary use to enhance the presentations to visitors.

The investment in the EPOS last year is now bearing fruit in particular showing an increase in online sales of 258% (March – October 2006 v same period in 2007). The company's online strategy has continued with improvements in both aquariums websites with all marketing material driving potential customers to the websites.

Directors' report (continued)

RESOURCES

OUR PEOPLE

Despite the good results achieved last year in reducing staff turnover the picture this year shows a return to 2005 levels of staff turnover. Labour turnover in the sector is high when compared to other sectors and the industry records an average of 30%-33% with many large organisations reporting 60%-80% turnover. Whilst a relatively high level of turnover is something the business is used to operating with in non management positions, this year the business has also seen higher turnover in management positions. Some has been due to normal reasons such as relocation for personal reasons but there has also been a proportion of management turnover relating to pay. Average earnings have increased in the sector above trend rates driven by increased opportunities and skilled staff shortages.

Our employees are critical to our future business success and the business has implemented a plan to reduce turnover going forward. This includes reviewing benefits as well as pay and the introduction of a new induction procedure for all employees.

The board would like to thank all management and staff for their hard work and the team has continued to offer a high level of customer service and positive feedback from customers supports this.

	2007	2006
Total Staff Turnover	44.3%	28.9%

THE FISH

The company follows a prudent approach in its accounting treatment of fish stocks and believes that such costs should be written off as they are incurred. Though not valued in the balance sheet our biological assets - predominantly fish are a key business resource.

	<i>Blue Planet Aquarium</i>		<i>Deep Sea World</i>	
	2007	2006	2007	2006
Actual No.	3,274	2,453	3,446	3,439
No. of Species	408	310	196	202

Deep Sea Leisure has in place animal welfare policies which include an acquisition policy. This has been reviewed by the Ethical Review Committee established in 2005 in accordance with the Secretary of States Standards of Modern Zoo Practice.

Blue Planet Aquarium has formalised its links with the Marine Conservation Society by becoming a corporate benefactor which along with financial contributions means that we support the initiatives of the society and encourage our visitors to support the MCS. In June 2007 Blue Planet Aquarium hosted a charity gala dinner in aid of the Marine Reserves Now Campaign organised by MCS. The campaign lobbied the government to establish protected marine conservation zones and a marine planning system.

Deep Sea World has been awarded a Gold Award under Visit Scotland's Green business scheme. This is in recognition of the aquariums energy efficient manner of conducting its business. Working with Fife Council a recycling point has been located at the aquarium which is for the use of the business and the neighbouring village.

The business is committed to conducting its business in a sustainable manner and encourages its customers and suppliers to follow suit.

PRINCIPAL RISKS & UNCERTAINTIES

As a business serving the domestic market, it has a high seasonality with most of our visits taking place around the major holiday periods of Easter, Bank Holidays, Summer school holidays and half terms.

Directors' report (continued)

It is imperative, therefore, that we manage our business with this in mind and staffing and stock levels are monitored accordingly.

The weather also impacts on our visitor numbers. The perception that the aquariums are in-door attractions means that when the weather is wet and cool visitor numbers increase and the converse is true during bouts of hot sunny weather particularly when they occur at the key holiday periods.

To counter this uncertainty we continue to develop other non-weather dependent aspects of our business such as diving experiences, education and corporate revenue streams. We have also added outdoor attractions to each aquarium to counter the perception that we are an indoor only attraction.

Exposure to Price, credit, liquidity and cash flow risk

Price Risk

Price risk may occur where the admission prices for competitor visitor attractions are discounted compared to the aquariums admission prices. Admission prices for a wide range of local and national competitors are reviewed annually as part of the company's budgeting process and thereafter competitor prices are monitored on a monthly basis.

Credit risk

The nature of the company's business means that credit is granted to a very small number of corporate customers who demonstrate an appropriate payment history and satisfy credit worthiness procedures.

Liquidity Risk

The business mitigates liquidity risk by cash generation from its operations.

Cash flow Risk

The company has a strong cash balance and finances its operations through a mixture of retained profits and bank borrowings. The Company has now repaid its bank loan from Natwest.

FUTURE DEVELOPMENTS

Blue Planet Aquarium celebrates its 10th birthday in 2008 and seasonal events will be held throughout the year to mark the occasion and encourage repeat visitation. In addition 2008 is The EAZA (European Association of Zoo's and Aquaria) Year of the Frog which aims to raise awareness of the Amphibian extinction crisis. The aquarium has one of the largest collections of frogs in the UK and a successful breeding programme.

A charity gala evening will once again be hosted by Blue Planet Aquarium in support of the Marine Conservation Society.

Capex investment at the aquarium will centre on activities to grow catering revenue streams as well as improving shop security. Deep Sea World is to invest in an indoor themed children's play area which will run and be charged for separately to the main aquarium. Capital expenditure will be invested in improving the building ensuring compliance with health and safety.

Both aquariums introduced two new activities during the summer and it is intended to grow both of these new revenue streams. Crew Member for a Day allows children between the ages of 7 and 16 to join our crew for the day, feeding fish and giving a presentation to our visitors as well as our meeting the divers. Bubblemaker is a PADI course purely for children. The session teaches children to use Scuba equipment in the safety of our holding pools.

Revenue from our dive experiences continues to be a valuable revenue stream and we will continue to expand the range of experiences and course we offer. The business will work with appropriate partners in promotional offers such as Scotrail in the case of Deep Sea World.

Directors' report (continued)

The level of business conducted via the internet continues to outperform expectations and will be an important part of the aquariums marketing and communications strategy. Building relationships with our customers using our websites will be important in encouraging repeat visitation.

Aside from the operational developments stated above the company will be changing the basis of its accounting from UK GAAP to be compliant with International Financial Reporting Standards (IFRS). The company is required to switch to International Accounting Standards in the financial statements ended 31 October 2008 and any interim accounts within that period, including comparatives for the current period. The major differences between UK GAAP and IFRS associated with Deep Sea Leisure pertain to classification of lease land and the valuation of livestock

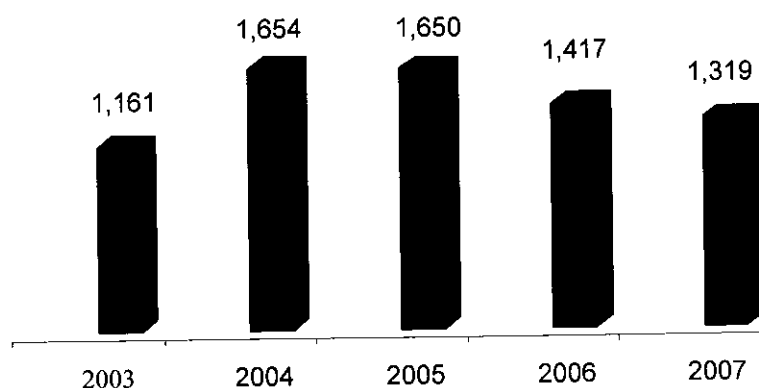
FINANCIAL REVIEW

RESULTS FOR THE YEAR

The financial year covers the 12 months to 31 October 2007. Results for the year are reported under UK GAAP and there have been no changes in accounting policy.

<i>£000</i>	<i>2007</i>	<i>2006</i>
Turnover	6,535	6,473
Gross Profit	5,688	5,642
Admin Expenses	(4,514)	(4,241)
Operating Profit	1,174	1,401
Net Interest	145	16
Profit before Taxation	1,319	1,417
Tax	(301)	(450)
Profit for financial year	1,018	967
Earnings per share	5.30p	5.03p

PROFIT BEFORE TAX - 2003-2007



Turnover is driven by visitor numbers which in turn are influenced by the weather. The aquariums attract more visitors during cooler, wetter weather particularly if this coincides with school holidays. The weather in the year under review has not followed normal trends. Quarter one performed as expected and

Directors' report (continued)

visitor numbers were slightly above expectations. However quarter two (Feb-April) which included the important Easter holiday period saw the warmest mean temperatures on records with well above average sunshine and little rainfall. In the month of April alone visitor numbers were down by 28%. Conversely in July the UK experienced rainfall significantly above average and visitor numbers were up by 36%. Some normality returned for the remainder of the year and the business performed just short of expectations. Visitor numbers ended up being 5% down on the previous year due to the poor weather related performance over the key Easter holidays.

Despite the reduction in visitor numbers turnover was up on the previous year by 0.9% supported by admission price increases at both aquariums.

Admin expenses have increased significantly in part due to a change in the basis of calculation in relation to the management fee payable to the company's parent company Net Ein. Above inflation cost increases in utilities accounts for an 8% increase in costs but personnel costs were held to just a 1.3% year on year increase despite the national minimum wage increase.

SOURCES OF TURNOVER AND GROSS PROFIT

	<i>Blue Planet Aquarium</i>		<i>Deep Sea World</i>	
	<i>Turnover £000</i>	<i>Variance to Prior Year</i>	<i>Turnover £000</i>	<i>Variance to Prior Year</i>
Entrance	2,634	2.7%	1,452	3.6%
Retail	528	(2.5%)	350	(5.7%)
Catering	546	0.9%	379	2.1%
Other	425	(1.8%)	221	(9.8%)
Total	4,133	1.3%	2,402	0.4%
Gross Profit	3,635	0.8%	2,054	0.8%

REVENUE PER VISITOR (RPV)

	<i>Blue Planet Aquarium</i>		<i>Deep Sea World</i>	
	<i>RPV £</i>	<i>Variance to Prior Year</i>	<i>RPV £</i>	<i>Variance to Prior Year</i>
Entrance	8.23	8.1%	7.06	7.6%
Retail	1.65	6.4%	1.70	(2.2%)
Catering	1.71	3.0%	1.85	5.1%
Other	1.32	3.1%	1.08	(6.1%)
Total	12.91	6.7%	11.69	4.1%

The growth in entrance revenue has been achieved by increases in admission prices and the introduction of a new corporate membership scheme which allows business to bulk buy tickets at a discounted rate.

Retail at Blue Planet Aquarium has performed well driven by consistency in service and a product buying strategy in part assisted by the parent company. Deep Sea World retail was affected by some stock shortages and some stock management issues now rectified.

Both aquariums have seen strong performances in catering with the introduction of new service points. In the case of Deep Sea World the introduction of a new speciality ice cream and juice outlet as well as

Directors' report (continued)

improved signage and service in the main restaurant were responsible for the increases in spend per visitor. At Blue Planet Aquarium the introduction of a premium product fair trade coffee bar along with locally made ice cream saw spends increase over the summer.

Other revenue at Blue Planet Aquarium benefited from the introduction of a new simulator ride acquired on a 50/50 profit share whilst dive revenue at both aquariums experiencing the first dip in sale in 6 years.

FINANCING AND CASHFLOW

A final capital repayment of £945,000 was paid on the company's development loan leaving the business with no outstanding loans.

The business has lent a fellow group company Aspro-Ocio £2,500k. The first of the loan agreements entered into in March 2007 was for the sum of £2,000k and interest has been charged at a rate of 5.25% for the duration of the loan. A second loan agreement entered into in May 2007 provided Aspro-Ocio with a further £500k and interest has been charged at a rate of 1% above Bank of England base rate. Both of the loans were due to be repaid in full by Aspro-Ocio by 30 September 2007. However an extension to both loans was agreed and a new interest rate set at Bank of England base rate less 0.25%. The loans are due to be repaid in March 2008.

Although overall cash has gone down due to the loans to Aspro-Ocio there has been a positive influx of cash excluding this transaction of £581k. Interest is receivable at a rate of Natwest base rates minus 1%.

GRANTS

During the year £140k of grant income has been released to the profit and loss account.

TAXATION

The business utilised its remaining corporation tax losses during 2005 and therefore all profits are now subject to corporation tax.

DIVIDENDS AND TRANSFER TO RESERVES

The results for the year are shown in the attached financial statements. The directors have not recommended a dividend (2006: £nil) and the profit for the year of £1,018,000 (2006: £967,000) is transferred to reserves.

S J Elaiho
Director

10 January 2008

Profit and loss account

For the year ended 31 October 2007

	2007	2006
	£000	£000
Turnover (continuing operations)	6,535	6,473
Cost of sales	(847)	(831)
Gross profit	5,688	5,642
Administrative expenses	(4,514)	(4,241)
Operating profit	1,174	1,401
Interest receivable and similar income	206	121
Interest payable and similar charges	(61)	(105)
Profit on ordinary activities before taxation	1,319	1,417
Tax charge on profit on ordinary activities	(301)	(450)
Profit for the financial year	1,018	967
Earnings per ordinary share (basic and diluted)	5.30p	5.03p

Statement of Total Recognised Gains and Losses

For the year ended 31 October 2007

There are no recognised gains and losses other than the profit of £1,040 attributable to the shareholders for the year ended 31 October 2007.

Balance sheet

As at 31 October 2007

	31 October 2007		31 October 2006	
	£000	£000	£000	£000
Fixed assets				
Tangible fixed assets		14,834		15,664
Current assets				
Stock	141		151	
Debtors	2,631		85	
Cash at bank and in hand	1,608		3,527	
		<u>4,380</u>		<u>3,763</u>
Creditors: amounts falling due within one year		(1,517)		(2,317)
		<u>2,863</u>		<u>1,446</u>
Net current assets				
		<u>17,697</u>		<u>17,110</u>
Total assets less current liabilities				
Provisions for liabilities and charges		(1,929)		(2,220)
Deferred income		(2,441)		(2,581)
		<u>13,327</u>		<u>12,309</u>
Net assets				
		<u><u>13,327</u></u>		<u><u>12,309</u></u>
Capital and reserves				
Called up share capital		960		960
Share premium account		5,902		5,902
Capital redemption reserve		1,003		1,003
Profit and loss account		5,462		4,444
		<u>13,327</u>		<u>12,309</u>
Shareholders' equity				
		<u><u>13,327</u></u>		<u><u>12,309</u></u>

The financial statements were approved by the Board of Directors on 10 January 2008 and were signed on its behalf by:

S J Elaiho
Director

	2007	2006
	£000	£000
Cash flow statement		
Net cash inflow from operating activities	2,016	2,064
Returns on investments and servicing of finance	124	20
Tax paid	(535)	(495)
Capital expenditure and financial investment	(2,579)	(340)
Cash inflow before financing	<u>(974)</u>	<u>1,249</u>
Financing	(945)	(945)
Church Commissioners grant	-	87
Increase/(decrease) in cash	<u>(1,919)</u>	<u>391</u>
Reconciliation of net cash flow to movement in net funds/(debt)		
Increase/(decrease) in cash	(1,919)	391
Cash outflow from movement in net debt	945	945
Non cash outflows	-	138
Change in net funds resulting from cash flows	<u>(974)</u>	<u>1,474</u>
Net funds at beginning of year	2,582	1,108
Net funds at end of year	<u>1,608</u>	<u>2,582</u>

Notes

1. The board is not recommending a payment of a final dividend.
2. The financial information set out on the previous pages does not constitute the Company's Statutory Accounts for the year ended 31 October 2007 or year ended 31 October 2006 but is derived from these accounts. Statutory Accounts for the previous financial period ended 31 October 2006 have been delivered to the Registrar of Companies and those for the financial year ended 31 October 2007 will be delivered following the Company's Annual General Meeting which will be held at Blue Planet Aquarium, Cheshire Oaks, Ellesmere Port, Cheshire, CH65 9LF on 20 February 2008 at 12.00 noon. The Auditors have reported on those accounts: the reports were unqualified and did not contain any statements under section 237(2) or (3) of the Companies Act 1985.
3. Copies of the annual report and accounts will be posted to shareholders on 22 January 2008 and will be available for inspection at The Blue Planet Aquarium, Cheshire Oaks, Ellesmere Port, Cheshire, CH65 9LF from the same date.