

Regulatory Announcement

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Company	Deep-Sea Leisure PLC
TIDM	DSL
Headline	Final Results
Released	07:00 12-Jan-06
Number	8133W

News Release

12 January 2006

Year of consolidation for Deep Sea Leisure

Deep Sea Leisure PLC, the leisure company which runs two aquariums in the UK featuring marine life, announces its preliminary results for the year ended 31 October 2005.

Highlights

- Pre-tax profit for the year ended 31 October 2005 was £1.650 million (2004 - £1.654 million) on turnover of £6.566 million (2004 - £6.761 million)
- Average per capita spend by visitors up for the fourth consecutive year by 7%
- Major investment in a new seal sanctuary opened at Deep Sea World in Edinburgh June 2005 adding an outdoor attraction at the aquarium, full benefit to be received in current year
- Overall expenditure held at previous year's level despite increase in utility costs which will also impact in current year

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Chairman's Statement

The year under review was a period of consolidation following the excellent achievements of the previous two years. Pre-tax profit was £1.650 million for the year ended 31 October 2005, unchanged on the corresponding period in 2004, on turnover 2.9% lower at £6.566 million (£6.761 million – 31 October 2004).

The Board is not recommending a final dividend. Capital expenditure, which totalled £0.468 million, has continued during the year with key new attractions being introduced at each aquarium. As a Company we take our responsibility to the promotion of the oceans, the environment and animal conservation very seriously. In this context the opening of a major new seal sanctuary at Deep Sea World in Edinburgh in June last year fulfils all these criteria. This attraction is proving highly educational for visitors and, in conjunction with the Scottish Society for the Prevention of Cruelty to Animals, we are helping in the rehabilitation of rescued seals.

The other new attraction was an adventure play park at Blue Planet Aquarium in Cheshire, which has helped increase the length of visitor time spent at the aquarium. Both new attractions have the benefit of increasing the appeal of the venues as all year attractions rather than simply wet weather attractions.

The coming year will see the Company continue to invest to make visitor experience as memorable as possible at both marine aquariums. Together with a full year benefit from the attractions described above and the continued excellent cost control, the Board is hopeful for progress in the coming year.

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Chairman

Finance Director's Review

As detailed in the Chairman's statement, the year was one of consolidation. The Board believes that the benefit from investment in new attractions made in 2005 will be fully realised in the coming year as the seal sanctuary and adventure play area will form a major part of each aquarium's marketing campaign in the year ahead.

Strong cashflow and the restructuring of finance facilities with NatWest assisted the Company in achieving a virtually unchanged pre-tax profit for the year ended 31 October 2005 of £1.650 million.

The reduction in turnover is a direct consequence of a fall in visitor numbers at both aquariums, although this has been partly offset by the increase in spend per visitor and a small increase in admission prices.

Costs have continued to be managed effectively although the well documented increase in utility charges have only partly impacted on these results and are therefore expected to have a greater impact in the current financial year. We are working with The Carbon Trust to review ways of reducing our carbon emissions and overall energy costs.

For the first time, Deep Sea World will be hosting two exhibitions during the year focusing on Sharks and a BBC exhibition called Sea Monsters. We anticipate that the exhibitions will provide a strong incentive for people to visit more than once per annum and if the strategy is successful then exhibitions will be introduced at Blue Planet in due course.

As part of the marketing campaign, Deep Sea Leisure is launching two new websites allowing visitors to purchase tickets online for the first time. As the aquariums are seen more as a wet weather attraction our belief is that by making it easier to visit through online ticketing and new outdoor attractions, we will reduce our reliance on the weather and become seen as a family attraction irrespective of the weather.

With other more subtle improvements being made to the aquariums to make them more modern and customer friendly we look to the current year as one of further progress.

S J Elaiho

Finance Director

Profit and loss account
for the year ended 31 October 2005

	12 Months to 31 October 2005 £000	12 Months to 31 October 2004 £000
Turnover	6,566	6,761
Cost of sales	(815)	(847)
Gross profit	5,751	5,914
Administrative expenses	(4,073)	(4,091)
Operating profit	1,678	1,823
Interest receivable and similar income	120	55
Interest payable and similar charges	(148)	(224)
Profit on ordinary activities before taxation	1,650	1,654
Tax on profit on ordinary activities	(528)	(526)
Profit retained for the financial year for equity shareholders	1,122	1,128
Earnings per ordinary share (basic and diluted)	5.84p	5.88p

Balance sheet
as at 31 October 2005

	31 October 2005		Restated 31 October 2004	
	£000	£000	£000	£000
Fixed assets				
Tangible assets		16,245		16,552
Current assets				
Stocks	123		110	
Debtors	107		81	
Cash at bank and in hand	3,136		2,430	
		3,366		2,621
Creditors: amounts falling due within one year				
	(2,333)		(2,069)	
Net current assets		1,033		552
Total assets less current liabilities		17,278		17,104
Creditors: amounts falling due after more than one year		(1,083)		(2,029)
Provision for liabilities and charges		(2,274)		(2,165)
Deferred Income		(2,579)		(2,690)
Net assets		11,342		10,220
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		3,477		2,355
Shareholders' funds – equity		11,342		10,220

Cash flow statement*for the year ended 31 October 2005*

	31 October 2005 £000	Restated 31 October 2004 £000
Reconciliation of operating profit to net cash inflow from operating activities		
Operating profit	1,678	1,823
Depreciation charges	802	780
(Increase)/decrease in stocks	(13)	(1)
(Increase)/decrease in debtors	(26)	17
Increase in creditors	64	297
Decrease in deferred income	(111)	(111)
Net cash inflow from operating activities	<u>2,394</u>	<u>2,805</u>
Cash flow statement		
Net cash inflow from operating activities	2,394	2,805
Returns on investments and servicing of finance	(28)	(169)
Tax paid	(247)	-
Capital expenditure	(468)	(44)
Cash inflow before financing	<u>1,651</u>	<u>2,592</u>
Financing	(945)	(945)
Increase in cash	<u>706</u>	<u>1,647</u>
Reconciliation of net cash flow to movement in net funds/(debt)		
Increase in cash	706	1,647
Cash outflow from movement in net debt	945	945
Change in net (debt)/funds resulting from cash flows	<u>1,651</u>	<u>2,592</u>
Movement in net (debt)/funds in the year	<u>1,651</u>	<u>2,592</u>
Net debt at beginning of year	(543)	(3,135)
Net funds/(debt) at end of year	<u>1,108</u>	<u>(543)</u>

Notes

- The board is not recommending a payment of a final dividend.
- The preliminary results have been prepared on the same basis as the financial statements for the prior year using consistent accounting policies except for fish stock. Previously costs for fish purchased were carried at historical cost and recognised as current assets. However the directors believe that a more prudent approach is to write off such costs as they are incurred. This has required a change in the accounting treatment for fish stock. The prior year results have been restated accordingly.
- The financial information set out on the previous pages does not constitute the Company's Statutory Accounts for the year ended 31 October 2005 or year ended 31 October 2004 but is derived from these accounts. Statutory Accounts for the previous financial period ended 31 October 2004 have been delivered to the Registrar of Companies and those for the financial year ended 31 October 2005 will be delivered following the Company's Annual General Meeting which will be held at Northern Venture Managers, 50 Moray Street, Edinburgh on 22 February 2005 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.
- Copies of the annual report and accounts will be posted to shareholders on 13 January 2006 and will be available for inspection at The Blue Planet Aquarium, Cheshire Oaks, Ellesmere Port, Cheshire, CH65 9LF from the same date.

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