Condensed Consolidated Interim Financial Information (unaudited)

Gala Coral Group Limited
Twenty eight week period ended 11 April 2015

Registered Number: 07254686

Gala Coral Group Limited
Forward Looking Statements

This report may include forward looking statements. All statements other than statements of historical facts included in this report, 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 report 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 report 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 report.

These forward looking statements are made as of the date of this report 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 report 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 report.

Gala Coral Group Limited
Use of Non-GAAP Financial Measures

The Group uses the EBITDA based financial measure of EBITDA before exceptional items in this report. The Group defines EBITDA before exceptional items as financial result for the period before income tax expense, net finance costs depreciation and amortisation and exceptional items (including profit/(loss) on disposal of fixed assets). For a discussion of exceptional items, see "Note 4: Exceptional Items" herein. The Group utilises EBITDA before exceptional items for the Group and for all of its divisions.

This EBITDA based measure is a non-U.K. GAAP measure. The Group uses EBITDA based measures as internal measures of performance to benchmark and compare performance, both between its own operations and as against other companies. EBITDA based measures are measures used by the Group, together with measures of performance under U.K. GAAP, to compare the relative performance of operations in planning, budgeting and reviewing the performances of various businesses. The Group believes EBITDA based measures are useful and commonly used measures of financial performance in addition to operating profit and other profitability measures under U.K. GAAP because they facilitate operating performance comparisons from period to period and company to company. By eliminating potential differences in results of operations between periods or companies caused by factors such as depreciation and amortisation methods, financing and capital structures, taxation positions or regimes and exceptional items, the Group believes EBITDA based measures can provide a useful additional basis for comparing the current performance of the underlying operations being evaluated. For these reasons, the Group believes EBITDA based measures and similar measures are regularly used by the investment community as a means of comparison of companies in the Group's industry. Different companies and analysts may calculate EBITDA based measures differently, so making comparisons among companies on this basis should be done very carefully. EBITDA based measures are not measures of performance under U.K. GAAP and should not be considered in isolation or construed as substitutes for operating profit or net profit as an indicator of the Group's operations in accordance with U.K. GAAP.

In addition to this EBITDA based measure, the Group has included other non-U.K. GAAP financial measures in this report, some of which the Group refers to as "key performance indicators". The Group believes that it is useful to include these non-U.K. GAAP measures as they are used by the Group for internal performance analysis and the presentation by its business divisions of these measures facilitates comparability with other companies in the Group's industry, although the Group's measures may not be comparable with similar measurements presented by other companies. These other non-U.K. GAAP measures should not be considered in isolation or construed as a substitute for U.K. GAAP measures in accordance with U.K. GAAP.

NOTICE

These interim accounts have been prepared at the level of Gala Coral Group Limited.

As permitted by the bond indentures, the Group is allowed to prepare interim accounts at the level of either Gala Coral Group Limited or Gala Electric Casinos plc. In order to harmonise external reporting where possible for the Group, Gala Coral Group Limited is the preferred reporting entity.

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. From a balance sheet perspective there is a small difference in net assets relating to the amount due in respect of subordinated group debt (the GCGL loan notes) and there are some classification differences in capital and reserves.

FINANCIAL HIGHLIGHTS

- Total Group EBITDA (pre-exceptional items){1} £12.2 million or 10% ahead of last year
- After adjusting for regulatory impacts{2} and exceptionally poor football margins in Italy, EBITDA (pre-exceptional items) was £22.8m or 19% ahead
- Online EBITDA (pre-exceptional items) 12% ahead (72% ahead adjusting for Point of Consumption tax{2}) with total Online sports stakes 84% ahead and gaming stakes 33% ahead
- Coral Retail EBITDA (pre-exceptional items) 1% ahead of last year
- 567k first time depositors, up 28% on last year, with Coral Connect sign-ups now over 210 thousand
- Eurobet Retail sports stakes 21% ahead, offset by very weak sports margins
- Gala Retail EBITDA (pre-exceptional items) 64% ahead, driven by a 3% increase in spend-per-head, lower bingo duty and rent reductions on the properties previously owned by Propco

{1} Results include all revenue and expenses for the continuing Opco Group and exclude the Casinos disposed of in FY14
{2} FY14 rebased for the estimated impact of Point of Consumption Tax, the increase in rate of MGD to 25%, DCMS FOBT higher staking restrictions and the reduction in Bingo Duty, calculated as if all changes had been in existence for the corresponding periods in FY14

OVERVIEW OF THE PERIOD BY DIVISION

Coral Retail

Coral Retail EBITDA (pre-exceptional items) of £78.5 million was £0.4 million or 1% ahead of last year. Underlying EBITDA (pre-exceptional items) was £2.6 million ahead after adjusting FY14{1} for the impact of regulation (MGD/high stakes restrictions £2.2 million).

Total OTC stakes were 4% behind last year with around half of the fall due to a large staking individual in the prior year. Gross win margin was 0.2pp behind, tracking marginally behind last year across all major products and resulting in OTC net revenue £9.3 million or 6% behind. Both Cheltenham and Grand National margins were behind the excellent levels achieved in FY14.

Machines net revenue was £10.5 million or 5% ahead of last year. An increase in the range and quality of B3 content, in particular in-house developed exclusive games, helped drive gross win per-machine-per-week £38 or 4% ahead of last year.

Operating costs were £2.5 million or 1% lower than last year primarily due the annualisation of payroll savings resulting from operational improvements implemented in FY14.

The total number of LBOs at the end of H1 was 1,845, an increase of 11 shops since the end of FY14, with 24 shops opening and 13 closing.

{1} FY14 rebased for the estimated impact of the increase in rate of MGD to 25% and the DCMS FOBT higher staking restrictions as if the changes had been in existence for the corresponding period in FY14

Eurobet Retail

Eurobet Retail EBITDA (pre-exceptional items) of £6.9 million was £2.4 million or 26% behind last year following a run of exceptionally adverse football results throughout the 2014/15 Italian football season. Excluding the impact of the poor football margins, EBITDA (pre-exceptional items) was £2.8 million or 24% ahead of last year, driven by Virtual betting and stronger than expected horse racing and football stakes.

Sports stakes were £29.8 million or 21% ahead of last year primarily due to the increased estate size (licences trading at the end of H1 2015: 826, 2014: 764) and an increased range of retail Bet-in-Play events. The adverse football results led to a gross win margin of 14.8%, 6.6pp behind last year, with sports net revenue accordingly £4.8 million or 16% behind. Excluding the impact of the poor football margins, sports net revenue was £3.1 million or 10% ahead of last year. Retail sports betting market share has increased 2.0pp since the end of FY14 to 14.4%.

OVERVIEW OF THE QUARTER BY DIVISION (continued)

Eurobet Retail (continued)

Virtual betting stakes of £82.6 million were £45.1 million or 121% higher than last year, with margin 0.4pp behind, leaving net revenue £7.5 million or 116% ahead at £14.0 million. Virtual market share continued to grow, up by 0.7pp to 17.7% since the end of FY14, although the market has plateaued with stakes now running marginally behind following the annualisation of the launch.

Operating costs were £1.2 million or 26% higher than last year, reflecting the increase in back-office and marketing costs associated with supporting the larger estate.

Online

Online EBITDA (pre-exceptional items) of £23.9 million was £2.5 million or 12% ahead of last year but 94% ahead after adjusting FY14 for the impact of Point of Consumption tax (£7.5 million)[1] and FY15 for the impact of poor Italian football margins (£3.1 million).

Coral.co.uk

Coral.co.uk net revenue increased by 66% and actives by 44% with high levels of acquisition across all channels. Spend-per-head improvements (+20%) were driven by an extended product range, a maturing customer base and higher spending multichannel actives.

Coral.co.uk now has the second largest range of streamed events, with Bet-in-Play being offered on 35 different sports. Bet-in-Play stakes now represent over half of sports stakes (excluding horseracing) (2014: 41%). The improved product offering, faster mobile download times and the launch of other features such as cash-out-my-bet, have ensured that Coral mobile now benchmarks more favourably against competitors. At the end of H1 mobile stakes represented 71% of Coral.co.uk sports stakes (growing 141%) and 63% of gaming stakes (growing 107%).

Sport actives were 48% ahead of last year and sports stakes were 91% ahead. Sport gross win margin was 1.3pp behind last year at 5.4% primarily due to weaker football margins and the impact of enhanced pricing offers, resulting in sports net revenue £5.7 million or 55% ahead at £16.1 million

Gaming actives were 42% ahead and gaming stakes were 68% ahead. During the period 106 new games were launched, of which 8 were exclusive, helping drive an increase in gaming net revenue of £16.3 million or 72% to £38.9 million.

Galabingo.com

Galabingo.com net revenue of £40.9 million was £9.4 million or 30% ahead of last year representing market leading growth. The "Play Happy" TV campaign, launched in November, helped deliver record levels of acquisition and reactivation. Improvements to CRM, including an expanded VIP programme and more detailed customer segmentation has driven a 30% increase in spend-per-head, and an improvement in churn levels (down 9.9pp compared to last year). The continued focus on mobile acquisition and delivering more mobile content contributed to an increase in mobile stakes of 114%, with mobile now accounting for 49% of Galabingo.com stakes

Galacasino.com

Galacasino.com actives were marginally ahead of last year; however stakes were 14% behind due to a reduced level of VIP activity. Gross win margin was 0.3pp ahead of last year leaving net revenue £0.6 million or 9% ahead at £7.2 million.

Eurobet.it

A successful cross-channel marketing campaign, including major television airtime, combined with multichannel customer acquisition, helped establish Eurobet.it as the number 2 operator in the Italian online market, overtaking a number of online-only competitors. Eurobet is second only to Bet365 which "legalised" its operations in October 2014, immediately increasing the size of the regulated Italian online sports betting market by approximately 40%. Eurobet.it's current market share of 10% equates to approximately 14% of the market ex-Bet365, representing growth of 4pp since the start of the financial year.

OVERVIEW OF THE QUARTER BY DIVISION (continued)

Online (continued)

Sports stakes were 59% ahead of last year. However adverse football results helped drive gross win margin 4.1pp behind last year at 10.1%, and net revenue only £0.1 million or 1% ahead at £8.4 million. After adjusting for the poor football margins, sports net revenue was £4.7 million or 58% ahead. Gaming stakes were 5% behind last year due to a continuing decline in poker stakes in line with market trends. Offsetting this, a 0.4pp increase in margin and a 25% reduction in customer bonus levels resulted in gaming net revenue £1.3 million or 13% ahead at £11.3 million.

Operating costs

Total Online operating costs (excluding marketing) of £28.2 million were £7.1 million or 34% higher than last year as a result of increased headcount (primarily customer service) and volume related finance charges to support the growing business. Marketing costs of £32.2 million were £7.0 million or 28% higher than last year.

During the first quarter we successfully merged the back-office functions of Coral.co.uk and the Gala websites, positioning the combined business under one management structure. This has proved beneficial at all levels, and we are already seeing the benefits of pooling resource, experience and knowledge. At the same time we took the opportunity to ensure that closer working relationships are forged with Coral Retail, helping ensure multichannel remains a key driver of growth.

(1) FY14 rebased for the estimated impact implementation of Point of Consumption tax as if the new tax regime had been in existence for the corresponding period in FY14. £7.5 million of the £7.8 million impact is recognised in Online and £0.3 million in Telebet

Gala Retail

Gala Retail EBITDA (pre-exceptional items) of £26.2 million was £10.2 million or 64% ahead of the last year significantly aided by the reduction in bingo duty to 10% (£7.7 million).

Admissions were 5% lower than last year reflecting the annualisation of the impact of the Price Smash initiative in FY14. Spend-per-head was up 3% following a focus on attracting and retaining more valuable customers. Gross profit of £116.8 million was £8.0 million or 7% ahead of last year mainly due to the impact of the reduction in bingo duty.

Operating costs were marginally higher than last year, while rental cost savings were achieved through the renegotiation of Propco property rents at the end of Q1. On an annualised basis total rent will be £33.7m (2014: £41.2 million) with ex Propco properties accounting for £15.5 million (2014: £24.5 million) of the total.

OVERVIEW OF THE PERIOD

Group turnover from continuing operations for the period increased by £38.2 million to £696.5 million (2014: £658.3 million). In the prior year the Group generated £4.1 million of turnover from the discontinued casino operations.

Continuing Opco Group EBITDA (pre-exceptional items) for the period was £12.2 million ahead of the prior year. During the prior year the Group also generated £0.2 million of EBITDA (pre-exceptional items) from its disposed casino business. The Group also generated £5.7 million (2014: £15.1 million) of EBITDA in the form of Propco rental income.

A depreciation charge (excluding trading potential write downs on closed bingo clubs) of £37.1 million (2014: £37.1 million) and an amortisation charge of £10.9 million (2014: £10.1 million) were incurred in the period.

There was a profit on disposal of fixed assets in the period of £91.7 million (2014: £0.4 million) following the sale of a number of properties owned by 2005 Propco Three Limited.

Profit before interest and tax was £108.7 million (2014: loss of £35.6 million).

Interest payable has increased from £129.5 million (excluding exceptional interest) in 2014 to £134.0 million in 2015 as a result of the roll-up of interest on the GCGL loan notes offset by savings on external loans following a series of repayments in 2014 and 2015. Key elements of the interest charge include loan and bond interest of £64.0 million (2014: £67.3 million), of which £8.0 million (2014: £11.0 million) relates to the 2005 Propco Three Limited loan. Interest payable also includes non-cash interest on GCGL loan notes of £65.9 million (2014: £57.3 million) and £4.1 million of costs (2014: £4.9 million) associated with the amortisation of debt issue costs and amortisation costs of interest rate cap premia.

In the prior year the Group paid exceptional interest of £6.3 million to the senior lenders following certain amendments to the Senior Facilities Agreement which were agreed on 7 April 2014.

OVERVIEW OF THE PERIOD (continued)

During the period the Group received exceptional interest of £4.0 million (2014: £11.4 million) on VAT refunds from HMRC on 'Conde Nast' claims.

Other finance costs in the period were £0.8 million (2014: £2.3 million) associated with the unwinding of discount on provisions and finance costs in relation to the pension scheme.

The overall result after taxation for the period is a profit of £108.0 million, compared to a loss of £37.6 million in 2014.

Exceptional items

Exceptional items in the period amounted to a £14.4 million charge (2014: £8.9 million).

Included in exceptionals are restructuring costs and VAT rebates amounting to £1.7 million (2014: £7.7 million), costs associated with the change in MGD and DCMS regulation of £2.1 million (2014: £nil) following the closure of a number of LBO's and a non-cash share-based payments charge for the period of £0.7 million (2014: £1.8 million). In addition there was a write down of trading potential and fixed assets amounting to £8.3 million (2014: £6.6 million) on two bingo clubs which closed during the period. Exceptionals also include a non-cash onerous lease net charge of £1.6 million (2014: net credit of £7.2 million).

Profit on sale of subsidiaries

In December 2013 the Group sold its remaining 4 UK casinos and Gala Casino (Gibraltar) Limited for a combined consideration of £24.7 million (before costs). These disposals resulted in a profit on disposal of £8.0 million.

Cash Generated from Operations

During the period net cash inflow from operations was £137.0 million (2014: £118.8 million). This included exceptional cash payments of £9.8 million (2014: £11.9 million).

Of the cash inflows, £29.8 million (2014: £36.7 million) was reinvested in the Group to fund capital expenditure. In the prior year, the Group also acquired a number of LBOs for £3.9 million.

The Group received £206.7 million (2014: £0.4 million) in net receipts from the sale of properties in 2005 Propco Three Limited, following which the Group repaid £236.5 million of the 2005 Propco Three Limited loan.

In December 2013 the Group sold its remaining 4 UK casinos and Gala Casino (Gibraltar) Limited, a wholly owned subsidiary, for a combined consideration of £24.7 million (£23.0 million net of fees).

During the period £71.2 million of cash was utilised to meet interest and other financing costs (2014: £63.5 million).

Unlevered free cashflow from operations[1] for the period was £105.2 million (2014: £75.5 million).

Total cash inflow for the period was £8.7 million (2014: £42.7 million).

{1} Excludes receipts from the sale of tangible fixed assets and net proceeds on the sale of subsidiaries.

Net Debt and Liquidity

Total net debt of £1,934.9 million (27 September 2014: £2,179.2 million) has decreased since the year end following the sale of all the properties in 2005 Propco Three Limited and subsequent repayment of £236.5 million of the outstanding loan, with the remaining balance of £68.6 million being derecognised in the period. Whilst total net debt has decreased, 'Opco' net debt has increased by £50.2 million due to the roll up of interest on the GCGL loan notes and the amortisation of debt issue costs, partially offset by the cash inflow in the period.

Cash at bank and in hand of £233.3 million includes cash for covenant purposes of £200.3 million.

OVERVIEW OF THE PERIOD (continued)

Net Debt and Liquidity (continued)

	Opco[1] 11 Apr 2015 £m	Opco 27 Sept 2014 £m	Propco 27 Sept 2014 £m	Total 27 Sept 2014 £m
Senior secured credit facilities	(711.9)	(711.9)	(305.1)	(1,017.0)
Senior secured notes	(315.0)	(315.0)	-	(315.0)
Senior notes	(275.0)	(275.0)	-	(275.0)
Cash at bank and in hand	233.3	214.0	10.6	224.6
Gross cash net debt	(1,068.6)	(1,087.9)	(294.5)	(1,382.4)
Issue costs and discount	21.3	24.5	-	24.5
Net debt pre GCGL loan notes	(1,047.3)	(1,063.4)	(294.5)	(1,357.9)
GCGL loan notes (net of issue costs)	(887.6)	(821.3)	-	(821.3)
Group net debt	**(1,934.9)**	**(1,884.7)**	**(294.5)**	**(2,179.2)**

{1} During the period the Propco net debt was derecognised and as a result the total net debt now equals the Opco net debt

PENSIONS

The Group operates the Gala Coral Pension Plan, a fully funded defined benefit pension scheme. On 28 September 2013 the scheme was closed to future accrual. Following the closure of the scheme the Group derecognised the defined benefit pension asset as the surplus can no longer be recovered through the reduction of future contributions.

GOING CONCERN

The directors have continued to review the Group's cash flow forecasts and trading budgets and after making appropriate enquiries, have formed the view that the Group is operationally and financially robust and will generate sufficient cash to meet its ongoing requirements for at least the next 12 months from the date of approval of these financial statements.

CURRENT TRADING

Trading in the 5 week period to 17th May has been positive: Coral Retail gross profit and EBITDA is ahead of last year, primarily driven by a stronger OTC margin, while the impact of the DCMS £50 stakes restriction is in-line with expectations. Growth in the Online division has continued at the same run-rates evidenced in Q2, with particularly strong growth in Coral.co.uk and Galabingo.com, and an improved football margin in Eurobet.it. Gala Retail continues to benefit from reduced bingo duty, lower rents and an increase in spend-per-head.

Gala Coral Group Limited
Group Profit and Loss Account

	Notes	Unaudited twenty eight weeks to 11 April 2015 £m	Unaudited twenty eight weeks to 12 April 2014 £m
Turnover	2,3		
Continuing operations	2	696.5	658.3
Discontinued operations	2	-	4.1
		696.5	662.4
Cost of sales		(204.1)	(188.8)
Gross profit			
Continuing operations	2	492.4	470.1
Discontinued operations	2	-	3.5
		492.4	473.6
Administrative expenses		(415.5)	(394.9)
Operating profit before other operating income		76.9	78.7
Operating profit before other operating income, analysed as:			
Before exceptional items		91.3	87.6
Costs and impairments associated with change in regulation	4	(2.1)	-
Impairments of bingo assets	4	(8.3)	(6.6)
FRS 20 'Share Based Payment' charge and related costs	4	(0.7)	(1.8)
Other restructuring costs and VAT	4	(1.7)	(7.7)
Net (creation)/release of onerous lease provisions	4	(1.6)	7.2
Operating profit before other operating income		76.9	78.7
Other operating income		1.8	3.7
Operating profit/(loss)	3		
Continuing operations	2	78.7	83.2
Discontinued operations	2	-	(0.8)
		78.7	82.4
Profit on disposal of tangible fixed assets	4	91.7	0.4
Profit on disposal of subsidiary	4	-	7.5
Profit before interest and tax		170.4	90.3
Interest receivable and similar income	5	4.5	12.2
Interest payable and similar charges	5	(134.0)	(135.8)
Other finance costs		(0.8)	(2.3)
Liquidation of 2005 Gala Propco Three Limited	4,7	68.6	-
Profit/(loss) on ordinary activities before tax		108.7	(35.6)
Tax on profit/(loss) on ordinary activities	6	(0.7)	(2.0)
Profit/(loss) for the financial period		**108.0**	**(37.6)**

Gala Coral Group Limited
Group Statement of Total Recognised Gains and Losses, Reconciliation of Movement in Total Group Shareholders' Deficit and Note on Historical Cost Profit and Losses

Group Statement of Total Recognised Gains and Losses

	Unaudited twenty eight weeks to 11 April 2015 £m	Unaudited twenty eight weeks to 12 April 2014 £m
Profit/(loss) for the financial year	108.0	(37.6)
Surplus on revaluation of investment properties	-	1.4
Net foreign exchange adjustments offset in reserves	(2.3)	0.7
Actuarial loss and restriction on recognition of pension assets	(2.8)	(1.6)
Deferred tax credit relating to pension scheme	0.6	0.3
Current tax credit relating to pension scheme	0.6	0.5
Total recognised gains/(losses) for the year	**104.1**	**(36.3)**

Reconciliation of Movement in Total Group Shareholders' Deficit

	Unaudited twenty eight weeks to 11 April 2015 £m	Unaudited twenty eight weeks to 12 April 2014 £m
Total recognised gains/(losses) for the year	104.1	(36.3)
FRS 20 'Share Based Payment' charge	0.7	1.8
Opening shareholders' deficit	(203.2)	(51.6)
Closing shareholders' deficit	**(98.4)**	**(86.1)**

Note on Historical Cost Profit and Losses

	Unaudited twenty eight weeks to 11 April 2015 £m	Unaudited twenty eight weeks to 12 April 2014 £m
Reported profit/(loss) on ordinary activities before tax	108.7	(35.6)
Revaluation surplus realised on sale of investment property	8.0	-
Historical cost profit/(loss) for the year before taxation	**116.7**	**(35.6)**
Historical cost profit/(loss) for the year after taxation	**116.0**	**(37.6)**

Gala Coral Group Limited
Group Balance Sheet

	Notes	Unaudited 11 April 2015 £m	Unaudited 12 April 2014 £m	Audited 27 September 2014 £m
Fixed assets				
Intangible assets		333.1	389.3	345.8
Tangible assets		1,700.2	1,880.3	1,807.0
Investment properties		-	45.5	29.0
		2,033.3	2,315.1	2,181.8
Current assets				
Stocks		1.6	2.3	2.0
Debtors		51.1	46.2	43.5
Cash at bank and in hand		233.3	259.0	224.6
		286.0	307.5	270.1
Creditors: amounts falling due within one year	7	(209.9)	(533.5)	(514.6)
Net current assets/(liabilities)		76.1	(226.0)	(244.5)
Total assets less current assets/(liabilities)		2,109.4	2,089.1	1,937.3
Creditors: amounts falling due after more than one year	8	(2,170.5)	(2,082.3)	(2,101.1)
Provisions for liabilities		(37.3)	(92.9)	(39.4)
Net liabilities excluding net pension asset		(98.4)	(86.1)	(203.2)
Net pension asset		-	-	-
Net liabilities including net pension asset		**(98.4)**	**(86.1)**	**(203.2)**
Capital and reserves				
Called up share capital		213.3	213.3	213.3
Merger reserve		1.6	1.6	1.6
Capital contribution reserve		1,723.5	1,723.5	1,723.5
Revaluation reserve		-	18.8	8.0
Profit and loss account		(2,036.8)	(2,043.3)	(2,149.6)
Total shareholders' deficit		**(98.4)**	**(86.1)**	**(203.2)**

Company Registered Number: 07254686

Gala Coral Group Limited
Group Cash Flow Statement

	Notes	Unaudited twenty eight weeks to 11 April 2015 £m	Unaudited twenty eight weeks to 12 April 2014 £m	Audited year ended 27 September 2014 £m
Net cash inflow from operating activities	9(a)	137.0	118.8	205.1
Returns on investments and servicing of finance				
Interest received		4.5	12.2	33.6
Interest paid and similar charges		(71.2)	(63.5)	(128.6)
Net cash outflow from returns on investments and servicing of finance		(66.7)	(51.3)	(95.0)
Taxation				
Overseas corporation tax paid		(2.0)	(2.7)	(3.8)
Capital expenditure and financial investment				
Payments to acquire intangible and tangible assets		(29.8)	(36.7)	(69.1)
Receipts from sales of tangible assets		206.7	0.4	24.5
Net cash inflow/(outflow) for capital expenditure and financial investment		176.9	(36.3)	(44.6)
Acquisitions and disposals				
Purchase of subsidiary undertakings/trade and assets		-	(3.9)	(6.5)
Net proceeds on sale of subsidiary undertakings		-	23.2	23.0
Cash disposed with subsidiary undertakings		-	(2.0)	(2.0)
Net cash inflow from acquisitions and disposals		-	17.3	14.5
Net cash inflow/(outflow) before financing		245.2	(45.8)	76.2
Financing				
Repayment of Senior secured notes		-	-	(35.0)
Repayment of the 2005 Propco Three Limited loan		(236.5)	(3.1)	(32.9)
Net cash outflow from financing		(236.5)	(3.1)	(67.9)
Increase in cash	9(b)	**8.7**	**42.7**	**8.3**

Gala Coral Group Limited
Reconciliation of Group Net Cash Flow to Movement in Group Net Debt

	Notes	Unaudited twenty eight weeks to 11 April 2015 £m	Unaudited twenty eight weeks to 12 April 2014 £m	Audited year ended 27 September 2014 £m
Increase in cash		8.7	42.7	8.3
Net repayment of long-term loans		236.5	3.1	67.9
Change in net debt resulting from cash flows		245.2	45.8	76.2
Other non-cash movements	9(b)	(0.9)	(61.6)	(115.5)
Movement in net debt		244.3	(15.8)	(39.3)
Opening net debt	9(b)	(2,179.2)	(2,139.9)	(2,139.9)
Closing net debt	9(b)	**(1,934.9)**	**(2,155.7)**	**(2,179.2)**

1. Basis of Preparation

The condensed consolidated interim financial information, which is unaudited, is prepared in accordance with the recognition and measurement requirements of United Kingdom Generally Accepted Accounting Practice ("UK GAAP") and, with the exception of tax (see note 6), in accordance with the accounting policies applied in the financial statements for the year ended 27 September 2014 and therefore should be read in conjunction with those annual financial statements, which can be obtained from Gala Coral Group Limited, New Castle House, Castle Boulevard, Nottingham, NG7 1FT. The condensed consolidated interim financial statements do not include all the information or disclosures required in the annual financial statements as they have been prepared for the provision of interim information.

Accounting Estimates

The preparation of the condensed consolidated interim financial information in accordance with UK GAAP requires the Group to make estimates, judgements and assumptions that may affect the reported amounts of assets, liabilities, turnover and expenses and the disclosure of contingent assets and liabilities. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Going Concern

The directors have continued to review the Group's cash flow forecasts and trading budgets and after making appropriate enquiries, have formed the view that the Group is operationally and financially robust and will generate sufficient cash to meet its ongoing requirements for at least the next 12 months from the date of approval of these financial statements.

General Information

The condensed consolidated interim financial information does not comprise statutory accounts within the meaning of section 434 of the Companies Act 2006. Audited statutory accounts for the year ended 27 September 2014 were approved by the Board of Directors on 19 November 2014, have been filed with the Registrar of Companies and are available on the Group website: www.galacoral.co.uk. The report of the auditors on those accounts was unqualified, did not contain an emphasis of matter paragraph and did not contain any statement under either Section 498(2) or 498(3) of the Companies Act 2006.

2. Discontinued Operations

In December 2013 the Group sold its remaining 4 UK casinos and Gala Casino (Gibraltar) Limited, a wholly owned subsidiary, for a combined consideration of £24.7 million (£23.0 million net of fees).

These disposals have been treated as discontinued operations in the profit and loss account.

	2015			2014		
	Continuing operations £m	Discontinued operations £m	Total Group £m	Continuing operations £m	Discontinued operations £m	Total Group £m
Turnover	696.5	-	696.5	658.3	4.1	662.4
Cost of sales	(204.1)	-	(204.1)	(188.2)	(0.6)	(188.8)
Gross profit	492.4	-	492.4	470.1	3.5	473.6
Administrative expenses	(415.5)	-	(415.5)	(390.6)	(4.3)	(394.9)
Operating profit/(loss) before other operating income	76.9	-	76.9	79.5	(0.8)	78.7
Other operating income	1.8	-	1.8	3.7	-	3.7
Operating profit/(loss)	**78.7**	**-**	**78.7**	**83.2**	**(0.8)**	**82.4**

3. Segmental Analysis

The Group operates seven segments – Coral Retail, Eurobet Retail, Online, Gala Retail, Telebet, High Rollers and Corporate and used to operate the discontinued Gala Casino segment. The Eurobet Retail segment comprises betting shops operated under franchise arrangements in Italy. The Online segment operates online sports betting, bingo, casino and other gaming products.

The segmental disclosure has been restated from the prior year in order to separately report our telephone betting business.

The revenue of Coral Retail and Gala Retail arises solely within the UK. The revenue of Eurobet Retail arises solely in Italy. The revenue of the Online and High Rollers segments arises in the UK and Europe. Their customers are almost entirely located in the UK for the Coral and Gala Online brands and mainland Europe for Eurobet.it. Due to the nature of the Online segment, it is not possible to split the net assets by geographical category. The Gala Casino revenue (now discontinued) arose in the UK and Gibraltar.

3. Segmental Analysis (continued)

Turnover, Group operating profit and net assets are analysed as follows:

Unaudited twenty eight weeks to 11 April 2015

	Coral Retail £m	Eurobet Retail £m	Online £m	Gala Retail £m	Gala Casino £m	Telebet £m	High Rollers £m	Corporate £m	Group £m
Amounts staked	6,211.1	275.0	3,278.4	286.4	-	33.0	242.3	-	10,326.2
Turnover	367.5	42.5	123.3	159.4	-	2.7	1.1	-	696.5
Gross profit	275.4	12.7	84.3	116.8	-	2.3	0.9	-	492.4
Other admin expenses	(196.9)	(5.8)	(60.4)	(90.6)	-	(1.3)	-	(2.0)	(357.0)
'Opco' EBITDA{1}	78.5	6.9	23.9	26.2	-	1.0	0.9	(2.0)	135.4
Propco rent	-	-	-	5.6	-	-	-	0.1	5.7
Group EBITDA{1}	78.5	6.9	23.9	31.8	-	1.0	0.9	(1.9)	141.1
Depreciation and amortisation	(14.3)	(6.0)	(8.2)	(11.7)	-	-	-	(7.8)	(48.0)
Operating profit/(loss){1}	64.2	0.9	15.7	20.1	-	1.0	0.9	(9.7)	93.1
Exceptional items									(14.4)
Group operating profit									**78.7**

{1} Pre-exceptional items.

Prior to the liquidation of 2005 Propco Three Limited the Group operated an 'Opco-Propco' structure with rentals charged between Group companies for properties which acted as security under the 2005 Propco Three Limited loan. During the period the properties were either purchased by Gala Retail (6 properties for £1.1 million) or were sold to a third party and leased back by Gala Retail. Following the sale of these properties 2005 Propco Three Limited was put into a Creditors Voluntary Liquidation and no longer forms part of the Gala Coral Group.

The amortisation of goodwill in respect of the Online division of £6.9 million has been charged to Corporate costs.

Propco rent receivable of £0.1 million in Corporate relates to rent received from The Rank Group Plc and the Double Diamond Group, on investment properties. These properties were sold during the period.

During the period, 'Opco' made a one off payment of £32.1 million to 'Propco' in order to restructure the leasing arrangements, this eliminates on consolidation.

3. Segmental Analysis (continued)

Unaudited twenty eight weeks to 12 April 2014

	Coral Retail £m	Eurobet Retail £m	Online £m	Gala Retail £m	Gala Casino £m	Telebet £m	High Rollers £m	Corporate £m	Group £m
Amounts staked	6,086.6	267.5	2,345.6	293.1	14.3	35.3	-	-	9,042.4
Turnover	366.9	42.0	89.5	157.3	4.1	2.6	-	-	662.4
Gross profit	277.5	13.9	67.7	108.8	3.5	2.2	-	-	473.6
Other admin expenses	(199.4)	(4.6)	(46.3)	(92.8)	(3.3)	(1.9)	-	(1.9)	(350.2)
'Opco' EBITDA{1}	78.1	9.3	21.4	16.0	0.2	0.3	-	(1.9)	123.4
Propco rent	-	-	-	13.0	0.1	-	-	2.0	15.1
Group EBITDA{1}	78.1	9.3	21.4	29.0	0.3	0.3	-	0.1	138.5
Depreciation and amortisation	(15.3)	(4.1)	(5.4)	(12.7)	(1.0)	-	-	(8.7)	(47.2)
Operating profit/(loss){1}	62.8	5.2	16.0	16.3	(0.7)	0.3	-	(8.6)	91.3
Exceptional items									(8.9)
Group operating profit									**82.4**

{1} Pre-exceptional items.

The amortisation of goodwill on the Online division of £6.9 million has been charged to Corporate costs.

Propco rent receivable of £2.0 million in Corporate relates to rent received from The Rank Group Plc and the Double Diamond Group.

4. Exceptional Items

Exceptional Items Charged/(Credited) to Operating Profit

Exceptional items in the period amounted to a £14.4 million charge (2014: £8.9 million).

Included in exceptionals are restructuring costs and VAT rebates amounting to £1.7 million (2014: £7.7 million), costs associated with the change in MGD and DCMS regulation of £2.1 million (2014: £nil) following the closure of a number of LBOs and a non-cash share-based payments charge for the period of £0.7 million (2014: £1.8 million). In addition there was a write down of trading potential and fixed assets amounting to £8.3 million (2014: £6.6 million) on two bingo clubs which closed during the period. Exceptionals also include a non-cash onerous lease net charge of £1.6 million (2014: net credit of £7.2 million).

Exceptional Items Charged/(Credited) after Operating Profit

1) Profit on Disposal of Fixed Assets

The profit on disposal of £91.7 million in the period (2014: £0.4 million) relates primarily to the disposal of properties in 2005 Propco Three Limited.

4. Exceptional Items (continued)

Exceptional Items Charged/(Credited) after Operating Profit (continued)

2) Profit/(Loss) on Disposal of Subsidiary

In December 2013 the Group sold its remaining 4 UK casinos and Gala Casino (Gibraltar) Limited, a wholly owned subsidiary, for a combined consideration of £24.7 million (£23.0 million net of fees). The profit on disposal was £8.1 million, £7.5 million of which was recognised at 12 April 2014.

3) Exceptional Interest (see note 5)

Within 'Interest receivable and similar income' is exceptional interest receivable of £4.0 million (2014: £11.4 million) relating to interest receivable from HMRC on 'Condé Nast' VAT claims.

In the prior year, within 'Interest payable and similar charges' was exceptional interest relating to fees of £6.3 million payable to the senior lenders following certain amendments to the Senior Facilities Agreement which was agreed on 7 April 2014.

2005 Propco Three Limited entered into a Creditors Voluntary Liquidation in March 2015 and the outstanding loan amount of £68.6 million has been derecognised during the period.

5. Interest

	Unaudited twenty eight weeks to 11 April 2015 £m	Unaudited twenty eight weeks to 12 April 2014 £m
Loan interest and similar charges	(56.0)	(56.3)
2005 Propco Three Limited loan interest	(8.0)	(11.0)
GCGL loan note interest	(65.9)	(57.3)
Amortisation of debt issue costs and senior notes discount	(3.6)	(4.3)
Amortisation of interest rate cap premia	(0.5)	(0.6)
	(134.0)	**(129.5)**
Exceptional interest payable (note 4):		
SFA consent fees	-	(6.3)
Interest payable and similar charges	**(134.0)**	**(135.8)**
Interest on deposits and money market funds	0.5	0.4
Other interest receivable	-	0.4
Exceptional interest receivable (note 4)	4.0	11.4
Interest receivable and similar income	**4.5**	**12.2**
Net interest payable	**(129.5)**	**(123.6)**

Loan interest payable and similar charges include amounts payable on the senior secured credit facilities, senior secured notes and senior notes. Actual amounts paid in cash in the period in relation to the 2005 Propco Three Limited loan amounted to £16.5 million (2014: £10.4 million).

In the period interest receivable on the 2005 Propco Three Limited cash balance was £nil (2014: £nil) and amortisation of debt issue costs included above were £nil (2014: £0.3 million).

The Group has interest rate caps with a strike rate of 1.25% which mature in September 2015. The interest rate caps cover £350.0 million (2014: £450.0 million) of floating rate borrowings as at the period end. The remaining premia held on the interest rate caps of £0.6 million will be amortised during 2015.

5. Interest (continued)

In addition the Group has interest rate caps with a strike rate of 1.25% covering £250.0 million (2014: £nil) of floating rate borrowings for FY16 and purchased cash settled interest rate swaptions at a strike rate 2% covering £150.0 million of floating rate borrowings for FY17.

Since the period end, the group has entered into an interest rate swap maturing in August 2015 to pay a fixed rate of 0.52% on £711.9 million of floating rate borrowings.

6. Tax on Profit/(Loss) on Ordinary Activities

Taxation is recognised based on management's best estimate of the average annual effective rate expected for the full financial year. Any charges and credits shown relate to deferred tax and overseas corporation tax.

7. Creditors: Amounts Falling Due Within One Year

	Unaudited 11 April 2015 £m	Unaudited 12 April 2014 £m	Audited 28 September 2014 £m
2005 Propco Three Limited loan	-	334.9	305.1
Loan, senior secured notes and senior notes interest	23.4	29.5	29.4
Trade creditors	9.1	17.1	32.8
Corporation tax	1.1	2.2	3.2
Other taxation and social security	52.2	36.8	33.1
Other creditors	33.0	18.9	27.8
Accruals and deferred income	91.1	94.1	83.2
	209.9	**533.5**	**514.6**

During the period the Group repaid £236.5 million of the 2005 Propco Three Limited loan following the disposal of properties which were owned by the company. The remaining outstanding loan balance of £68.6 million has been derecognised following the company entering into a Creditors Voluntary Liquidation.

The 2005 Propco Three Limited loan of £nil (12 April 2014: £334.9 million, 27 September 2014: £305.1 million), is presented net of unamortised issue costs of £nil (12 April 2014: £nil, 27 September 2014: £nil).

During the period Gala Retail paid rent of £5.6 million (2014: £13.0 million) and Gala Casino paid rent of £nil (2014: £0.1 million) to 2005 Propco Three Limited.

8. Creditors: Amounts Falling Due After More Than One Year

	Unaudited 11 April 2015 £m	Unaudited 12 April 2014 £m	Audited 28 September 2014 £m
Senior secured credit facilities	703.8	701.2	702.4
Senior secured notes	310.8	343.9	310.1
Senior notes	266.0	264.0	264.9
GCGL loan note	887.6	770.7	821.3
Other creditors	2.3	2.5	2.4
	2,170.5	**2,082.3**	**2,101.1**

8. Creditors: Amounts Falling Due After More Than One Year (continued)

The principal terms of the current borrowings are as follows:

	Amount £m	Interest rate %	Maturity
Borrowed by Gala Group Finance plc:			
Senior secured credit facilities			
Term loan	711.9	LIBOR + 5	27 May 2018
Revolving credit facility	100.0	LIBOR + 4	27 May 2017
Senior secured notes	315.0	8.875	1 September 2018
Borrowed by Gala Electric Casinos plc:			
Senior notes	275.0	11.5	1 June 2019

The senior secured credit facilities and the senior secured notes are secured on the assets of the Group. The Group incurred costs relating to the raising of these borrowings and the senior notes were issued at a discount to their nominal value. The issue costs and discount have been deferred and are being amortised over the term of the borrowings.

At 11 April 2015 senior secured credit facilities are presented net of unamortised issue costs of £8.1 million (12 April 2014: £10.9 million, 27 September 2014: £9.5 million).

The senior secured notes and senior notes are presented net of unamortised issue costs (and in respect of the senior notes, also the discount to nominal value) of £4.2 million (12 April 2014: £6.1 million, 27 September 2014: £4.9 million) and £9.0 million (12 April 2014: £10.8 million, 27 September 2014: £10.1 million) respectively.

In addition to the margin payable on the senior secured credit facilities, the Group pays a 1.5% (2014: 1.5%) commitment fee in respect of the unused portion of the revolving credit facility. The revolving credit facility is available to finance working capital requirements and for general corporate purposes. Whilst no amounts have been drawn down on the revolving credit facility, £32.8 million (12 April 2014: £46.0 million, 27 September 2014: £35.1 million) has been utilised through the issuance of letters of credit, primarily in respect of the licences for Eurobet Retail.

The senior secured credit facilities require the Group to comply with certain financial and non-financial covenants, all of which have been complied with. Likewise the senior secured notes and the senior notes require the Group to comply with certain non-financial covenants, all of which have been complied with.

The GCGL loan notes have been issued to its parent company, GCG Manager SA Luxco SCA. The GCGL loan notes are unsecured, were issued with a duration of 10 years and accrues interest of 15.0625% only payable on maturity on 27 October 2020. Interest accrued rolls up into the principal amount on 27 October each year until redemption. At the period end rolled up interest amounted to £437.6 million (12 April 2014: £321.7 million, September 2014: £371.7 million) and issue costs of £nil (12 April 2014: £1.0 million, 27 September 2014: £0.4 million) are netted off against the GCGL loan note.

9. Notes to the Group Cash Flow Statement

a) Reconciliation of Operating Profit to Net Cash Inflow from Operating Activities

	Unaudited 11 April 2015 £m	Unaudited 12 April 2014 £m	Audited 28 September 2014 £m
Operating profit	78.7	82.4	43.6
Depreciation, amortisation, impairment and write downs	57.7	53.8	204.8
Increase in debtors	(7.8)	(2.0)	(0.9)
Decrease in stocks	0.4	1.7	2.0
Increase in creditors	12.4	3.5	19.0
Decrease in provisions	(2.6)	(19.7)	(70.5)
Pension contributions in excess of profit & loss charge	(2.8)	(2.7)	(2.8)
FRS 20 'Share Based Payment' charge	1.0	1.8	9.9
Net cash inflow from operating activities	**137.0**	**118.8**	**205.1**

b) Analysis of Net Debt

	At 27 September 2014 £m	Cash Flow £m	Other Non-cash Movements £m	At 11 April 2015 £m
Cash at bank and in hand	224.6	8.7	-	233.3
Debt due within one year	(305.1)	236.5	68.6	-
Debt due after one year	(2,098.7)	-	(69.5)	(2,168.2)
Total debt	(2,403.8)	236.5	(0.9)	(2,168.2)
Net debt	**(2,179.2)**	**245.2**	**(0.9)**	**(1,934.9)**

During the period all the remaining properties in 2005 Propco Three Limited were sold with the proceeds used to repay £236.5 million of the loan, with the remaining balance of £68.6 million being derecognised following the company entering Creditors Voluntary Liquidation. Debt due within one year at the year end related to the 2005 Propco Three Limited loan.

Other non-cash movements comprise amortisation and write off of debt issue costs and senior notes discount of £3.6 million and accrued interest on the GCGL loan notes of £65.9 million.

Cash at bank and in hand as at 11 April 2015 includes the 2005 Propco Three Limited balance of £nil (12 April 2014: £8.5 million, 27 September 2014: £10.6 million) and a cash in hand balance of £12.0 million (12 April 2014: £12.9 million. 27 September 2014: £11.2 million). No cash is provided as collateral in any of the periods reported.

9. Notes to the Group Cash Flow Statement (continued)

c) Cash Flows relating to Exceptional Items (note 4)

	Unaudited 11 April 2015 £m	Unaudited 11 April 2014 £m	Audited 28 September 2014 £m
Included within operating cash flow:			
Other restructuring and VAT	(9.8)	(11.9)	(73.0)
	(9.8)	(11.9)	(73.0)
Net disposal proceeds of tangible fixed assets	206.7	0.4	24.5
Net disposal proceeds on sale of subsidiary undertakings	-	23.2	23.0
Cash disposed with subsidiary undertakings	-	(2.0)	(2.0)
Exceptional interest received (note 5)	4.0	11.4	32.5
Exceptional interest paid (note 5)	-	(6.3)	(7.3)
Net cash inflow/(outflow)	**200.9**	**14.8**	**(2.3)**

Net sales proceeds on the sale of tangible fixed assets includes £206.7 million (12 April 2014: £0.4, 27 September 2014: £23.2 million) received in relation to properties disposed of by 2005 Propco Three Limited.

In addition to the above, the Group made a pension contribution of £2.8 million (12 April 2014: £2.4 million) during the period as part of the agreed deficit funding arrangement. Further payments of £2.8 million will be made in October 2016 and 2017.

In the year ended 27 September 2014, included in other restructuring and VAT is a £54.5 million VAT payment which was made following the UK Court of Appeal's ruling in favour of HMRC, on the fiscal neutrality of VAT of gaming machines. A contingent asset in respect of this claim has been disclosed (see note 10).

10. Contingent Assets

Following the ruling on 30 October 2013 by the Court of Appeal in relation to Gaming Machine VAT contravening the principles of fiscal neutrality, the Group repaid £54.5 million to HMRC. The appeal was heard at the Supreme Court on 21 April 2015 and no findings have been released. The directors remain confident that upon appeal the UK courts will find in favour of the gaming operators and as such disclose a contingent asset of £58.9 million (including interest) in relation to this claim.