

HALF YEAR RESULTS

TWENTY EIGHT WEEKS ENDED 11 APRIL 2015

Strong Online and Multichannel Growth

HIGHLIGHTS

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

Carl Leaver, Group CEO, commented:

"The Group delivered another strong period of growth with EBITDA £12.2m or 10% ahead in the first half, and underlying EBITDA £22.8m or 19% ahead.

Growth in Online continued at market leading rates with net revenue 38% ahead of last year. Growth in Coral.co.uk has been driven by a combination of new multichannel actives and an improved and extended product offering. Galabingo.com also performed extremely well with net revenue 30% ahead of last year, helped by increased mobile play and improved CRM reducing churn rates. In Italy, our multichannel offering has been critical in helping grow Eurobet.it to the number 2 position in the online market. These are pleasing metrics, and we are confident that we can maintain this momentum as we continue to drive operational excellence.

Coral Retail EBITDA was ahead of last year despite both the Cheltenham and Grand National festival contributions being behind the prior year, while sports volume growth in Eurobet Retail was offset by very poor football results that have persisted throughout the Italian football season.

Following the successful Propco restructuring in quarter 1, and the favourable change in the bingo tax regime last year, Gala Retail's EBITDA has improved significantly, and was £10.2m or 64% ahead of last year.

The first half saw a number of regulatory changes introduced: the higher rate of MGD came into effect at the start of March and new restrictions covering high stakes (>£50 on FOBTs) were implemented at the start of April. The impact on volumes in the first few weeks is in line with our expectations.

The Conservative party manifesto did not include any plans for further regulation of FOBTs. However, the announcement of a Racing Right to replace the Horse Racing Betting Levy in the Budget in March 2015, and the plan to devolve some gambling regulation to Scotland means there continues to be some regulatory uncertainty. The Group will continue to drive forward its proactive responsible gambling agenda both within the business and across the wider industry."

{1} Pre-exceptional items

{2} Results include all revenue and expenses for the continuing Opco Group and exclude the Casinos disposed of in FY14

{3} 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

Strong Online and Multichannel Growth

HALF YEAR OVERVIEW

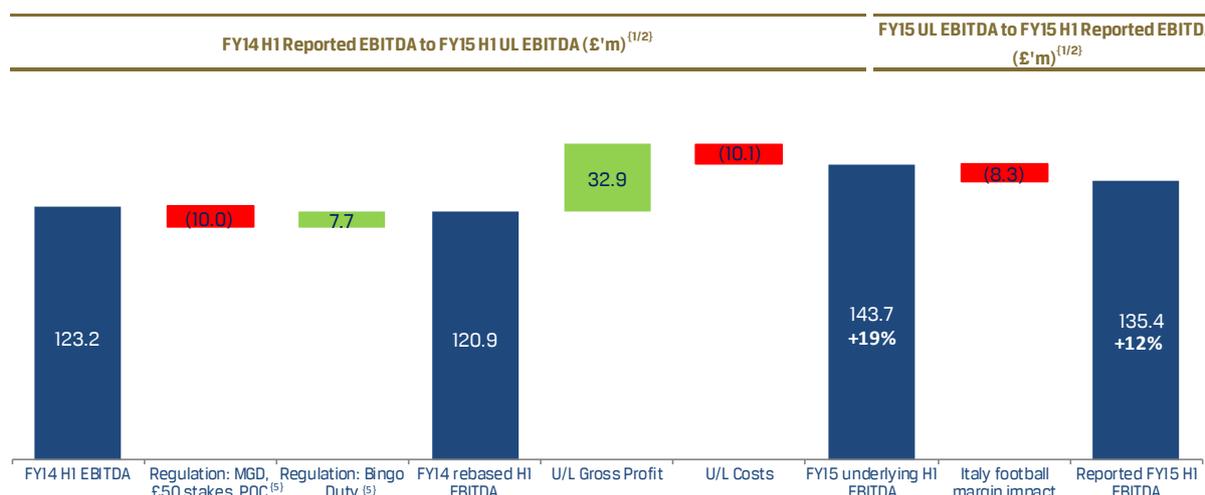
Net revenue of £684.8m was £34.7m or 5% ahead of last year, with Online £33.8m or 38% ahead. We believe that the combined Coral and Gala websites are the fastest growing in the UK online gambling market, adding more net revenue than any of our listed peers.

EBITDA^{1/2} of £135.4m was £12.2m or 10% ahead with growth in all main divisions with the exception of Eurobet Retail.

HALF YEAR ^{3} CONTINUING OPERATIONS ^{2}	NET REVENUE			GROSS PROFIT			EBITDA ^{1}		
	FY15	FY14	+/-	FY15	FY14	+/-	FY15	FY14	+/-
	£'m	£'m	£'m	£'m	£'m	£'m	£'m	£'m	£'m
Coral Retail	366.2	365.0	1.2	275.4	277.5	(2.1)	78.5	78.1	0.4
Eurobet Retail	42.5	42.0	0.5	12.7	13.9	(1.2)	6.9	9.3	(2.4)
Online	123.3	89.5	33.8	84.3	67.7	16.6	23.9	21.4	2.5
Coral Telebet	2.7	2.6	0.1	2.3	2.2	0.1	1.0	0.3	0.7
High Rollers ^{4}	1.1	0.0	1.1	0.9	0.0	0.9	0.9	0.0	0.9
Gala Retail	149.0	151.0	(2.0)	116.8	108.8	8.0	26.2	16.0	10.2
Corporate Costs	-	-	-	-	-	-	(2.0)	(1.9)	(0.1)
Total	684.8	650.1	34.7	492.4	470.1	22.3	135.4	123.2	12.2

As reported at Q1, UK football results adversely impacted EBITDA by £14.1m in Coral Retail and Coral.co.uk. Further poor margins in the UK in Q2 (albeit to a lesser extent than in Q1) have increased the year-to-date adverse EBITDA impact to approximately £17m, broadly in line with the adverse impact in the prior year. Exceptionally poor Italian football results have persisted throughout Q2, bringing the year-to-date adverse EBITDA impact in Italy to £10.8m (Eurobet Retail £7.7m; Eurobet.it £3.1m) compared to an adverse EBITDA impact of £2.5m in the prior year (all Eurobet Retail).

After adjusting FY14^{5} for the impact of regulation (Point of Consumption Tax -£7.8m, MGD / high stakes restrictions -£2.2m, Bingo Duty +£7.7m) and FY15 for the year-on-year impact of exceptionally poor football margins in Italy (£8.3m), underlying EBITDA^{1} was £22.8m or 19% ahead of last year.



{1} Pre-exceptional items

{2} Results include all revenue and expenses for the continuing Opco Group and exclude the Casinos disposed of in FY14 (FY15: £0.0m and FY14: £0.2m) and Propco rental income (FY15: £5.8m and FY14: £15.1m)

{3} The half year represents the 28 week period ending 11 April in 2015 and the 28 week period ending 12 April in 2014

{4} Following a review of customer segmentation, Online high roller activity is now reported as separate segment

{5} 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

Underlying EBITDA growth of 20%

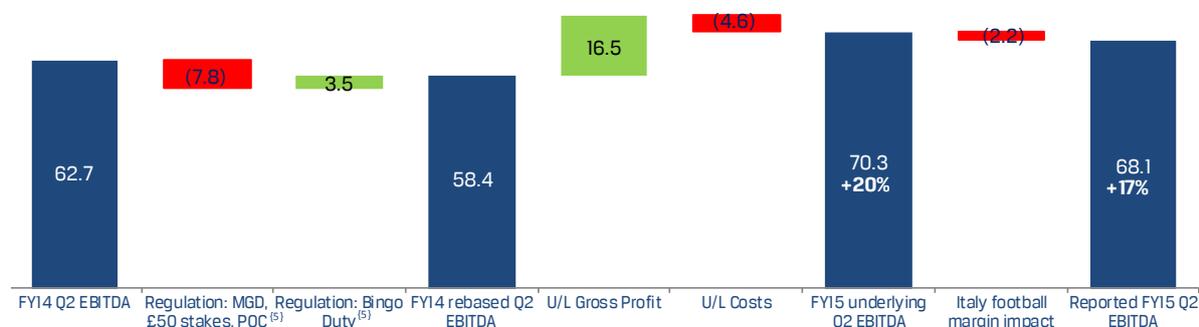
QUARTER 2 OVERVIEW

Net Revenue of £316.4m was £17.5m or 6% ahead of last year, and EBITDA^(1/2) of £68.1m was £5.4m or 9% ahead with growth in all main businesses with the exception of Eurobet Retail.

QUARTER 2 ⁽³⁾ CONTINUING OPERATIONS ⁽²⁾	NET REVENUE			GROSS PROFIT			EBITDA ⁽¹⁾		
	FY15	FY14	+/-	FY15	FY14	+/-	FY15	FY14	+/-
	£'m	£'m	£'m	£'m	£'m	£'m	£'m	£'m	£'m
Coral Retail	166.4	164.2	2.2	123.9	125.0	(1.1)	38.4	38.1	0.3
Eurobet Retail	21.6	23.6	(2.0)	7.3	8.2	(0.9)	4.7	5.7	(1.0)
Online	58.5	42.0	16.5	38.7	31.8	6.9	11.0	10.6	0.4
Coral Telebet	1.5	1.4	0.1	1.1	1.1	0.0	0.5	0.8	(0.3)
High Rollers ⁽⁴⁾	1.1	0.0	1.1	0.9	0.0	0.9	0.9	0.0	0.9
Gala Retail	67.3	67.7	(0.4)	53.1	48.9	4.2	14.1	8.7	5.4
Corporate Costs	-	-	-	-	-	-	(1.5)	(1.2)	(0.3)
Total	316.4	298.9	17.5	225.0	215.0	10.0	68.1	62.7	5.4

After adjusting FY14⁽⁴⁾ for the adverse impact of regulation (Point of Consumption tax -£5.6m, MGD / high stakes restrictions -£2.2m, Bingo Duty +£3.5m) and adjusting EBITDA⁽¹⁾ for the year-on-year impact of exceptionally poor football margins in Italy (£2.2m), underlying EBITDA⁽¹⁾ was £11.9m or 20% ahead.

FY14 Q2 Reported EBITDA to FY15 Q2 UL EBITDA (£'m) ^(1/2)	FY15 UL EBITDA to FY15 Reported EBITDA (£'m) ^(1/2)
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Coral Retail EBITDA⁽¹⁾ was £0.3m or 1% ahead (£2.5m or 7% ahead of last year after adjusting FY14⁽⁵⁾ for the adverse impacts of regulation). Machines gross win was 9% ahead of last year and gross win per-machine-per-week was 7% ahead reflecting increased levels of exclusive content and the launch of some particularly popular slots games.

Eurobet Retail EBITDA⁽¹⁾ was £1.0m or 18% behind last year due to continued customer favourable football results in the Italian leagues (estimated to have adversely impacted EBITDA by £1.0m). Volume growth remains encouraging however, with Eurobet Retail's market share now standing at 14.4%.

Online net revenue was £16.5m or 39% ahead of last year and EBITDA was £0.4m or 4% ahead (£7.1m or 139% ahead after adjusting FY14⁽⁵⁾ for Point of Consumption tax and FY15 to exclude the adverse impact of Italian football results).

Gala Retail gross profit was £4.2m or 9% ahead helped by the reduction in Bingo Duty to 10% (£3.5m). EBITDA⁽¹⁾ was £5.4m or 62% ahead of last year with the reduction in rental costs contributing £2.3m in the quarter.

{1} EBITDA is stated pre-exceptional items
 {2} Results include all revenue and expenses for the continuing Opco Group and exclude Propco rental income (FY15: £0.2m and FY14 £6.6m)
 {3} Quarter 2 represents the 12 week period ending 11 April in 2015 and the 12 week period ending 12 April in 2014
 {4} Following a review of customer segmentation, Online high roller activity is now reported as separate segment
 {5} 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

DIVISIONAL REVIEW

CORAL RETAIL	QUARTER 2 ^{2}			HALF YEAR ^{3}		
	FY15	FY14	Var %	FY15	FY14	Var %
KPIs^{3}						
OTC gross win margin (%)	18.0%	17.9%	0.1pp	17.2%	17.4%	(0.2pp)
Average number of LBOs	1,842	1,817	1%	1,837	1,809	2%
Average number of Machines	7,348	7,242	1%	7,330	7,205	2%
Gross win / machine / week (£)	1,032	965	7%	1,000	962	4%
P&L^{3}						
	£'m	£'m		£'m	£'m	
OTC amount staked	416.0	440.4	(6%)	919.0	961.8	(4%)
Machines amount staked	2,302.1	2,204.6	4%	5,283.4	5,115.6	3%
Total amounts staked^{4}	2,718.1	2,645.0	3%	6,202.4	6,077.4	2%
OTC gross win	74.7	78.8	(5%)	158.5	167.7	(5%)
Machines gross win	91.0	83.9	9%	205.2	194.1	6%
Total gross win^{4}	165.7	162.7	2%	363.7	361.8	1%
OTC net revenue	74.3	78.4	(5%)	157.6	166.9	(6%)
Machines net revenue	89.6	83.3	8%	202.7	192.2	5%
Total net revenue^{4/5}	163.9	161.7	1%	360.3	359.1	0%
Gross profit	123.9	125.0	(1%)	275.4	277.5	(1%)
Operating Costs	(85.5)	(86.9)	2%	(196.9)	(199.4)	1%
EBITDA^{1}	38.4	38.1	1%	78.5	78.1	1%

HALF YEAR

Coral Retail EBITDA^{1} of £78.5m was £0.4m or 1% ahead of last year. Underlying EBITDA^{1} was £2.6m ahead after adjusting FY14^{6} for the impact of regulation (MGD / high stakes restrictions £2.2m).

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 £9.3m or 6% behind. Both Cheltenham and Grand National margins were behind the excellent levels achieved in FY14.

Machines net revenue was £10.5m 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 £2.5m 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} EBITDA is stated pre-exceptional items

{2} Quarter 2 represents the 12 week period ending 11 April in 2015 and the 12 week period ending 12 April in 2014

{3} The half year represents the 28 week period ending 11 April in 2015 and the 28 week period ending 12 April in 2014

{4} Excludes Stadia and vending income

{5} Net revenue is calculated as gross win less free bets

{6} 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	QUARTER 2 ^{2}			HALF YEAR ^{3}		
	FY15	FY14	Var %	FY15	FY14	Var %
KPIs^{3}						
LBO sports gross win margin (%)	18.5%	23.7%	(5.2pp)	14.8%	21.4%	(6.6pp)
Average number of licences	818	740	11%	827	673	23%
P&L^{3}	£'m	£'m		£'m	£'m	
LBO sports amount staked	77.0	64.0	20%	170.4	140.6	21%
Other amounts staked	84.6	76.6	10%	204.5	126.9	61%
Total amounts staked	161.6	140.6	15%	374.9	267.5	40%
LBO sports gross win	14.3	15.2	(6%)	25.2	30.0	(16%)
Other gross win	7.3	8.4	(13%)	17.3	12.0	45%
Total gross win	21.6	23.6	(9%)	42.5	42.0	1%
LBO sports net revenue	14.3	15.2	(6%)	25.2	30.0	(16%)
Other net revenue	7.3	8.4	(13%)	17.3	12.0	45%
Total net revenue^{4}	21.6	23.6	(9%)	42.5	42.0	1%
Gross profit	7.3	8.2	(11%)	12.7	13.9	(9%)
Operating Costs	(2.6)	(2.5)	(5%)	(5.8)	(4.6)	(26%)
EBITDA^{1}	4.7	5.7	(18%)	6.9	9.3	(26%)

HALF YEAR

Eurobet Retail EBITDA^{1} of £6.9m was £2.4m 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^{1} was £2.8m or 24% ahead of last year, driven by Virtual betting and stronger than expected horse racing and football stakes.

Sports stakes were £29.8m 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 £4.8m or 16% behind. Excluding the impact of the poor football margins, sports net revenue was £3.1m or 10% ahead of last year. Retail sports betting market share has increased 2.0pp since the end of FY14 to 14.4%.

Virtual betting stakes of £82.6m were £45.1m or 121% higher than last year, with margin 0.4pp behind, leaving net revenue £7.5m or 116% ahead at £14.0m. 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 £1.2m or 26% higher than last year, reflecting the increase in back-office and marketing costs associated with supporting the larger estate.

{1} EBITDA is stated pre-exceptional items

{2} Quarter 2 represents the 12 week period ending 11 April in 2015 and the 12 week period ending 12 April in 2014

{3} The half year represents the 28 week period ending 11 April in 2015 and the 28 week period ending 12 April in 2014

{4} Net revenue is calculated as gross win less free bets

ONLINE	QUARTER 2 ^{2}			HALF YEAR ^{3}		
	FY15	FY14	Var %	FY15	FY14	Var %
KPIs						
Actives - Coral.co.uk ('000)	464.7	320.7	45%	624.3	432.8	44%
Actives - Eurobet.it ('000)	103.3	79.0	31%	144.3	107.5	34%
Actives - Gala websites ('000)	194.9	162.1	20%	301.5	289.5	4%
Sports GW% - Coral.co.uk (%)	5.9%	7.7%	(1.8pp)	5.4%	6.7%	(1.3pp)
Sports GW% - Eurobet.it (%)	10.7%	15.6%	(4.9pp)	10.1%	14.2%	(4.1pp)
P&L						
	£'m	£'m		£'m	£'m	
Amounts staked	1,509.8	1,059.8	42%	3,278.4	2,345.6	40%
Gross win - Coral.co.uk	35.6	22.0	62%	72.2	43.4	66%
Gross win - Gala websites	29.9	23.0	30%	65.7	52.4	25%
Gross win - Eurobet.it	10.4	9.2	13%	22.2	20.0	11%
Total gross win	75.9	54.2	40%	160.1	115.8	38%
Net Revenue - Coral.co.uk	26.5	16.7	59%	54.9	33.1	66%
Net Revenue - Gala websites	22.6	16.9	33%	48.8	38.1	28%
Net Revenue - Eurobet.it	9.4	8.4	12%	19.6	18.3	8%
Total Net revenue^{4}	58.5	42.0	39%	123.3	89.5	38%
Gross profit	38.7	31.8	22%	84.3	67.7	25%
Operating Costs	(13.0)	(10.7)	(21%)	(28.2)	(21.1)	(34%)
Marketing	(14.7)	(10.5)	(40%)	(32.2)	(25.2)	(28%)
EBITDA^{1}	11.0	10.6	4%	23.9	21.4	12%

HALF YEAR

Online EBITDA^{1} of £23.9m was £2.5m or 12% ahead of last year but 94% ahead after adjusting FY14 for the impact of Point of Consumption tax (£7.5m)^{5} and FY15 for the impact of poor Italian football margins (£3.1m).

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 £5.7m or 55% ahead at £16.1m

Gaming actives^{1} 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 £16.3m or 72% to £38.9m.

Galabingo.com

Galabingo.com net revenue of £40.9m was £9.4m 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

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{3} The half year represents the 28 week period ending 11 April in 2015 and the 28 week period ending 12 April in 2014

{4} Net revenue is calculated as gross win less customer bonuses

{5} 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. £7.5m of the £7.8m impact is recognised in Online and £0.3m in Telebet

Galabingo.com continued

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 £0.6m or 9% ahead at £7.2m.

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.

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 £0.1m or 1% ahead at £8.4m. After adjusting for the poor football margins, sports net revenue was £4.7m 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 £1.3m or 13% ahead at £11.3m.

Operating costs

Total Online operating costs (excluding marketing) of £28.2m were £7.1m 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 £32.2m were £7.0m 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.

GALA RETAIL	QUARTER 2 ^{2}			HALF YEAR ^{3}		
	FY15	FY14	Var %	FY15	FY14	Var %
KPIs^{4}						
Admissions ('000)	3,720	3,893	(4%)	8,198	8,671	(5%)
Spend per head (£)	34.31	33.58	2%	34.94	33.80	3%
P&L^{4}	£'m	£'m		£'m	£'m	
Net Income	71.6	70.2	2%	159.4	157.3	1%
Net revenue^{5}	67.3	67.7	(1%)	149.0	151.0	(1%)
Gross profit	53.1	48.9	9%	116.8	108.8	7%
Operating Costs	(31.5)	(30.5)	(3%)	(71.1)	(70.9)	(0%)
Rent (including propco rent)	(7.5)	(9.7)	23%	(19.5)	(21.9)	11%
EBITDA^{1}	14.1	8.7	62%	26.2	16.0	64%

HALF YEAR

Gala Retail EBITDA^{1} of £26.2m was £10.2m or 64% ahead of the last year significantly aided by the reduction in bingo duty to 10% (£7.7m).

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 £116.8m was £8.0m 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: £41.2m) with ex Propco properties accounting for £15.5m (2014: £24.5m) of the total.

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{2} Quarter 2 represents the 12 week period ending 11 April in 2015 and the 12 week period ending 12 April in 2014

{3} The half year represents the 28 week period ending 11 April in 2015 and the 28 week period ending 12 April in 2014

{4} Results are for the total estate

{5} Net revenue is calculated as net income less added prize money and vouchers

RESPONSIBLE GAMBLING AND REGULATORY

Early April saw the introduction of new regulations restricting high stakes play on FOBTs. Very early indications support the view that the impact will be in line with our estimates of a 6% decline in gross profit. This comes on top of the increase in MGD from 20% to 25%.

The outcome of the General Election has increased the prospect of a period of stability to enable the impact of all the recent changes to taxation and regulation, as well as the considerable progress made by all operators on harm minimisation, to be properly understood. However, the transfer of some powers over gambling regulation to Holyrood, and continued campaigning against gaming machines from some quarters means that this cannot be taken for granted. In the meantime the Group will continue with implementing harm minimisation measures developed in response to the RGT research published in December 2014.

Although DCMS has not formally reached any conclusions from its three consultations into the future of the Horserace Betting Levy (HRBL), the Chancellor announced the replacement of the Levy with a Racing Right in the Budget on 18 March. We expect the new Government to press on with making this change, although there are significant issues to be addressed before it could be implemented.

EXCEPTIONAL COSTS

Exceptional items in the period amounted to a £14.4m charge (2014: £8.9m) and included restructuring costs and VAT rebates of £1.7m (2014: £7.7m), shop closure costs associated with the change in MGD and DCMS regulation of £2.1m (2014: £nil) and a non-cash share-based payments charge of £0.7m (2014: £1.8m).

In addition, a cost of £8.3m (2014: £6.6 m) was recognised in relation to the write down of trading potential and fixed assets on two bingo clubs which closed during the period, and £1.6m (2014: net credit of £7.2m) in relation to net non-cash onerous lease charges.

FINANCING

Opcos net debt for accounting purposes (excluding shareholder loan notes) was £1,047.3m at the end of P7 versus £1,063.4m at the year end. The reduction in Opcos net debt is a result of a cash inflow for the period of £19.3m offset by £3.2m of amortisation of issue costs.

PROPCO

As reported in the Group's Q1 press release, 2005 Propco Three Limited was put into a Creditors Voluntary Liquidation on 3 March 2015 and, as a result, is no longer consolidated in the Gala Coral Group Limited accounts.

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.

APPENDIX: NET REVENUE

The tables below set out Net Revenue by division for the first two quarters of FY15 and FY14;

NET REVENUE	FY15	
	Q1 £'m	Q2 £'m
Coral Retail ^{1}	199.8	166.4
Eurobet Retail ^{1}	20.9	21.6
Coral.co.uk ^{2}	28.4	26.5
Gala websites ^{2}	26.2	22.6
Eurobet.it ^{2}	<u>10.2</u>	<u>9.4</u>
Total Online	64.8	58.5
Coral Telebet ^{2}	1.2	1.5
High Roller Activity ^{2}	0.0	1.1
Gala Retail ^{3}	81.7	67.3
Total	368.4	316.4

NET REVENUE	FY14	
	Q1 £'m	Q2 £'m
Coral Retail ^{1}	200.8	164.2
Eurobet Retail ^{1}	18.4	23.6
Coral.co.uk ^{2}	16.4	16.7
Gala websites ^{2}	21.2	16.9
Eurobet.it ^{2}	<u>9.9</u>	<u>8.4</u>
Total Online	47.5	42.0
Coral Telebet ^{2}	1.2	1.4
Gala Retail ^{3}	83.3	67.7
Total	351.2	298.9

{1} Net revenue is calculated as gross win less free bets

{2} Net revenue is calculated as gross win less customer bonuses

{3} Net revenue is calculated as net income less added prize money and vouchers

{4} Excludes Stadia and vending net revenue

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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 12 weeks ended 11 April 2015 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.