

GALA CORAL GROUP

Second quarter results for the twelve weeks ended 7 April 2012

KEY FINANCIALS

	Quarter 2			Year to date	
	Total results ^{1}			Total results	
	FY12	FY11	Change	FY12	FY11
	£'m	£'m	%	£'m	£'m
Turnover ^{2}	284.4	277.2	3%	637.2	616.2
Statutory gross profit ^{3}	220.6	212.2	4%	492.1	468.9
EBITDA ^{4}	71.8	71.5	-	150.2	149.7

{1} Total results include all revenue and expenses for the group for the 12 weeks ended 7 April 2012

{2} Definitions of turnover differ by business. For definitions see individual business sections

{3} Differs to divisional gross profit due to adjustments for free bets, certain machines costs and vending machines income. See reconciliation on page 9

{4} Pre-exceptional items

HIGHLIGHTS

The key trading highlights in the 12 weeks ended 7 April 2012 were:

- EBITDA (pre-exceptionals) in line with the prior year, despite an estimated £2.2 million negative impact of weather year on year and the movement of the Grand National into Q3 in 2012.
- Gross profit growth in all divisions
- Coral over the counter (OTC) gross win 6% ahead of the prior year, with a strong gross win margin of 19.3% (2011: 17.4%) due to favourable football and horse racing results.
- Coral gross win per machine per week of £926 (2011: £912).
- Bingo gross profit 3% ahead of the prior year driven by growth in spend per head of 3% and a strong machines performance.
- Casino gross profit 7% ahead year on year driven by an improved gaming win margin of 16.9% (2011: 15.5%).
- Remote gross profit 4% ahead of last year, with active customers 39% up for Gala Interactive and 9% up for Coral Interactive
- Italy gross profit 12% ahead of the prior year driven by growth in online sports betting and Abruzzo online gaming.

Following the end of the quarter, on 12 May, the Group announced the proposed disposal of Gala Casinos Limited to The Rank Group Plc for £205 million. The disposal is expected to complete in September 2012, and more details of the proposed disposal can be found in the press release, dated 12 May, on the Gala Coral Group website (www.galacoral.co.uk).

Carl Leaver, Chief Executive of Gala Coral Group, commented:

“This quarter has seen another solid performance by the Group. The trading environment for leisure and retail businesses remains difficult, but within this context all of our businesses have delivered gross profit growth in the quarter, with growth over the first half standing at 5%. Following the end of the quarter we announced the proposed sale of our Casino division to Rank in a deal that will deliver excellent value for our shareholders and debt investors. This last month has also seen the launch of the first of our new websites, galacasino.com, with positive early results.”

CURRENT TRADING

<u>KPIs</u> ^{1}	<u>Q2 YTD</u>	<u>6 weeks to 19 May 2012</u> ^{2}	<u>Cumulative</u>
CORAL			
OTC amounts staked	3%	2%	3%
OTC gross win margin	17.2%	17.6%	17.3%
Gross win/machine/week	4%	6%	4%
BINGO			
Admissions/week	-	(3%)	(1%)
Spend per head	4%	5%	4%
CASINO			
Admissions/week	(7%)	(4%)	(6%)
Drop per head	11%	8%	11%
Cash Drop	3%	5%	4%
REMOTE			
Actives/day – Gala Interactive	39%	40%	40%
Actives/day – Coral Interactive	15%	53%	30%
Sports gross win margin - Coral	5.8%	7.2%	6.0%
ITALY			
Sports betting amounts staked	4%	31%	8%
Online gaming amounts staked	16%	45%	21%
Total sports betting gross win margin	22.4%	14.7%	20.5%

{1} All figures quoted are calculated on a **like-for-like** basis and represent year on year growth percentages, with the exception of sports betting gross win margins which are quoted as absolute percentages

{2} These statistics are for the 6 week period from 8 April 2012 to 19 May 2012

Commentary on the 6 weeks to 19 May

Coral has had a reasonable start to the third quarter, with the timing of the Grand National benefiting the year on year comparison for this six week period (the Aintree Festival took place in Q2 last year). Amounts staked on the Aintree Festival were ahead of the prior year, with a favourable result in the main race contributing to a strong gross win margin achieved for the festival as a whole. Machines has started the third quarter satisfactorily, with amounts staked 4% ahead of the prior year and a continued strong gross win margin, although there has been a softening in stakes over the most recent weeks.

In Gala Bingo the reduction in the level of free bingo has continued to result in lower admissions on a year on year basis. This is benefiting spend per head due to the improvement in the customer mix, with spend also benefiting from the product improvements implemented in the year. However, the recent hot weather has had a negative impact on admissions.

In Gala Casino the lower year on year admissions offset by increased drop per head reflect the change in strategy implemented in the second half of FY11, delivering growth in like for like cash drop of 5%. The business delivered a solid 17.0% gaming win margin over the period.

Gala Interactive continues to drive actives customer levels, with an increase in actives over the six week period of 40% compared to the prior year, delivering year on year gross win growth of 9%. In Coral Interactive customer levels have increased by 53%. Year on year gross win is 134% ahead, supported by the decent sports betting margin and growth in gaming.

Eurobet's amounts staked have shown excellent growth across both LBOs and online in the run up to what has been an exciting end to the football season across Europe, with combined growth in stakes across both channels of 35%. Results in the final week of the season, however, were particularly poor, with all the top teams winning and the business making a gross loss for the week. This is the key driver behind the weaker gross win margin delivered compared to last year. Year to date sports betting gross win margins across both LBOs and online remain comfortably ahead of the prior year.

SECOND QUARTER BUSINESS AND FINANCIAL REVIEW

Group performance

Key financials

Twelve weeks ended 7 April 2012

	Quarter 2			Year to date	
	Total results ^{1}			Total results	
	FY12	FY11	Change	FY12	FY11
	£'m	£'m	%	£'m	£'m
Turnover ^{2}	284.4	277.2	3%	637.2	616.2
Statutory gross profit ^{3}	220.6	212.2	4%	492.1	468.9
EBITDA ^{4}	71.8	71.5	-	150.2	149.7

{1} Total results include all revenue and expenses for the group for the 12 weeks ended 7 April 2012

{2} Definitions of turnover differ by business. For definitions see individual business sections

{3} Differs to divisional gross profit due to adjustments for free bets, certain machines costs and vending machines income. See reconciliation on page 9

{4} Pre-exceptional items

Group turnover increased by 3% to £284.4 million, with gross profit growth of 4% to £220.6 million. All businesses delivered divisional gross profit growth in the second quarter.

Group EBITDA of £71.8 million was £0.3 million ahead of the prior year, resulting in year to date EBITDA of £150.2 million, £0.5 million head of FY11. The main factors impacting reported EBITDA were as follows:

	Quarter 2	Year to date
	£'m	£'m
FY11 EBITDA	71.5	149.7
Estate development	1.6	4.1
VAT	-	(3.0)
Weather	(2.2)	5.3
Grand National timing	(1.4)	(1.4)
Underlying gross profit	12.1	18.6
Costs	(8.2)	(19.3)
Bonus provision	<u>(1.6)</u>	<u>(3.8)</u>
FY12 EBITDA	71.8	150.2

Estate development represents the net growth in the number of properties year on year, notably the acquisition and establishment of new LBO's by Coral, the purchase of 2 Bingo clubs at the end of FY11 plus an additional club at Bradford in FY12, and the closure of our Casinos at Northampton Sol and Wolverhampton at the end of the last financial year.

The unusual weather conditions throughout the second quarter, including the snow in February, are estimated to have reduced year on year EBITDA by £2.2 million; £1.5 million in Coral and £0.7 million in Bingo. The year to date impact of weather, given the mild Q1, is estimated to be a £5.3 million upside year on year. The £1.4 million adverse impact of the Grand National is a reflection of the timing of this year's festival which was run during Q2 in FY11, but in the first week of Q3 in FY12.

As noted above all businesses have experienced growth in divisional gross profit in the second quarter, although increased costs of £9.8 million year on year are restricting the impact of this growth on EBITDA. These cost increases include a £1.6 million bonus provision in the quarter for the trading divisions and the Group achieving their respective annual EBITDA targets, which is included in central costs.

In addition to the items above the change in the rate of VAT introduced in January 2011 adversely impacted Q1 EBITDA by £3.0 million. The impact of this change has now annualised.

Segmental reporting

	Coral	Bingo	Casino	Remote	Italy	Central/ Divisional	Total
Gross profit (£m)							
Q2 FY12	122.1	51.7	27.3	17.1	7.7	-	225.9
Q2 FY11	115.1	50.3	25.5	16.4	6.9	-	214.2
Change (%)	6%	3%	7%	4%	12%	-	5%
EBITDA (£m)							
Q2 FY12	48.1	18.1	6.1	7.1	4.6	(12.2)	71.8
Q2 FY11	47.4	18.4	5.4	6.7	4.2	(10.6)	71.5
Change (%)	1%	(2%)	13%	4%	10%	(15%)	-

CORAL

	12 weeks ended 7 April 2012	12 weeks ended 9 April 2011	Year on Year variance
KPI's ^{1}			
<i>OTC</i>			
Amounts staked (£m)	412.1	431.0	(4%)
Gross win margin (%)	19.3%	17.4%	1.9pp
Average number of LBO's	1,717	1,643	5%
<i>Machines</i>			
Average number of machines	6,864	6,555	5%
Gross win/machine/week (£)	926	912	2%
P&L			
OTC amount staked	412.1	431.0	(4%)
Machines amount staked	<u>2,199.6</u>	<u>2,169.9</u>	<u>1%</u>
Total stakes	2,611.7	2,600.9	-
OTC gross win	79.7	75.1	6%
Machines gross win	<u>76.3</u>	<u>71.8</u>	<u>6%</u>
Total gross win	156.0	146.9	6%
<i>Turnover</i> ^{2}	146.5	138.8	6%
Gross profit	122.1	115.1	6%
Operating costs	<u>(74.0)</u>	<u>(67.7)</u>	<u>(9%)</u>
EBITDA ^{3}	48.1	47.4	2%

{1} All KPI and P&L balances reflect total division figures i.e. non like-for-like

{2} Turnover is defined as gross win minus free bets and VAT

{3} EBITDA is stated pre-exceptional items and excludes rental income of £0.5m which for statutory purposes is classed as 'Other Operating Income' in the accounts

Turnover in the quarter increased by 6% to £146.5 million with strong underlying growth in both OTC and machines. This increase is despite the timing of the Grand National, which took place in the second quarter of last year but at the start of the third quarter in the current financial year.

OTC amounts staked were 4% below the prior year, driven predominantly by race cancellations in February and the timing of the Grand National (the Aintree festival accounted for £16.8 million of stakes in FY11). This shortfall in stakes was more than offset by a strong OTC gross win margin of 19.3%, 190bps ahead of the prior year, resulting in gross win 6% ahead of the prior year at £79.7 million.

Machines amounts staked were 1% ahead year on year, with gross win 6% ahead due to an improved gross win margin. Gross win per machine per week grew by 2% to £926 (3% growth on a like for like basis to £941).

Operating costs, before depreciation and amortisation, were £6.3 million (9%) higher in 2012 as a result of increased payroll, property and content costs due to estate growth, increased opening hours and contractual and inflationary cost increases.

EBITDA (pre-exceptionals) of £48.1 million was £0.7 million ahead of the prior year, leaving EBITDA (pre-exceptionals) for the year to date of £100.2 million, £1.9 million behind.

GALA BINGO

	12 weeks ended 7 April 2012	12 weeks ended 9 April 2011	Year on Year variance
<u>KPI's</u> ^{1}			
Admissions ('000)	4,543	4,672	(3%)
Spend per head (£)	32.41	31.33	3%
EBITDA/club/week (£'000)	12.0	12.9	(7%)
<u>P&L</u>			
Net income ^{2}	72.1	74.3	(3%)
<i>Turnover</i>	72.1	74.3	(3%)
Total gross profit	51.7	50.3	3%
Operating costs	<u>(33.6)</u>	<u>(31.9)</u>	<u>(5%)</u>
EBITDA ^{3}	18.1	18.4	(2%)

{1} All KPI and P&L balances reflect total division figures i.e. non like-for-like

{2} Turnover is defined as net income

{3} EBITDA is stated pre-exceptional items and excludes rental income of £0.1m which for statutory purposes is classed as 'Other Operating Income' in the accounts

Turnover for the quarter was 3% below that of the prior year at £72.1 million. This decrease includes the impact of the change in the prize mix in interval bingo which has reduced second quarter turnover (on a comparable basis to the prior year) by approximately £3.2 million. This change in prize mix results in lower income but also results in a corresponding reduction in cost of sales, and does not therefore adversely impact gross profit. Adjusting for this, turnover was 1% ahead of the prior year. This change in prize mix took place from the end of the second quarter in 2011 and will have therefore annualised by the third quarter.

Admissions were 3% lower year on year, primarily as a result of the reduction in free bingo across some of the estate. Spend per head improved by 3% (4% on a like-for-like basis), driven primarily by increased spend on interval bingo (Party Xtra) and machines. This is as a result of investment in automated game and caller technology in interval bingo and the roll out of new machines area formats plus the introduction of server based gaming machines across a large proportion of the estate. Product margins remained strong throughout the period.

Total gross profit increased by £1.4 million (3%) year on year.

Operating costs, before depreciation and amortisation, were £1.7 million (5%) higher than the prior year as a result of investment in customer service and increases in property and utility costs. The prior year also benefited from £0.9 million of one-off cost benefits associated with positive rent reviews and rates rebates which reduced overall costs in the quarter last year.

EBITDA (pre-exceptionals) of £18.1 million was £0.3 million lower than the prior year. Year to date EBITDA (pre-exceptionals) of £38.2 million is £4.4 million ahead of FY11.

GALA CASINO

	12 weeks ended 7 April 2012	12 weeks ended 9 April 2011	Year on Year variance
<u>KPI's</u> ^{1}			
Admissions ('000)	752	860	(13%)
Drop per head (£)	180.01	161.53	11%
Cash Drop (£'m)	135.6	139.0	(2%)
Gaming gross win margin (%)	16.9%	15.5%	1.4pp
<u>P&L</u>			
Net income	33.3	31.8	5%
<i>Turnover</i> ^{2}	31.8	30.7	4%
Total gross profit	27.3	25.5	7%
Operating costs	<u>(21.2)</u>	<u>(20.1)</u>	<u>(5%)</u>
EBITDA ^{3}	6.1	5.4	13%

{1} All KPI and P&L balances reflect total division figures i.e. non like-for-like

{2} Turnover is defined as net income less costs of complimentary offerings to customers and the cost of loyalty scheme points issued

Turnover for the quarter increased by 4% to £31.8 million, driven primarily by improvements in gaming income.

The division continues to drive its strategy, implemented in the second half of FY11, to focus on higher value players. This has led to a year on year reduction in admissions for the quarter of 13% (9% on a like-for-like basis), and an improvement in gaming drop per head of 11%, to result in cash drop 2% lower than the prior year (in-line on a like for like basis). The gaming gross win margin of 16.9% in the second quarter was 140bps ahead of the high roller impacted prior year. This strong margin more than offset the decline in cash drop, resulting in gaming gross win 7% ahead of the prior year.

Gross profit has increased by 7% year on year with gaming delivering the majority of the upside.

Operating costs, before depreciation and amortisation, have increased by £1.1 million (5%) as a result of higher payroll, promotions, property and utility costs.

EBITDA (pre-exceptionals) of £6.1 million was 13% ahead of the prior year, with year to date EBITDA (pre-exceptionals) 9% ahead of FY11 at £14.3 million.

REMOTE/INTERACTIVE

	12 weeks ended 7 April 2012	12 weeks ended 9 April 2011	Year on Year variance
KPI's			
Actives – Gala ('000) ^{1}	121.3	87.2	39%
Gross win/day – Gala (£'000)	145.7	149.6	(3%)
Actives – Coral ('000) ^{1}	115.7	106.5	9%
Gross win/day – Coral (£'000)	84.5	70.2	20%
Sportsbook gross win margin (%)	4.7%	6.9%	(2.2pp)
P&L			
Amounts staked – Gala	212.5	211.6	-
Amounts staked – Coral	<u>182.9</u>	<u>126.1</u>	<u>45%</u>
Total amounts staked	395.4	337.7	17%
Gross win – Gala	12.2	11.9	3%
Gross win – Coral	<u>7.1</u>	<u>5.9</u>	<u>20%</u>
Total gross win	19.3	17.8	8%
<i>Turnover – Gala</i> ^{2}			
	10.5	11.1	(5%)
	<u>5.1</u>	<u>5.3</u>	<u>(4%)</u>
<i>Turnover – Coral</i>			
	15.6	16.4	(5%)
Gross profit – Gala	11.3	11.6	(3%)
Gross profit – Coral	<u>5.8</u>	<u>4.8</u>	<u>21%</u>
Total gross profit	17.1	16.4	4%
Operating costs	<u>(10.0)</u>	<u>(9.6)</u>	<u>(4%)</u>
EBITDA ^{3}	7.1	6.8	4%

{1} Remote - Gala Interactive consists of the galabingo.com and galacasino.co.uk websites. Remote - Coral Interactive consists of the coral.co.uk website and the telephone betting operation (Telebet). In FY11 this also included eurobet.com, which was closed in Q4 FY11

{2} Turnover is defined as gross win minus free bets

{3} EBITDA is stated pre-exceptional items

Turnover for the quarter was 5% below that of the prior year at £15.6 million. Total amounts staked were 17% ahead year on year, with gross win 8% ahead. This was offset, however, by higher bonus costs associated with driving the significant increase in actives customers across all brands.

Remote - Gala Interactive has shown strong growth in active customer levels. Combined galabingo.com and galacasinos.co.uk active customers increased by 39% over the prior year, following an improved marketing focus around retention and reactivation of customers, a strong new games pipeline, attractive jackpots on key new games and the impact of a regional TV campaign. Average spend per customer was significantly below that of the prior year, however, due to an increase in lower value reactivated customers within the mix. Amounts staked were marginally ahead of prior year levels, with gross win £0.3 million (3%) ahead.

Remote - Coral Interactive has performed well on a like-for-like basis over the quarter, with active customer levels 9% ahead on coral.co.uk. This is a particularly strong performance given the fact that the prior year actives number included those betting on the Grand National, whilst the actives number for 2012 does not due to the timing of the Aintree Festival this year. Sports staking levels on coral.co.uk were 13% ahead of the prior year, with gaming amounts staked 35% ahead. Telephone betting (Telebet) stakes increased by 119%, primarily as a result of VIP activity, to result in total stakes growth of 45% across all the Coral online and telephone betting operations. The combined sports gross win margin of 4.7% was 220bps behind the prior year. Overall this resulted in gross win £1.2 million ahead year on year. The results for the prior year also include the performance of eurobet.com which was closed in the fourth quarter of the last financial year. Eurobet.com delivered stakes of £23.0 million, gross win of £0.6 million, gross profit of £0.1 million and an EBITDA loss of £0.5 million during the second quarter of the prior year.

Operating costs, before depreciation and amortisation were £0.4 million higher than the prior year as a result of increased marketing spend. EBITDA (pre-exceptionals) was £0.3 million (4%) ahead of the prior year.

EBITDA (pre-exceptionals) for the year to date of £17.3 million was £0.7 million behind FY11.

ITALY

	12 weeks ended 7 April 2012	12 weeks ended 9 April 2011	Year on Year variance
<u>KPI's</u>			
LBO sports stakes	39.1	36.7	7%
Online sports stakes	18.3	15.2	20%
LBO sports gross win margin (%)	26.2%	28.2%	(2.0pp)
Online sports gross win margin (%)	<u>16.0%</u>	<u>17.8%</u>	<u>(1.8pp)</u>
Total sports gross win margin (%)	23.0%	25.2%	(2.2pp)
<u>P&L</u>			
LBO sports stakes	39.1	36.7	7%
Online sports stakes	18.3	15.2	20%
Other stakes	<u>150.7</u>	<u>35.9</u>	<u>320%</u>
Total amounts staked	208.1	87.8	137%
LBO sports gross win	10.2	10.3	(1%)
Online sports gross win	2.9	2.7	7%
Other gross win	<u>5.3</u>	<u>4.0</u>	<u>33%</u>
Total gross win^{1}	18.4	17.0	8%
<i>Turnover</i>	18.4	17.0	8%
Total gross profit	7.7	6.9	12%
Operating costs	<u>(3.1)</u>	<u>(2.7)</u>	<u>(15%)</u>
EBITDA^{2}	4.6	4.2	10%

{1} Turnover is defined as gross win

{2} EBITDA is stated pre-exceptional items

Turnover increased by 8% to £18.4 million. This growth in turnover has been driven primarily by the enhancement of the online gaming offering which was introduced in the fourth quarter of the last financial year ('Abruzzo' games).

Sports betting amounts staked in Licensed Betting Offices (LBOs) increased by 7%. The sports betting gross win margin achieved was solid at 26.2%, but this was 200bps behind what was a particularly strong margin in the second quarter of the prior year to result in gross win that was 1% below that of the prior year. Online sports betting continues to show strong market share and stakes growth, with amounts staked 20% ahead of the prior year. Similar to LBO sports, the online margin of 16.0% was good, but was 180bps lower than the prior year, delivering gross win 7% ahead year on year.

Other gross win grew by £1.3 million (33%), primarily due to £1.2 million of gross win from Abruzzo games. We continue to take a reasonable market share of the new games, but the overall growth in the market has been disappointing. The approval of online slots content, which it is believed will significantly grow the size of the overall online gaming market, is still pending.

Operating costs, before depreciation and amortisation were £0.4 million higher than the prior year as a result of additional payroll and marketing costs associated with the Abruzzo games.

EBITDA (pre-exceptionals) was £4.6 million for the quarter, £0.4 million (10%) ahead of the prior year. Year to date EBITDA (pre-exceptionals) of £9.5 million is £4.1 million (76%) ahead of the prior year.

GROUP ADMINISTRATIVE COSTS

Central and divisionalised overhead costs (before depreciation and amortisation) were £1.6 million higher than in FY11 at £12.9 million. This includes a £1.6 million central bonus provision (FY11, £nil).

EXCEPTIONAL ITEMS

Exceptional items in the quarter amounted to a charge of £3.4 million (FY11: £0.1 million income). The primary drivers of these costs were the expenses associated with the re-platforming of our online websites and costs associated with the proposed disposal of our Casino business. Year to date exceptional charges amount to £11.6 million (FY11: £3.8 million).

	Q1 FY12 (£m)	Q2 FY12 (£m)	YTD FY12 (£m)
<i>Exceptional profit and loss charge</i>			
Onerous leases	2.4	0.2	2.6
Remote re-platforming	4.2	1.2	5.4
Casino disposal	0.1	1.8	1.9
Other restructuring and impairment	<u>1.5</u>	<u>0.2</u>	<u>1.7</u>
	8.2	3.4	11.6
<i>Exceptional cash flows</i>			
Onerous leases	(6.2)	(0.9)	(7.1)
Remote re-platforming	(1.1)	(1.0)	(2.1)
Casino disposal	(0.1)	(0.5)	(0.6)
Other restructuring and impairment	<u>(6.4)</u>	<u>(0.3)</u>	<u>(6.7)</u>
	(13.8)	(2.7)	(16.5)
<i>Movement in working capital relating to exceptional items*</i>	(5.6)	0.7	(4.9)

*Negative figure denotes cash outflow

FINANCING

The Group's funding and liquidity position is currently ahead of internal forecasts. Net debt for covenant purposes was £1,313.6 million (net of issue costs) versus £1,323.0 million as at 24 September 2011, with the reduction driven principally by a reduction in the cash collateralisation on letters of credit.

Total net debt of £2,196.3 million (24 September 2011: £2,149.0 million) has increased since the year end due to the rolling up of non-cash interest on subordinated loans from the ultimate parent company.

Cash at bank and in hand of £140.1 million includes unrestricted cash balances for covenant purposes of £92.5 million.

OPERATING PROFIT

£m	Q2 FY12 (£m)	Q2 FY11 (£m)
Q2 divisional gross profit	225.9	214.2
Less free bets	(5.6)	(3.0)
Less machine costs	(0.3)	0.5
Plus vending machine gross profit	<u>0.6</u>	<u>0.5</u>
Q2 statutory gross profit	220.6	212.2
Q1 statutory gross profit	<u>271.5</u>	<u>256.7</u>
Q2 year to date gross profit	492.1	468.9
Q2 divisional EBITDA	84.0	82.1
Group administrative costs (excl. depreciation and amortisation)	(12.9)	(11.3)
Other operating income	0.7	0.7
Depreciation and amortisation (excluding impairment charges)	(20.9)	(23.1)
Exceptional items	<u>(3.4)</u>	<u>0.1</u>
Q2 statutory operating profit	47.5	48.5
Q1 statutory operating profit	<u>44.1</u>	<u>43.5</u>
Q2 year to date operating profit	91.6	92.0

Gala Coral Group Limited

Group Profit and Loss Account

	Notes	Unaudited twenty eight weeks to 7 April 2012 £m	Unaudited twenty eight weeks to 9 April 2011 £m	Audited year ended 24 September 2011 £m
Turnover	2	637.2	616.2	1,117.0
Cost of sales		(145.1)	(147.3)	(262.3)
Gross profit		492.1	468.9	854.7
Administrative expenses		(402.5)	(378.6)	(1,277.7)
Operating profit/(loss) before other operating income		89.6	90.3	(423.0)
Operating profit before other operating income, analysed as:				
Before exceptional items		101.2	94.1	156.9
Exceptional items	3	(11.6)	(3.8)	(579.9)
Operating profit/(loss) before other operating income		89.6	90.3	(423.0)
Other operating income		2.0	1.7	3.2
Operating profit/(loss)	2	91.6	92.0	(419.8)
(Loss)/profit on disposal of fixed assets	3	(0.3)	15.6	21.9
Profit/(loss) before interest and tax		91.3	107.6	(397.9)
Interest receivable and similar income	4	0.2	3.9	4.3
Interest payable and similar charges	4	(120.4)	(107.0)	(226.2)
Other finance costs		(3.0)	(2.3)	(5.9)
(Loss)/profit on ordinary activities before tax		(31.9)	2.2	(625.7)
Tax charge on (loss)/profit on ordinary activities	5	(4.1)	(21.1)	(17.7)
Loss for the financial period		(36.0)	(18.9)	(643.4)

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Forward Looking Statements

This press release may include forward looking statements. All statements other than statements of historical facts included in this release, including those regarding Gala Coral's financial position, business and acquisition strategy, plans and objectives of management for future operations are forward looking statements. Such forward looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of Gala Coral, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward looking statements.

The words "believe," "anticipate," "expect," "predict," "intend," "estimate," "plan," "aim," "assume," "forecast," "project," "will," "may," "should," "risk," "probable" and similar expressions, which are predictions or indications of future events and future trends, which do not relate to historical matters, identify forward-looking statements. All statements other than statements of historical facts included in this release including, without limitation, in relation to the Group's investment performance, results of operations, financial position, liquidity, prospects, growth potential, strategies and information about the macro-economic, industry and regulatory environment in which the Group operates are forward-looking. Readers of this release should not rely on forward-looking statements because, by their nature, such forward-looking statements involve known and unknown risks and uncertainties that could cause the Group's actual results, performance or achievements and the development of the industry in which it operates to be materially different from those expressed in, or suggested by, the forward-looking statements contained in this release.

These forward-looking statements are made as of the date of this release and are not intended to give any assurance as to future results. Neither the Group nor any of the Group's Directors or other officers undertake any obligation, except as required by law or by any appropriate regulatory authority, to release publicly any revisions or updates to these forward-looking statements to reflect events that occur, circumstances that arise or new information of which they become aware after the date of this release.

Notice

The accounts for the 28 weeks ended 7 April 2012 have been prepared at the level of Gala Coral Group Limited. From a profit and loss account perspective, the difference between accounts consolidated at Gala Coral Group Limited and those at Gala Electric Casinos plc is an immaterial amount of group interest payable. The differences between balance sheets consolidated at Gala Coral Group Limited and Gala Electric Casinos plc are an immaterial difference in net assets relating to the amount due in respect of subordinated group debt and immaterial classification differences in capital and reserves.