

THE GAME GROUP PLC, Europe's largest specialist retailer of pc and video games software, today announces interim results for the six months ended 31 July 2005.

FINANCIAL OVERVIEW

All figures in £'m	Six months ended 31/7/05	Six months ended 31/7/04
Group Turnover	220.8	213.0
Gross profit margin (%)	28.9	30.3
Operating loss before exceptional costs	10.3	3.6
Loss before tax	14.7	3.5
Basic loss per share before exceptionals (pence)	2.31	0.73
Basic loss per share	3.19	0.73
Interim dividend per share (pence)	1.15	1.00

Key points

- Accelerated store opening programme in Continental Europe with over 295 own and franchise stores and 410 stores in the UK expected to be trading for the key Christmas season
- As anticipated like for like turnover in the first half down by 5.4% resulting from the lack of major releases in the first half and the generally tough retail environment
- Increased interim dividend by 15% reflecting the Board's confidence in the future
- Successful launch of Sony PSP launched on 1 September with demand still exceeding supply albeit subsequent replenishment has been limited
- Improved trading performance with like for like sales down by 4.4% since 1 August 2005 and total Group sales up by 4.3%

Peter Lewis, Chairman, said:

“As I outlined in April and in our trading update in July, 2005 has been and continues to be a transitional year. The significant price deflation as the current generation of consoles reach maturity, the lack of hardware launches and the tough retail environment have resulted in significant first half losses.

We have made strategic investments of £17.2m in the infrastructure of the business through new store openings, store refits and the continued expansion in Europe to cement our market leading position ahead of the next generation console launches. The second half offers better opportunities given the strong launch sales of PSP and the solid Christmas software lineup.

The benefits of our investment will come through beginning in 2006 with a steady supply of the Sony PSP, Microsoft Xbox 360, the first next generation console which launches in December 2005, then the Sony Playstation 3 and Nintendo Revolution set to follow. These new platforms will greatly increase demand for video games and the Board's confidence in the Group's future is reinforced by the decision to increase the interim dividend by 15%.”

Enquiries

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CHAIRMAN'S REPORT

Results

As I outlined in April and in our trading update in July, 2005 has been and continues to be a transitional year. The significant price deflation as the current generation of consoles reach maturity, the lack of hardware launches and the tough retail environment have resulted in significant first half losses.

The Group has made an operating loss before interest and exceptional costs of £10.3m in the first half of the year compared to a loss of £3.6m in the previous year.

Group turnover for the six months ended 31 July 2005 was £220.8 m (£213.0 m). In the period, like-for-like ('lfl') sales decreased by 5.4%. As the Board indicated in July, the gross margins decreased by 146 basis points compared to the corresponding period last year primarily as a result of cyclical deflation in software selling prices which is consistent with the previous product cycle.

The loss per share before exceptional items was 2.31p (0.73p). The exceptional charge of £3.0m comprises £2.5m in respect of the settlement of the legal claim arising from the 2001 acquisition of our French business and £0.5m of costs relating to the bid approach earlier this year. The loss before tax was £14.7 m (£3.5 m). Basic loss per share was 3.19p (0.73p).

Your Board is increasing the interim dividend by 15% to 1.15p per share reflecting our confidence in the medium term outlook for the Group.

Share Buyback

In the period the Company exercised its authority to buy back shares and purchased 4.1m shares at an average price of 79.4p per share for cancellation. At our Annual General Meeting on 6 July the Board renewed its authority to buy back up to 9.9% of the Issued Share Capital.

Acquisitions

In July 2005 the Group acquired the French video game retailer Addon SA and its subsidiary companies for £4.7m. The acquisition provides GAME with 10 leasehold properties plus a further 11 franchise stores. The properties have a strong geographic fit with the existing GAME portfolio in France.

Business overview

Our market position

GAME has strengthened its position as the number one retailer of video games in Europe by investing significantly in store openings and refurbishment. The Group is uniquely positioned in four key European territories – UK, France, Spain and Scandinavia - as we approach the launch of the next generation consoles.

Store portfolio

The Group has undertaken an accelerated opening programme in the first half of the year. We have opened or acquired 37 stores and closed 5 stores as part of our ongoing portfolio management. We have also acquired 11 franchises in France with the Addon acquisition, bought in 2 and closed 8 of our franchise stores in Spain.

As at	31 July 2005	31 July 2004	31 January 2005
	Number	Number	Number
Company owned and concessions			

UK and Ireland	397	388	398
Continental Europe	202	140	169
Franchises	54	58	53
Total outlets	653	586	620

We expect to have 410 stores in UK and Ireland, as well as 250 stores and 45 franchises in Continental Europe ahead of the key Christmas trading period. We will continue to review suitable acquisitions. We are committed to rapidly opening new stores in our key markets and we anticipate that our total capital expenditure for the year will be around £30m excluding acquisitions.

For 2006/07 we expect the future annual pace of openings to be around 15 stores in the UK and around 50 stores in Continental Europe. Excluding acquisitions the future annual capital expenditure for store openings, refurbishment and relocation in our existing markets will be around £20m.

UK and Ireland

Our stores in the UK and Ireland have performed well in a tough retail environment and we have maintained our market leading position.

We have continued to develop our consumer appeal through a very high standard of customer service and a uniquely broad product range and offers. The market has an ever increasing number of participants across the retailing spectrum, however, we believe that our specialist focus and scale provide us with a major competitive advantage.

We have new hardware formats coming to market and we continually review our customer offering. In this light we have discontinued the sale of DVD's to provide additional space in our stores for the Sony PSP.

Continental Europe

The total revenues from Continental Europe of £50.3m (£37.9m) represented 22.8% of group revenues for the period up from 17.8% in the prior year.

In France our total revenues increased by 27.1% to £20.7m. We are pleased with the progress in the business and we will open between 20 to 25 stores in France this year.

In Spain our total revenues increased by 39.5% to £20.0m. We will open between 30 to 35 stores in Spain this year and will strengthen our position as the number 1 specialist in the market.

We are significantly growing our share in both France and Spain and should end the year with over 100 owned and franchise stores in each market.

In Scandinavia our total revenues grew by 33.1% to £9.6m. We are a leading player in this market which continues to be very price competitive. We expect to reduce our trading losses in this region but remain cautious about local store openings in the near future.

We remain on track for these businesses to grow profits in aggregate for the financial year 2006.

Treasury

Our net debt as at 31 July 2005 was £66.9m (31 July 2004 - £19.8m) (31 January 2005 - £8.5m)

The increase in net debt of £58.4m from 31 January 2005 is largely attributable to net cash outflow from operating activities of £34.1m, and capital expenditure including acquisitions of £16.7m. The Board is

confident that investing in the business ahead of the next generation of consoles will optimise returns for shareholders.

We have continued to buy back shares at a cost of £3.3m (£nil) for the repurchase of 4.1m shares.

The Board is committed to effective treasury management and utilisation of our balance sheet.

Staff and Management

I would like to thank our staff and management for their tireless efforts and continued enthusiasm.

Current and future trading

In the second quarter and into August, slow trading compounded by price deflation on hardware and software resulted in significant lfl declines. However, the Sony PSP launched on 1 September and was well received with all of our stocks selling out rapidly. Replenishment of these initial stocks has been limited but we anticipate improved availability in the run up to Christmas.

As a result for the 8 weeks to 24 September total group lfl sales were down by 4.4% with the UK and Ireland lfl sales down by 7.9% and Continental Europe lfl sales up by 13.7%. Total group sales for the same period were up by 4.3% with the UK and Ireland down by 6.1% and Continental Europe up by 58.7%.

We have made strategic investments of £17.2m in the infrastructure of the business through new store openings, store refits and the continued expansion in Europe to cement our market leading position ahead of the next generation console launches. The second half offers better opportunities given the strong launch sales of PSP and the solid Christmas software lineup.

The benefits of our investment will come through beginning in 2006 with a steady supply of the Sony PSP, Microsoft Xbox 360, the first next generation console which launches in December 2005, then the Sony Playstation 3 and Nintendo Revolution set to follow. These new platforms will greatly increase demand for video games and the Board's confidence in the Group's future is reinforced by the decision to increase the interim dividend by 15%.

Peter Lewis

Chairman

**Unaudited consolidated income statement
for the six months ended 31 July 2005**

	Notes	Six months ended 31 July 2005 Unaudited	Six months ended 31 July 2004 Unaudited	Year ended 31 January 2005 Unaudited
		£'000	£'	£'000
Turnover	2	220,846	212.	576,58
Cost of sales		157,069	148.	400,07
Gross profit		63,777	64.	176,51
Other operating expenses	3	77,081	68.	146,72
Operating (loss)/profit before exceptional costs		(10,329)	(3.	29,79
Exceptional costs	3	(2,975)		
Operating (loss)/profit		(13,304)	(3.	29,79
Interest receivable		28		23
Interest payable		(1,376)		(1,01
(Loss)/profit before taxation		(14,652)	(3.	29,02
Taxation (credit)/charge	4	(3,864)	(9,12
(Loss)/profit for the period		(10,788)	(2.	19,89
(Loss)/earnings per share				
- basic	6	(3.19p)	(0.	5.74p
- diluted	6	(3.19p)	(0.	5.72p

GAME Group Plc**Unaudited Consolidated Balance Sheet****As at 31 July 2005**

	Notes	As at 31 July 2005 Unaudited £'000	As at 31 July 2004 Unaudited £'000	As at 31 January 2005 Unaudited £'000
Non current assets				
Intangible fixed assets	7	94,246	90,008	91,131
Property, plant & equipment	8	84,644	69,003	75,384
Deferred tax asset		778	670	151
		<u>179,668</u>	<u>159,681</u>	<u>166,666</u>
Current assets				
Stocks		58,269	48,969	63,009
Trade and other receivables	9	30,684	24,213	21,009
Cash and cash equivalents		6,477	1,838	7,887
		<u>95,430</u>	<u>75,020</u>	<u>91,905</u>
Current liabilities				
Trade and other payables	10	64,218	72,708	86,981
Short term borrowings		51,833	4,627	691
Current portion of long term borrowings	11	2,914	2,424	2,326
		<u>118,965</u>	<u>79,759</u>	<u>89,998</u>
Net current (liabilities)/assets		<u>(23,535)</u>	<u>(4,739)</u>	<u>1,907</u>
Total assets less current liabilities		<u>156,133</u>	<u>154,942</u>	<u>168,573</u>
Non current liabilities				
Long term borrowings	11	18,584	14,630	13,366
Leasehold property incentives		3,016	3,093	3,207
		<u>134,533</u>	<u>137,219</u>	<u>152,000</u>
Net assets		<u>134,533</u>	<u>137,219</u>	<u>152,000</u>
Capital and reserves				
Called up share capital		16,838	17,439	17,008
Share premium account		40,603	40,022	40,218
Capital redemption reserve		2,223	1,560	2,016
Shares held in trust		(963)	0	(963)
Merger reserve		76,907	76,907	76,907
Profit and loss account	13	(1,171)	2,946	16,336
Foreign exchange reserve		96	(1,655)	478
		<u>134,533</u>	<u>137,219</u>	<u>152,000</u>
Equity shareholders' funds		<u>134,533</u>	<u>137,219</u>	<u>152,000</u>

Approved by the Board on 27 September 2005

M Long
Director

GAME Group Plc

**Unaudited Consolidated Cash Flow Statement
For the six months ended 31 July 2005**

	Notes	Six months ended 31 July 2005 Unaudited £'000	Six months ended 31 July 2004 Unaudited £'000	Year ended 31 January 2005 Unaudited £'000
Cash flows from operating activities				
Operating (loss)/profit		(13,304)	(3,586)	29,796
Share based remuneration		646	403	981
Depreciation		5,507	4,836	9,996
Loss/(Profit) on disposal of non current assets		251	207	(480)
Impairment of assets/goodwill		226	0	1,492
Market value movement on financial instrument		125	(117)	110
		<u>(6,549)</u>	<u>1,743</u>	<u>41,895</u>
Increase in trade and other receivables		(6,125)	(1,488)	(1,828)
Decrease/(increase) in stocks		6,199	9,397	(4,480)
Decrease in trade and other payables		(23,060)	(16,559)	(2,907)
(Decrease)/increase in leasehold incentives		(191)	427	596
Cash generated from operations		<u>(29,726)</u>	<u>(6,480)</u>	<u>33,276</u>
Interest paid		(1,251)	(124)	(1,344)
Corporation tax paid		<u>(3,164)</u>	<u>(3,209)</u>	<u>(8,115)</u>
Net cash from operating activities		<u>(34,141)</u>	<u>(9,813)</u>	<u>23,817</u>
Cash flows from investing activities				
Acquisitions	14	(5,031)	(1,602)	(2,530)
Purchase of property, plant & equipment		(11,973)	(14,118)	(25,007)
Purchase of intangible assets		(196)	(117)	(599)
Proceeds from sale of equipment		509	76	484
Interest received		28	96	238
Net cash used in investing activities		<u>(16,663)</u>	<u>(15,665)</u>	<u>(27,414)</u>
Cash flows from financing activities				
Proceeds from issue of share capital		420	927	1,148
Share buyback		(3,283)	0	(7,107)
Proceeds from/(repayments of) long term borrowings		5,358	(501)	(1,746)
Repayments of short term borrowings		0	(180)	(301)
Payment of finance lease liabilities		(161)	(271)	(427)
Dividends paid		<u>(4,082)</u>	<u>(5,201)</u>	<u>(8,689)</u>
Net cash used in financing activities		<u>(1,748)</u>	<u>(5,226)</u>	<u>(17,122)</u>
Net decrease in net cash and cash equivalents		(52,552)	(30,704)	(20,719)
Cash and cash equivalents at beginning of period		<u>7,196</u>	<u>27,915</u>	<u>27,915</u>
Cash and cash equivalents at end of period	12	<u>(45,356)</u>	<u>(2,789)</u>	<u>7,196</u>

Notes to the interim results

1 Accounting policies

Basis of preparation

The financial information presented in this interim report has been prepared in accordance with the accounting policies the Group expects to be applicable at 31 January 2006. The interim report has been prepared in accordance with those IFRS and IFRIC interpretations issued and effective as at the time of preparing the statement. The interpretations that will be applicable at 31 January 2006 are not known with certainty at the time of preparing the interim report. These figures may therefore require amendment to change the basis of accounting or presentation of certain financial information, before their inclusion in the IFRS financial statements for the year ending 31 January 2006.

The accounting policies used in preparing the interim report are as set out in the statutory accounts for the year ended 31 January 2005 amended for the changes resulting from IFRS conversion detailed in the announcement dated 20 July 2005. A full restatement of these policies and reconciliation of the resultant changes will be disclosed in the financial statements for the year ended 31 January 2006, which will be the Group's first full set of IFRS financial statements.

Transition to IFRS

The Group's financial statements for the year to 31 January 2006 will be the first annual financial statements that comply with IFRS. The Group has applied IFRS 1 in preparing this consolidated interim report. The Group's transition date is 1 February 2004 and its IFRS adoption date is 31 January 2005. In preparing this interim report in accordance with IFRS 1, the Group has applied the mandatory exceptions from full retrospective application of IFRS.

2 Turnover and operating profit

	United Kingdom & Ireland 31 July 2005 £000's	Rest of Europe 31 July 2005 £'0	United Kingdom & Ireland 31 July 2004 £'0	Rest of Europe 31 July 2004 £0	United Kingdom & Ireland 31 January 2005 £0	Rest of Europe 31 January 2005 £0
Turnover	170,529	50,3	175,1	37,8	465,4	111,1
Cost of sales	120,253	36,8	120,3	27,9	317,3	82,7
Gross profit	50,276	13,5	54,7	9,8	148,0	28,4
Other operating expenses	58,358	15,7	55,8	12,3	117,0	29,6
Operating (loss)/ profit before exceptional costs	(8,082)	(2,2)	(1,1)	(2,4)	31,0	(1,2)
Exceptional costs	2,975					
Operating (loss)/profit	(11,057)	(2,2)	(1,1)	(2,4)	31,0	(1,2)
			Six months ended 31 July 2005 Unaudited £	Six months ended 31 July 2004 Unaudited £'0		Year ended 31 January 2005 Unaudited £'000
Turnover by territory						
United Kingdom and Ireland			170	175,1		465,43
France			20	16,3		45,13
Spain			19	14,3		43,70
Scandinavia			9	7,2		22,31
			220	212,9		576,58
Stores by territory						
United Kingdom and Ireland					3	39
France						6
Spain						4
Scandinavia						5
					5	56
Trading square footage by territory						
United Kingdom and Ireland			495	484,2		497,34
France			85	68,5		74,92
Spain			59	41,4		48,53
Scandinavia			51	41,8		51,28
			692	636,0		672,08

Spanish turnover includes non retail related revenue of £5,023,000 (2004 interim : £4,563,000; full year : £13,153,000). French stores details for the period exclude the ten Addon stores acquired on 26 July 2005.

Notes to the interim results

3 Other operating expenses

	Six months ended 31 July 2005 <u>Unaudited</u> £'000	Six months ended 31 July 2004 <u>Unaudited</u> £'000	Year ended 31 January 2005 <u>Unaudited</u> £'000
Selling and distribution	62,864	57,833	125,516
Administrative expenses	<u>14,217</u>	<u>10,354</u>	<u>21,204</u>
	<u>77,081</u>	<u>68,187</u>	<u>146,720</u>

Administration expenses include exceptional costs of £2,975,000 in relation to the settlement of the legal dispute regarding the acquisition of ABC Games International SA and costs related to the aborted corporate discussions.

4 Taxation

The UK corporation tax charge has been included at an underlying corporation tax rate in line with the previous year.

	Six months ended 31 July 2005 <u>Unaudited</u> £'000	Six months ended 31 July 2004 <u>Unaudited</u> £'000	Year Ended 31 January 2005 <u>Unaudited</u> £'000
Current year			
UK corporation tax	(3,387)	(974)	8,215
Adjustments in respect of prior periods	-	-	(300)
Overseas tax payable	<u>5</u>	<u>6</u>	<u>673</u>
Total current tax	(3,382)	(968)	8,588
Deferred tax:			
Origination and reversal of timing differences	<u>(482)</u>	<u>22</u>	<u>540</u>
	<u>(3,864)</u>	<u>(946)</u>	<u>9,128</u>

5 Dividends

	Six months ended 31 July 2005 <u>Unaudited</u> £'000	Six months ended 31 July 2004 <u>Unaudited</u> £'000	Year ended 31 January 2005 <u>Unaudited</u> £'000
Ordinary dividends			
Interim proposed 1.15p per ordinary share (2004:1.00p)	-	-	3,488
Final 1.20p per ordinary share (2004 : 1.50p)	<u>4,082</u>	<u>5,201</u>	<u>5,201</u>
	<u>4,082</u>	<u>5,201</u>	<u>8,689</u>

The interim dividend in relation to the period ended 31 July 2005 was declared on 27 September 2005 and is payable on 25 November 2005 to shareholders on the register on 4 November 2005. This dividend is therefore not included above.

6 (Loss)/earnings per share

The calculation of loss per share for the six months ended 31 July 2005 is based on the loss after taxation of £10,788,000 (2004 interim: loss after taxation of £2,551,000; full year: profit after taxation of £19,893,000). The calculation of the earnings per share before exceptional costs is based on a loss of £7,813,000 (2004 interim: loss of £2,551,000; full year: profit of £19,893,000). The calculation of basic loss per share is based on a weighted average number of shares in issue during the period of 338,591,467 (2004 interim: 348,493,095; full year: 346,434,502). The calculation of diluted loss per share is based on a weighted average number of shares in issue during the period of 338,591,467 (2004 interim: 348,493,095; full year 347,667,428).

Notes to the interim results

(Loss)/earnings per share Cont.d

Reconciliation of denominators used for basic and diluted loss per share calculations:

	<u>Basic</u> Number	<u>Effect of</u> <u>share options</u> Number	<u>Diluted</u> Number
31 July 2005	338,591,467	-	338,591,467
31 July 2004	348,493,095	-	348,493,905
31 January 2005	346,434,502	1,232,926	347,667,428

7 Intangible fixed assets

	<u>As at</u> <u>31 July</u> <u>2005</u> <u>Unaudited</u> £'000	<u>As at</u> <u>31 July</u> <u>2004</u> <u>Unaudited</u> £'000	<u>As at</u> <u>31 January</u> <u>2005</u> <u>Unaudited</u> £'000
Cost			
At beginning of period	120,290	116,379	116,379
Acquisitions	0	19	671
Additions	3,772	2,007	3,158
Foreign exchange adjustment	(44)	(363)	96
Disposals	(549)	(1)	(14)
At end of period	<u>123,469</u>	<u>118,041</u>	<u>120,290</u>
Amortisation			
At beginning of period	29,159	27,776	27,776
Acquisitions	0	1	664
Charge for the period	371	323	702
Foreign exchange adjustment	(14)	(66)	27
Disposals/impairments	(293)	(1)	(10)
At end of period	<u>29,223</u>	<u>28,033</u>	<u>29,159</u>
Net book value	<u>94,246</u>	<u>90,008</u>	<u>91,131</u>

8 Property, plant and equipment

	<u>As at</u> <u>31 July</u> <u>2005</u> <u>Unaudited</u> £'000	<u>As at</u> <u>31 July</u> <u>2004</u> <u>Unaudited</u> £'000	<u>As at</u> <u>31 January</u> <u>2005</u> <u>Unaudited</u> £'000
Cost			
At beginning of period	116,748	97,142	97,142
Acquisitions	3,292	31	463
Additions	12,071	14,228	25,789
Foreign exchange adjustment	(102)	(742)	290
Disposals	(2,760)	(1,742)	(6,936)
At end of period	<u>129,249</u>	<u>108,917</u>	<u>116,748</u>
Depreciation			
At beginning of period	41,364	37,036	37,036
Acquisitions	255	-	418
Charge for the period	5,136	4,513	9,294
Foreign exchange adjustment	(120)	(178)	60
Disposals	(2,030)	(1,457)	(6,936)
Impairment	-	-	1,492
At end of period	<u>44,605</u>	<u>39,914</u>	<u>41,364</u>
Net book value	<u>84,644</u>	<u>69,003</u>	<u>75,384</u>

Notes to the interim results

9 Trade and other receivables

	As at 31 July 2005 Unaudited	As at 31 July 2004 Unaudited	As at 31 January 2005 Unaudited
	£'000	£'000	£'000
Amounts falling due within one year:			
Trade debtors	6,135	4,783	8,970
Other debtors	2,023	805	1,730
VAT	1	18	-
Corporation tax	4,241	3,085	-
Financial instrument	5	357	130
Prepayments and accrued income (principally rent & rates)	18,279	15,165	10,179
	<u>30,684</u>	<u>24,213</u>	<u>21,009</u>

10 Trade and other payables

	As at 31 July 2005 Unaudited	As at 31 July 2004 Unaudited	As at 31 January 2005 Unaudited
	£'000	£'000	£'000
Trade creditors	43,382	46,728	53,094
Other creditors	2,670	2,227	1,725
Taxation and social security costs	1,769	2,040	2,198
VAT payable	4,350	3,774	12,300
Corporation tax	-	-	2,369
Leasehold property incentives	389	342	389
Accruals and deferred income	11,658	17,597	14,906
	<u>64,218</u>	<u>72,708</u>	<u>86,981</u>

11 Long term borrowings

	As at 31 July 2005 Unaudited	As at 31 July 2004 Unaudited	As at 31 January 2005 Unaudited
	£'000	£'000	£'000
Current portion			
Bank loans	2,709	2,185	2,091
Obligations under finance leases and hire purchase contracts	205	239	235
	<u>2,914</u>	<u>2,424</u>	<u>2,326</u>
Non current portion			
Bank loans	17,955	13,948	12,702
Other loans	495	495	495
Obligations under finance leases and hire purchase contracts	134	187	169
	<u>18,584</u>	<u>14,630</u>	<u>13,366</u>

Notes to the interim results

12 Net debt

	As at 31 July 2005 Unaudited £'000	As at 31 July 2004 Unaudited £'000	As at 31 January 2005 Unaudited £'000
Cash and cash equivalents	6,477	1,838	7,887
Short term borrowings	(51,833)	(4,627)	(691)
Net cash and cash equivalents	(45,356)	(2,789)	7,196
Current portion of long term borrowings	(2,914)	(2,424)	(2,326)
Long term borrowings	(18,584)	(14,630)	(13,366)
Net debt	(66,854)	(19,843)	(8,496)

13 Profit and loss account

	As at 31 July 2005 Unaudited £'000	As at 31 July 2004 Unaudited £'000	As at 31 January 2005 Unaudited £'000
Opening balance as previously reported under UK GAAP		6,379	6,379
Introduction of impairment of non current assets		(1,009)	(1,009)
Introduction of market value on financial instrument		240	240
Revision to historic leasehold incentives		(765)	(765)
Amendment to timing of dividend payable recognition		5,201	5,201
Deferred tax restatement		249	249
Opening balance restated under IFRS	16,336	10,295	10,295
Retained (loss)/profit for period	(14,870)	(7,752)	11,204
Reversal of share based payments charge	646	403	981
Share buyback	(3,283)	0	(6,144)
At end of period	(1,171)	2,946	16,336

14 Acquisitions

Current period acquisitions

On 26 July 2005 the Group acquired the French video game retailer Addon. Addon operates ten owned stores and a further eleven franchises. During the first half of the year the Group also acquired the trade and assets of two further CentroMAIL franchises in Spain and an additional element of deferred consideration accrued on the Gameplay (GB) Ltd acquisition. The provisional fair value of assets acquired are set out below.

	Addon acquisition	Other acquisitions	Total acquisitions
Property, plant and equipment	1,532	-	1,532
Inventories	1,403	56	1,459
Trade and other receivables	726	-	726
Trade and other payables	(1,773)	-	(1,773)
Short term borrowings	(58)	-	(58)
Long term borrowings	(513)	-	(513)
Deferred tax asset	145	-	145
Intangible fixed assets	3,193	262	3,455
Total purchase price	4,655	318	4,973
Cash and cash equivalents	58	-	58
Cash flows on acquisition net of cash acquired	4,713	318	5,031

Notes to the interim results

Prior year acquisitions

In the previous year the Group acquired Gameplay (GB) Ltd, an award winning on-line and mail order retailer of video games, together with the trade and assets of three CentroMAIL franchises in Spain.

15 This interim report was approved by the Board of Directors on 27 September 2005

The financial information contained within this interim report does not comprise statutory accounts as defined in Section 240 of the Companies Act 1985.

A copy of the statutory accounts for the year ended 31 January 2005, prepared under UK GAAP, has been delivered to the Registrar of Companies and contained an unqualified auditor's report.

Copies of this interim report are being posted to shareholders and are available from the Company's office at Unity House, Telford Road, Basingstoke, Hampshire RG21 6YJ.