Condensed Consolidated Interim Financial Information (unaudited)

Gala Coral Group Limited

Forty week period ended 5 July 2014

Registered Number: 07254686

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.

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.

Highlights for the Quarter

The key trading highlights for the continuing operations for the twelve weeks ended 5 July 2014 were as follows:

- Turnover was 15% ahead of last year and gross profit of £208.3 million was £18.7 million or 10% ahead, reflecting strong growth in Eurobet Retail (184%) and the Online business (50%).
- Continuing Opco EBITDA (pre-exceptionals) of £60.6 million was £10.2 million or 20% ahead of last year, with growth in all divisions.
- Underlying EBITDA (pre-exceptionals) grew year-on-year by £3.5 million or 7% after adjusting for the impact of the World Cup{4} and the phasing of machine costs.
- Coral Retail gross profit was £3.4 million or 3% ahead of last year, and EBITDA (pre-exceptionals) was £0.1 million ahead. A strong World Cup{4} delivered £5.4 million of EBITDA (pre-exceptionals) which was offset by a poor Royal Ascot and the phasing of machine costs recorded in gross profit (£1.7 million). Machines gross win per machine per week of £956 (£8 ahead of 2013) remained ahead of both main competitors.
- Eurobet Retail gross profit was £4.2 million or 184% ahead of last year and EBITDA (pre-exceptionals) was £4.2 million or 382% ahead, with the World Cup{4} contributing £1.5 million EBITDA (pre-exceptionals).
- The Online business's gross profit was £11.7 million or 50% ahead of last year and EBITDA (pre-exceptionals) was £4.4 million or 51% ahead. The World Cup{4} contributed £1.1 million EBITDA (pre-exceptionals) in Coral.co.uk and £0.4 million EBITDA (pre-exceptionals) in Eurobet.it.
- Gala Retail's EBITDA (pre-exceptionals) was £1.6 million or 24%, ahead of last year - ahead for the third quarter running, while like-for-like admissions were in-line with last year.
- The Group has commenced a process to explore the possibility of a disposal of Gala Retail. This process is likely to take several months.

{4} World Cup impact includes all matches up to and including the quarter finals. The semi finals and final occurred in the first week of Quarter 4

Overview of the Quarter by Division

Coral Retail

Coral Retail EBITDA (pre-exceptionals) of £35.5 million was £0.1 million ahead of last year. A strong World Cup{4} performance, delivering £5.4 million of EBITDA (pre-exceptionals), was partly offset by a poor Royal Ascot and the phasing of machine content costs (£1.7 million).

OTC gross win was £5.9 million or 9% higher than last year. Excluding the impact of the World Cup{4} (£6.4 million), gross win was £0.5 million behind last year primarily driven by the poor Royal Ascot performance and weaker football margins at the end of the domestic season.

Machines gross win of £83.7 million was £3.2 million or 4% ahead of last year. Gross win per machine per week continued to grow, increasing by 1% to £956, and remained ahead of both main competitors.

Operating costs increased by £3.3 million or 4%, of which £1.8 million was as a result of estate development. Underlying operating cost increases were limited to £1.5 million or 2%, reflecting ongoing operational efficiencies, particularly in the management of payroll costs.

'Coral Connect', which allows customers to access a single wallet across all channels, continues to receive a positive customer response with customer signups now over 110 thousand.

The pilot of 'Retail-Bet-in-Play' was launched at the end of the quarter, which through the use of a Coral Connect card, enables customers to place in-play bets on exclusive live content shown on dedicated screens in-shop.

Overview of the Quarter by Division (continued)

Eurobet Retail

Eurobet Retail EBITDA (pre-exceptionals) was £4.2 million or 382% ahead of last year following the opening of all the new licences, the strong performance of the newly launched virtual betting product and a good World Cup{4}. Excluding the impact of the World Cup{4}, EBITDA (pre-exceptionals) was £2.8 million or 280% ahead of last year.

Sports stakes increased by £26.3 million or 91% and gross win by £7.1 million or 136%. Excluding the impact of the World Cup{4}, sports stakes were £11.4 million or 39% ahead and gross win was £3.6 million or 68% ahead, primarily as a result of the increased number of licences. Eurobet Retail's share of the retail sports market was 11.6% at the end of the quarter, representing an increase of 4.5pp over the last twelve months.

Virtual betting performance was significantly ahead of expectations, contributing stakes of £35.4 million. Eurobet Retail's virtual betting market share stood at 16.7% at the end of the quarter.

Other stakes (VLTs/AWPs) increased by £15.5 million or 55%, and a strong margin resulted in gross win £1.0 million or 67% ahead of last year.

Operating costs were £0.4 million higher, reflecting the costs associated with supporting the larger retail estate.

Online

Online EBITDA (pre-exceptionals) of £13.0 million was £4.4 million or 51% ahead of last year. Gross profit was £11.7 million or 50% ahead of last year at £35.3 million.

Coral.co.uk actives were 94% ahead of last year, driven by 'Coral Connect' sign-ups and enhanced pricing offers during the World Cup. Customers continued to respond well to the online and mobile user experience, resulting in strong spend per head levels; sports stakes were £85.1 million or 126% ahead of last year and sports gross win £5.5 million or 121% ahead. Excluding the impact of the World Cup{4}, sports stakes were £60.8 million or 90% ahead and sports gross win £4.4 million or 97% ahead. Bet in play stakes increased by 140% year-on-year primarily driven by the launch of live streaming in January.

Cross-sell into Gaming continues to improve and gaming stakes in Coral.co.uk were 86% ahead of last year. This, combined with a 0.4pp improvement in margin, resulted in gross win £8.3 million or 111% ahead at £15.8 million.

Mobile penetration at the end of the quarter was 66.5% of actives, an increase of 19.2pp on last year.

Successful digital marketing helped drive Eurobet.it actives 42% ahead of last year with more customers now being recruited directly, although the Retail estate still contributed 39% of first time depositors, reflecting the success of Eurobet's multi-channel offering. The new Eurobet.it website has been well received by customers, and the increased range of bet-in-play opportunities launched in the quarter, together with the World Cup, helped push sports stakes £7.2 million or 39% ahead of last year and sports gross win £2.2 million or 114% ahead. Sports gross profit was £0.9 million or 129% ahead of last year. Excluding the impact of the World Cup{4}, sports stakes were £1.9 million or 10% ahead of last year, sports gross win was £1.2 million or 62% ahead and sports gross profit was £0.5 million or 71% ahead. At the end of the quarter Eurobet.it's share of the sports betting market was 9.9%, an increase of 0.2pp in the last 12 months.

Eurobet.it gaming stakes were £12.9 million or 11% ahead of last year, driving gaming gross profit £0.4 million or 28% ahead. Virtual betting continued to prove very popular with customers with Eurobet.it's share of the online virtual betting market reaching 21.9% at the end of the quarter.

Eurobet.it mobile penetration at the end of the quarter was 41.2% of actives, an increase of 15.9pp on last year.

Galabingo.com actives were 1% behind last year reflecting a focus on real money players, which year-to-date are 5% ahead of last year. In the quarter, spend per head was 29% up on last year driving stakes £63.1 million or 27% ahead. Gross win was £4.4 million or 29% ahead and mobile penetration increased by 21.2pp to 53.5% of actives.

Galacasino.com actives were 44% behind last year; with the same period last year having benefited from a very high level of bonus-led customer acquisition activity and subsequently a high number of free money actives. Year-to-date actives are 11% ahead of last year and year-to-date real money players are 30% ahead, again, as with Galabingo.com, reflecting the drive for better quality players who are more likely to stay with the brand for a longer period. Very strong spend per head levels drove a £37.6 million or 37% increase in stakes and a £1.2 million or 31% increase in gross win. Mobile penetration increased by 31.7pp to 48.5% of actives.

Marketing costs were £4.7 million or 65% higher than last year, and other operating costs were £2.6 million or 33% higher, as a result of the investment in customer acquisition and the increased headcount in support of the growing business.

Overview of the Quarter by Division (continued)

Gala Retail

EBITDA (pre-exceptionals) of £8.2 million was £1.6 million or 24% ahead of the prior year.

Admissions were flat year-on-year; the growth seen in the last two quarters was curtailed by the impact of the hot weather in late June and early July. National Bingo Association statistics placed Gala Retail admissions growth for the year to date 5.3pp ahead of the rest of the industry. As anticipated, spend per head continued to improve following the initial decline after the introduction of the 'Price Smash' offering, with a quarter-on-quarter improvement of £0.53 or 2%

Machines gross profit was ahead by £0.5 million or 3%, driven by a 2% year-on-year growth in machines spend per head and a 1.4pp margin improvement. Total gross profit was £1.0 million or 2% behind at £46.8 million, however tight cost control resulted in a £2.9 million or 9% reduction in operating costs, driven primarily by the focus on more efficient staffing.

Overview of the Quarter

Group turnover from continuing operations for the quarter increased by £37.8 million to £292.7 million (2013: £254.9 million). In the prior year the Group generated £14.5 million of turnover from the discontinued casino operations.

Continuing Opco Group EBITDA (pre-exceptionals) for the quarter was £10.2 million ahead of the prior year. During 2013 the casino business generated £2.2 million of EBITDA (pre-exceptionals) in the quarter.

A depreciation charge (excluding trading potential write downs on closed bingo clubs) of £15.6 million (2013: £14.3 million) and an amortisation charge of £5.0 million (2013: £4.0 million) were incurred in the quarter.

There was a profit on disposal of fixed assets in the quarter of £0.9 million (2013: loss of £0.9 million).

Profit before interest and tax was £45.7 million (2013: £27.8 million).

Interest payable has increased from £55.3 million in 2013 to £56.8 million in 2014. Key elements of the interest charge include loan and bond interest of £29.4 million (2013: £29.2 million), of which £4.3 million (2013: £4.9 million) relates to the 2005 Propco Three Limited loan. Interest payable also includes non-cash interest on GCGL loan notes of £25.0 million (2013: £21.8 million) and £2.4 million of costs (2013: £4.3 million) associated with the amortisation of debt issue costs and amortisation costs of interest rate cap premia.

During the quarter the Group received exceptional interest of £14.3 million (2013: £nil) on VAT refunds from HMRC on 'Conde Nast' claims.

Other finance costs in the period were £0.8 million (2013: £0.9 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 £0.7 million, compared to a loss of £29.2 million in 2013.

Exceptional Items

Exceptional items in the quarter amounted to a £2.4 million charge (2013: £11.0 million).

£5.4 million (2013: £3.9 million) of the charge related to corporate re-structuring, focused on ensuring the businesses can operate on a stand-alone basis, a share-based payments charge for the period of £0.8 million (non-cash) (2013: £2.1 million) and a non-cash onerous lease charge of £1.3 million (2013: £5.0 million) arising as a result of the change in the discount rate applied to future years.

These charges were offset by credits of £5.1 million (2013: £nil) as a result of successful Conde Nast VAT claim receipts.

Cash Generated from Operations in the Quarter

During the quarter net cash outflow from operations was £0.5 million (2013: inflow of £29.9 million). This included exceptional cash payments of £62.1 million (2013: £4.6 million), primarily relating to the repayment of the slots VAT claim to HMRC.

Cash of £17.4 million (2013: £32.0 million) was reinvested in the Group to fund capital expenditure. In addition the Group acquired no LBOs in the quarter (2013: a number were acquired for £0.1 million).

The Group received £1.0 million for fixed asset disposals in the quarter of which £0.9 million was received for the sale of a Bingo club. In 2013 the Group received £0.4 million from the sale of tangible assets in the quarter.

In the quarter £52.2 million of cash was utilised to meet interest and other financing costs (2013: £47.2 million). Additional amounts were repaid on the 2005 Propco Three Limited loan of £5.4 million (2013: £1.6 million) and £35.0 million repaid on the senior secured notes (2013: £nil).

Total cash outflow for the quarter was £95.0 million (2013: inflow of £9.9 million).

Overview of the Year to Date by Division

Coral Retail

Coral Retail's EBITDA (pre-exceptionals) of £113.6 million was £10.9 million or 9% lower than last year.

OTC gross win was £8.8 million or 4% lower than last year. This was largely a result of exceptional UK football results, which adversely impacted gross win by £15.2 million (GP impact: £12.9 million). This has been partly offset by a strong World Cup, which delivered £5.4 million of EBITDA (pre-exceptionals).

Machines gross win of £277.8 million was £15.5 million or 6% ahead of last year. The average number of machines was 2% higher at 7,231. Gross win per machine increased by 4% to £960.

Operating costs increased by £14.0 million or 5% primarily as a result of estate development, increased irrecoverable VAT as a result of the introduction of MGD, which fully annualised at the beginning of quarter 2, and shop comms.

The average number of LBOs increased by 38 units compared to the same period last year. 47 shops opened in the period.

Eurobet Retail

Eurobet Retail EBITDA (pre-exceptionals) of £14.6 million was £5.1 million or 54% ahead of last year.

Sports stakes were £73.3 million or 60% ahead of last year but gross win margin was 2.1pp behind as a result of the aforementioned adverse football results, resulting in sports gross win £13.4 million or 46% ahead at £42.5 million.

Virtual betting stakes were £72.8 million and combined with a gross win margin of 16.9% resulted in virtual betting gross win of £12.3 million.

Other stakes were £32.9 million or 33% ahead of last year. A strong gross win margin resulted in gross win of £8.0 million, £2.2 million or 38% ahead of last year.

Operating costs were £1.7 million or 36% higher than last year, reflecting the higher costs associated with supporting the larger retail estate.

As a result of the FY13 tender, the average number of licences increased by 354 or 98%. Total market share increased 3.6pp to 10.9%. The total number of licences at the end of the period was 807 and all new licences are now open.

Overview of the Year to Date by Division (continued)

Online

Online EBITDA (pre-exceptionals) of £34.7 million was £14.1 million or 68% ahead of last year.

Coral.co.uk unique active players increased by 83% and mobile penetration increased by 19.2pp to 66.5% of active players, which resulted in Coral.co.uk sports stakes £184.2 million or 94% ahead of last year and sports gross win £12.3 million or 94% ahead at £25.3 million. Gaming stakes in Coral.co.uk were £549.4 million or 86% ahead of last year and a 0.6 pp improvement in margin resulted in gross win £23.9 million or 119% ahead at £44.0 million.

Eurobet.it actives increased by 39%. Eurobet.it sports stakes were £20.2 million or 30% ahead of last year and sports gross win margin was 0.6pp ahead at 14.7%, resulting in sports gross win £3.4 million or 35% ahead at £12.9 million. Gaming stakes were £106.0 million or 30% higher than last year at £455.0 million and gross win was £3.6 million or 29% ahead at £16.1 million.

Galabingo.com unique active players increased by 2%. Galabingo.com total stakes grew by £170.9 million or 24% and gross win was £10.0 million or 20% ahead of last year at £59.9 million. Mobile penetration improved by 24.5pp to 54% of actives.

Galacasino.com actives increased by 11% to 71.7 thousand. Galacasino.com stakes were £255.2 million or 103% ahead of last year at £502.6 million and gross win was £7.4 million or 76% ahead at £17.1 million. Mobile penetration increased by 16.6pp to 35% of unique active players.

Marketing costs increased by £12.4 million or 50% to £37.1 million and other operating costs increased by £6.4 million or 24% in support of the growing business.

Gala Retail

EBITDA (pre-exceptionals) of £24.2 million was £3.3 million or 16% ahead of the prior year.

Gross profit was £4.1 million or 3% lower than last year at £155.6 million, with a 1% increase in like for like admissions offset by a 4% decline in like for like spend per head.

Total operating costs were £6.6 million or 6% lower than last year as a result of tight cost control and more efficient staffing.

Overview of the Year to Date

Turnover for the continuing Group for the period increased by £97.9 million, or 11%, to £951.0 million (2013: £853.1 million). During the period the Group generated £4.1 million of turnover from its discontinued casino operations (2013: £87.3 million).

Continuing Opco Group EBITDA (pre-exceptionals) increased by £11.4 million or 7%.

A depreciation charge (excluding trading potential and fixed asset write downs) of £52.7 million (2013: £52.5 million) and an amortisation charge of £15.1 million (2013: £13.4 million) were incurred in the period.

There was a profit on disposal of fixed assets in the period of £1.2 million. The profit on disposal of fixed assets in 2013 of £9.3 million included the profit on disposal of three freehold properties disposed of in 2005 Propco Three Limited and a profit in relation to the disposal of a licence in the Casino division.

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 £8.2 million. The prior year included a loss on disposal of a subsidiary company within the Casino division of £59.1 million.

Profit before interest and tax was £136.0 million (2013: £89.2 million).

Interest payable has increased from £181.7 million in 2013 to £192.6 million in 2014 as a result of the roll-up of interest on the GCGL loan notes and the exceptional fees associated with the amendments to the Senior Facilities Agreement. Key elements of the interest charge include loan and bond interest of £96.7 million (2013: £100.1 million), of which £15.3 million (2013: £16.3 million) relates to the 2005 Propco Three Limited loan. Interest payable also includes non-cash interest on GCGL loan notes of £82.3 million (2013: £71.6 million) and £7.3 million of costs (2013: £9.6 million) associated with the amortisation of debt issue costs and amortisation costs of interest rate cap premia.

Overview of the Year to Date (continued)

During the period the Group received exceptional interest of £25.7 million (2013: £6.0 million) on VAT refunds from HMRC on 'Conde Nast' claims.

Other finance costs in the period were £3.1 million (2013: £4.4 million) associated with the unwinding of discount on provisions and finance costs in relation to the pension scheme.

Following the sale of the remaining UK casinos, one further property was re-valued and reclassified as an investment property.

The overall result after taxation for the period is a loss of £36.9 million, compared to a loss of £97.2 million in 2013.

Exceptional Items

Exceptional items in the period amounted to a £11.3 million charge (2013: £2.0 million).

Included in exceptionals are restructuring costs and VAT rebates amounting to £8.0 million (2013: £8.5 million) and a share-based payments charge for the period of £2.6 million (non-cash) (2013: £5.4 million). In addition there was a write down of trading potential and fixed assets amounting to £6.6 million (2013: £2.6 million) on two bingo clubs which closed during the period. Exceptionals also include a non-cash onerous lease net credit of £5.9 million (2013: £14.5 million) associated with the release of various property provisions.

Cash Generated from Operations in the Year to Date

During the period net cash inflow from operations was £118.3 million (2013: £161.9 million). This included exceptional cash payments of £74.0 million (2013: £17.4 million), primarily relating to the repayment of the slots VAT claim.

Of the cash inflows, £54.1 million (2013: £62.9 million) was reinvested in the Group to fund capital expenditure. In addition the Group acquired a number of LBOs in the period for £3.9 million (2013: £3.7 million).

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).

The Group received £1.4 million for fixed asset disposals in the period. In 2013 the Group received £14.1 million from the sale of tangible assets, of which £4.4 million was received as a result of three freehold property disposals in 2005 Propco Three Limited and £7.4 million from the sale of a licence in the Casino division.

In the period £115.7 million of cash was utilised to meet interest and other financing costs (2013: £114.3 million) with a further £8.5 million (2013: £10.0 million) repaid on the 2005 Propco Three Limited loan and £35.0 million repaid on the senior secured notes (2013: £nil). The prior period included a repayment of £113.1 million on the senior secured credit facilities.

Unlevered free cashflow for the period, excluding net proceeds on sale of subsidiaries, was £59.0 million (2013: £107.7 million).

Total cash outflow for the period was £52.3 million (2013: inflow of £47.5 million).

Net Debt and Liquidity

Total net debt of £2,237.5 million (28 September 2013: £2,139.9 million) has increased since the year end due to the roll up of non-cash interest on subordinated loans from the ultimate parent company (GCGL loan notes). Total net debt includes the GCGL loan notes of £796.0 million and the 2005 Propco Three Limited loan of £329.5 million (net of issue costs) which is ring fenced from the trading group. £3.1 million of the repayment of the 2005 Propco Three Limited loan during the period was a scheduled amortisation payment with a further £5.4 million repaid in the year, both of which were from 2005 Propco Three Limited's cash.

Cash at bank and in hand of £164.0 million includes cash for covenant purposes of £147.9 million.

Overview of the Year to Date (continued)

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.

2005 Propco Three Limited's loan of £329.5 million was repayable on 22 April 2014 and is now in default. This loan is ring-fenced from the operating Group and security for the loan is restricted to the assets of 2005 Propco Three Limited and the shares in 2005 Propco Three Limited which are owned by 2005 Propco Two Limited only. In addition, the operating leases between Gala Leisure Limited and 2005 Propco Three Limited are unaffected by the default on the loan. There is therefore no impact on Gala Retail or on the directors' assessment of the going concern for the Group. The directors of 2005 Propco Three Limited continue to explore options in relation to the loan.

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 and all participants were transferred to personal pension plans.

Current Trading

Trading in the six weeks since the quarter end has been positive with growth in all divisions. The final week of the World Cup (encompassing the semi-finals and final) delivered a further £1.0m of EBITDA across the Group, helping offset customer friendly horse racing and golf results. During this period, Coral Retail OTC gross win was 17% ahead of last year, and Machines gross win was 11% ahead. Growth in the Online division continued, with stakes and gross win ahead across all websites. Momentum from the World Cup has carried forward into the period, with Coral.co.uk gross win 105% ahead of last year. The first two weeks of the domestic football season have seen significant growth in football stakes, in part driven by the successful customer recruitment during the summer. Gala Retail's performance was also pleasing, with admissions, gross profit and EBITDA all ahead of last year, despite the very warm weather in the four weeks immediately following the end of quarter 3.

Gala Coral Group Limited
Group Profit and Loss Account

	Notes	Unaudited forty weeks to 5 July 2014 £m	Unaudited forty weeks to 6 July 2013 £m
Turnover	3		
Continuing operations	2	951.0	853.1
Discontinued operations	2	4.1	87.3
		955.1	940.4
Cost of sales		(273.2)	(228.6)
Gross profit			
Continuing operations	2	678.4	639.7
Discontinued operations	2	3.5	72.1
		681.9	711.8
Administrative expenses		(560.7)	(575.7)
Operating profit before other operating income		121.2	136.1
Operating profit before other operating income, analysed as:			
Before exceptional items		132.5	138.1
Impairments	4	(6.6)	(2.6)
FRS 20 'Share Based Payment' charge	4	(2.6)	(5.4)
Net release of onerous lease provisions	4	5.9	14.5
Other restructuring costs and VAT rebates	4	(8.0)	(8.5)
Operating profit before other operating income		121.2	136.1
Other operating income		5.4	2.9
Operating profit/(loss)	3		
Continuing operations	2	127.4	130.4
Discontinued operations	2	(0.8)	8.6
		126.6	139.0
Profit on disposal of fixed assets	4	1.2	9.3
Profit/(loss) on disposal of subsidiaries	4	8.2	(59.1)
Profit before interest and tax		136.0	89.2
Interest receivable and similar income	5	26.8	7.6
Interest payable and similar charges	5	(192.6)	(181.7)
Other finance costs		(3.1)	(4.4)
Loss on ordinary activities before tax		(32.9)	(89.3)
Tax on loss on ordinary activities	6	(4.0)	(7.9)
Loss for the financial period		(36.9)	(97.2)

There are no material differences between the loss on ordinary activities before tax and the loss for the financial periods at their historical cost equivalents.

Gala Coral Group Limited
Group Statement of Total Recognised Gains and Losses and Reconciliation of Movement in Total Group Shareholders' (Deficit)/Funds

Group Statement of Total Recognised Gains and Losses

	Unaudited forty weeks to 5 July 2014 £m	Unaudited forty weeks to 6 July 2013 £m
Loss for the financial period	(36.9)	(97.2)
Surplus on revaluation of investment properties	1.4	-
Net foreign exchange adjustments offset in reserves	(1.6)	1.7
Actuarial loss on pension schemes	(1.2)	(12.7)
Deferred tax credit relating to pension scheme	0.2	3.7
Current tax credit relating to pension scheme	0.5	0.6
Total recognised gains and losses for the period	(37.6)	(103.9)

Reconciliation of Movement in Total Group Shareholders' (Deficit)/Funds

	Unaudited forty weeks to 5 July 2014 £m	Unaudited forty weeks to 6 July 2013 £m
Total recognised gains and losses for the period	(37.6)	(103.9)
FRS 20 'Share Based Payment' charge	2.6	5.4
Opening shareholders' (deficit)/funds	(51.6)	165.1
Closing shareholders' (deficit)/funds	(86.6)	66.6

Gala Coral Group Limited
Group Balance Sheet

	Notes	Unaudited 5 July 2014 £m	Unaudited 6 July 2013 £m	Audited 28 September 2013 £m
Fixed assets				
Intangible assets		382.9	412.1	406.6
Tangible assets		1,876.2	1,916.7	1,893.1
Investment properties		45.5	-	42.6
		2,304.6	2,328.8	2,342.3
Current assets				
Stocks		2.1	4.2	4.0
Debtors		56.6	66.5	42.0
Cash at bank and in hand		164.0	183.4	216.3
		222.7	254.1	262.3
Creditors: amounts falling due within one year	7	(502.7)	(489.5)	(523.6)
Net current liabilities		(280.0)	(235.4)	(261.3)
Total assets less current liabilities		2,024.6	2,093.4	2,081.0
Creditors: amounts falling due after more than one year	8	(2,074.5)	(1,996.2)	(2,020.1)
Provisions for liabilities	9	(36.7)	(52.0)	(112.5)
Net (liabilities)/assets excluding net pension asset		(86.6)	45.2	(51.6)
Net pension asset		-	21.4	-
Net (liabilities)/assets including net pension asset		(86.6)	66.6	(51.6)
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	-	17.4
Profit and loss account		(2,043.8)	(1,871.8)	(2,007.4)
Total shareholders' (deficit)/funds		(86.6)	66.6	(51.6)

	Notes	Unaudited forty weeks to 5 July 2014 £m	Unaudited forty weeks to 6 July 2013 £m	Audited year ended 28 September 2013 £m
Net cash inflow from operating activities	10(a)	118.3	161.9	235.1
Returns on investments and servicing of finance				
Interest received		26.8	7.6	7.7
Interest paid and similar charges		(115.7)	(114.3)	(130.1)
Net cash outflow from returns on investments and servicing of finance		(88.9)	(106.7)	(122.4)
Taxation				
Corporation tax paid		(2.7)	(1.7)	(2.2)
Capital expenditure and financial investment				
Payments to acquire tangible and intangible fixed assets		(54.1)	(62.9)	(82.8)
Net receipts from sale of tangible fixed assets		1.4	14.1	14.5
Net cash outflow for capital expenditure and financial investment		(52.7)	(48.8)	(68.3)
Acquisitions and disposals				
Purchase of subsidiary/trade and assets		(3.9)	(3.7)	(5.2)
Net proceeds on sale of subsidiaries		23.1	174.1	172.5
Cash disposed with subsidiaries		(2.0)	(4.5)	(4.5)
Net cash inflow from acquisitions and disposals		17.2	165.9	162.8
Net cash (outflow)/inflow before financing		(8.8)	170.6	205.0
Financing				
Repayment of the Senior secured credit facilities		-	(113.1)	(113.1)
Repayment of the Senior secured notes		(35.0)	-	-
Repayment of the 2005 Propco Three Limited loan		(8.5)	(10.0)	(11.5)
Net cash outflow from financing	10(b)	(43.5)	(123.1)	(124.6)
(Decrease)/increase in cash	10(b)	(52.3)	47.5	80.4

Reconciliation of Group Net Cash Flow to Movement in Group Net Debt

	Notes	Unaudited forty weeks to 5 July 2014	Unaudited forty weeks to 6 July 2013	Audited year ended 28 September 2013
(Decrease)/increase in cash		(52.3)	47.5	80.4
Net repayment of long-term loans		43.5	123.1	124.6
Change in net debt resulting from cash flows		(8.8)	170.6	205.0
Non-cash movements	10(b)	(88.8)	(80.1)	(103.7)
Movement in net debt		(97.6)	(90.5)	101.3
Opening net debt	10(b)	(2,139.9)	(2,241.2)	(2,241.2)
Closing net debt	10(b)	(2,237.5)	(2,150.7)	(2,139.9)

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 10), in accordance with the accounting policies applied in the financial statements for the year ended 28 September 2013 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.

2005 Propco Three Limited's loan of £329.5 million was repayable on 22 April 2014 and is now in default. This loan is ring-fenced from the operating Group and security for the loan is restricted to the assets of 2005 Propco Three Limited and the shares in 2005 Propco Three Limited which are owned by 2005 Propco Two Limited only. In addition, the operating leases between Gala Leisure Limited and 2005 Propco Three Limited are unaffected by the default on the loan. There is therefore no impact on Gala Retail or on the directors' assessment of the going concern for the Group. The directors of 2005 Propco Three Limited continue to explore options in relation to the loan.

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 28 September 2013 were approved by the Board of Directors on 22 November 2013, 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 (£23.1 million net of fees).

On 12 May 2013 the Group sold Gala Casino 1 Limited, a wholly owned subsidiary, for a consideration of £179.0 million plus adjustments for certain working capital movements. Gala Casino 1 Limited operated 19 of the Group's 23 UK casinos.

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

	2014			2013		
	Continuing operations £m	Discontinued operations £m	Total Group £m	Continuing operations £m	Discontinued operations £m	Total Group £m
Turnover	951.0	4.1	955.1	853.1	87.3	940.4
Cost of sales	(272.6)	(0.6)	(273.2)	(213.4)	(15.2)	(228.6)
Gross profit	**678.4**	**3.5**	**681.9**	**639.7**	**72.1**	**711.8**
Administrative expenses	(556.4)	(4.3)	(560.7)	(512.2)	(63.5)	(575.7)
Operating profit/(loss) before other operating income	**122.0**	**(0.8)**	**121.2**	**127.5**	**8.6**	**136.1**
Other operating income	5.4	-	5.4	2.9	-	2.9
Operating profit/(loss)	**127.4**	**(0.8)**	**126.6**	**130.4**	**8.6**	**139.0**

Costs of disposal previously included within exceptional items in 2013 have now been included within profit/(loss) on disposal of subsidiaries following the exchange of contracts on the sale of the UK casinos to The Rank Group Plc.

3. Segmental Analysis

The Group operated five segments during the quarter – Coral Retail, Eurobet Retail, Online, Gala Retail and Corporate. The Online segment operates online sports betting, bingo, casinos and other gaming products. The Eurobet Retail segment comprises betting shops in Italy. The Gala Casino segment was discontinued during the previous quarter.

The revenue of Coral Retail and Gala Retail arises solely within the United Kingdom. The revenue of the Eurobet Retail segment arose solely in Italy. The Gala Casino revenue arises in the United Kingdom and Gibraltar. The revenue of the Online segment arises in the UK and Europe. Its customers are primarily located in the United Kingdom and mainland Europe.

3. Segmental Analysis (continued)

Turnover, Group operating profit and EBITDA are analysed as follows:

Unaudited forty week period to 5 July 2014

	Coral Retail £m	Eurobet Retail £m	Online £m	Gala Retail £m	Gala Casino £m	Corporate £m	Group £m
Amounts staked	8,701.7	402.1	3,571.1	418.4	14.3	-	13,107.6
Turnover	524.5	62.8	139.0	224.7	4.1	-	955.1
Gross profit	396.6	21.0	105.2	155.6	3.5	-	681.9
Other admin expenses	(283.0)	(6.4)	(70.5)	(131.4)	(3.3)	(3.3)	(497.9)
'Opco' EBITDA (pre-exceptionals)	113.6	14.6	34.7	24.2	0.2	(3.3)	184.0
Propco rent	-	-	-	18.8	0.1	2.8	21.7
Group EBITDA (pre-exceptionals)	113.6	14.6	34.7	43.0	0.3	(0.5)	205.7
Depreciation and amortisation	(21.6)	(6.9)	(8.1)	(17.8)	(1.0)	(12.4)	(67.8)
Operating profit before exceptional items	92.0	7.7	26.6	25.2	(0.7)	(12.9)	137.9
Exceptional items							(11.3)
Group operating profit							**126.6**

The Group operates an 'Opco-Propco' structure with rentals charged between Group companies for properties which act as security under the 2005 Propco Three Limited loan. These rentals have been charged to the relevant divisions in the segmental analysis (Gala Retail and Gala Casino).

£2.8 million Propco rent receivable included in Corporate relates to rent received from The Rank Group Plc and The Double Diamond Group.

The depreciation and amortisation charge includes £9.9 million of goodwill amortisation and £5.2 million of licence amortisation.

3. Segmental Analysis (continued)

Unaudited forty week period to 6 July 2013

	Coral Retail £m	Eurobet Retail £m	Online £m	Gala Retail £m	Gala Casino £m	Corporate £m	Group £m
Amounts staked	8,417.1	223.0	2,278.1	432.0	390.8	-	11,741.0
Turnover	497.9	34.9	94.5	225.8	87.3	-	940.4
Gross profit	393.5	14.2	72.3	159.7	72.1	-	711.8
Other admin expenses	(269.0)	(4.7)	(51.7)	(138.8)	(59.0)	(3.1)	(526.3)
'Opco' EBITDA (pre-exceptionals)	124.5	9.5	20.6	20.9	13.1	(3.1)	185.5
Propco rent	-	-	-	18.2	2.4	0.8	21.4
Group EBITDA (pre-exceptionals)	124.5	9.5	20.6	39.1	15.5	(2.3)	206.9
Depreciation and amortisation	(21.8)	(4.7)	(4.6)	(17.2)	(4.5)	(13.1)	(65.9)
Operating profit before exceptional items	102.7	4.8	16.0	21.9	11.0	(15.4)	141.0
Exceptional items							(2.0)
Group operating profit							**139.0**

The depreciation and amortisation charge includes £9.9 million of goodwill amortisation and £3.5 million of licence amortisation.

4. Exceptional Items

Exceptional Items Charged/(Credited) to Operating Profit

Exceptional items in the period amounted to a £11.3 million charge (2013: £2.0 million).

Included in exceptionals are restructuring costs and VAT rebates amounting to £8.0 million (2013: £8.5 million) and a share-based payments charge for the period of £2.6 million (non-cash) (2013: £5.4 million). In addition there was a write down of trading potential and fixed assets amounting to £6.6 million (2013: £2.6 million) on two bingo clubs which closed during the period. Exceptionals also include a non-cash onerous lease net credit of £5.9 million (2013: £14.5 million) associated with the release of various property provisions.

Exceptional Items (Credited)/Charged after Operating Profit

1) Profit on Disposal of Fixed Assets

The profit on disposal of fixed assets for the period amounted to £1.2 million. The prior period profit on disposal of £9.3 million included the profit on disposal of three freehold properties in 2005 Propco Three Limited and a licence in the Gala Casino division.

4. Exceptional Items (continued)

2) Profit on Disposal 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 (pre disposal costs). These disposals resulted in a profit on disposal of £8.2 million. See note 11.

3) Exceptional Interest

Exceptional interest receivable in the period of £25.7 million (2013: £6.0 million) relates to interest receivable from HMRC on 'Condé Nast' VAT claims.

Exceptional interest payable in the period relates to £6.3 million of fees payable to the senior lenders following certain amendments to the Senior Facilities Agreement which was agreed on 7 April 2014 and a further £0.6 million of issue costs written off following a repayment on the senior secured notes.

In the prior period, the Group paid £0.4 million of break fees on 2005 Propco Three Limited loan repayments following the disposal of certain properties in 2005 Propco Three Limited. In addition, the Group wrote off £2.1 million of issue costs on the repayment of £113.1 million of the senior secured credit facilities following the receipt of £179.0 million in May 2013 from The Rank Group Plc on the completion of the sale of 19 of its UK casinos.

5. Interest

	Unaudited forty weeks to 5 July 2014 £m	Unaudited forty weeks to 6 July 2013 £m
Loan and bond interest and similar charges	(81.4)	(83.8)
2005 Propco Three Limited loan interest	(15.3)	(16.3)
GCGL loan note interest	(82.3)	(71.6)
Amortisation of debt issue costs and senior notes discount	(5.9)	(6.4)
Amortisation of interest rate cap premia	(0.8)	(1.1)
	(185.7)	(179.2)
Exceptional interest payable (note 4):		
Break fees on 2005 Propco Three Limited loan	-	(0.4)
Write off of debt issue costs on repayment of bond and loans	(0.6)	(2.1)
SFA consent fees	(6.3)	-
Interest payable and similar charges	(192.6)	(181.7)
Interest on deposits and money market funds	0.5	0.6
Other interest receivable	0.6	1.0
Exceptional interest receivable (note 4)	25.7	6.0
Interest receivable and similar income	26.8	7.6
Net interest payable	(165.8)	(174.1)

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 the period in relation to the 2005 Propco Three Limited loan amounted to £15.6 million (2013 £16.2 million).

In the period interest receivable on the 2005 Propco Three Limited cash balance was £nil (2013: £nil).

6. Tax on 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 5 July 2014 £m	Unaudited 6 July 2013 £m	Audited 28 September 2013 £m
2005 Propco Three Limited loan	329.5	339.0	337.7
Loan, senior secured notes and senior notes interest	10.6	11.7	25.1
Trade creditors	10.6	8.6	46.9
Corporation tax	4.3	3.3	2.8
Other taxation and social security	36.8	36.9	25.7
Other creditors	19.6	13.8	13.7
Accruals and deferred income	91.3	76.2	71.7
	502.7	489.5	523.6

The 2005 Propco Three Limited loan of £329.5 million (6 July 2013: £339.0 million, 28 September 2013: £337.7 million), including amounts of £329.5 million (6 July 2013: £339.0 million, 28 September 2013: £337.7 million) falling due within one year, is presented net of unamortised issue costs of £nil (6 July 2013: £0.5 million, 28 September 2013: £0.3 million). The loan is owed by 2005 Propco Three Limited and is ring-fenced from the trading group. The 2005 Propco Three Limited loan matured in April 2014, and is secured on certain properties which it owns.

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

	Unaudited 5 July 2014 £m	Unaudited 6 July 2013 £m	Audited 28 September 2013 £m
Senior secured credit facilities	701.8	699.3	699.8
Senior secured notes	309.8	342.9	343.2
Senior notes	264.4	262.3	262.8
Gala Coral Group Limited ("GCGL") loan note	796.0	690.6	712.7
Other creditors	2.5	1.1	1.6
	2,074.5	1,996.2	2,020.1

During the period Gala Retail paid rent of £18.8 million (6 July 2013: £18.2 million) and Gala Casino paid rent of £0.1 million (6 July 2013: £2.5 million) to 2005 Propco Three Limited. In addition, 2005 Propco Three Limited received £2.8 million (6 July 2013: £0.6 million) from The Rank Group Plc and Double Diamond Gaming Limited in respect of the rent on the casinos, following their disposal.

During the period £35.0 million was repaid on the senior secured notes (6 July 2013: £nil).

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
Issued 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
Issued 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 5 July 2014 the senior secured credit facilities, 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 £10.1 million (6 July 2013: £12.6 million, 28 September 2013: £12.1 million), £5.2 million (6 July 2013: £7.1 million, 28 September 2013: £6.8 million) and £10.6 million (6 July 2013: £12.7 million, 28 September 2013: £12.2 million) respectively.

In addition to the margin payable on the senior secured credit facilities, the Group pays a 1.5% (2013: 1.5%) facility 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, £45.0 million (6 July 2013: £55.9 million, 28 September 2013: £46.3 million) has been utilised through the issuance of letters of credit.

The senior secured credit facilities and the 2005 Propco Three Limited loan agreements require the Group to comply with certain financial and non-financial covenants. 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 as part of the financial restructuring which completed in June 2010. GCGL loan notes are unsecured, were issued with a duration of 10 years, accruing interest of 15.0625% and are only payable on maturity on 27 October 2020. Interest accrued rolls up into the principal amount on 27 October each year until redemption. As at 5 July 2014 issue costs of £0.7 million (6 July 2013: £2.1 million, 28 September 2013: £1.7 million) are netted off against the GCGL loan note.

9. Provisions

Following the UK Court of Appeal's recent ruling in favour of HMRC, on fiscal neutrality of VAT on gaming machines, a charge of £59.1 million was recognised by the Group in the year ended 28 September 2013. The directors remain confident that the case will ultimately find in favour of the gaming operators, however based on the most recent ruling, they believe it appropriate to adequately provide for the potential exposure at this stage. Following the year end, the Group repaid £54.5 million of this claim back to HMRC.

10. Notes to the Group Cash Flow Statement

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

	Unaudited forty weeks to 5 July 2014 £m	Unaudited forty weeks to 6 July 2013 £m	Audited year ended 28 September 2013 £m
Operating profit	126.6	139.0	81.9
Depreciation, amortisation, impairment and write downs	74.4	68.5	97.6
(Increase)/decrease in debtors	(15.3)	(4.2)	15.9
Decrease/(increase) in stocks	1.8	(1.0)	(0.8)
Increase/(decrease) in creditors	7.0	(19.9)	(4.2)
(Decrease)/increase in provisions	(76.1)	(23.5)	33.2
Pension contributions in excess of profit and loss charge	(2.7)	(2.4)	(2.6)
FRS 20 'Share Based Payment' charge	2.6	5.4	14.1
Net cash inflow from operating activities	118.3	161.9	235.1

b) Analysis of Net Debt

	At 28 September 2013 £m	Cash Flow £m	Transfers Between Categories £m	Other Non-cash Movements £m	At 5 July 2014 £m
Cash at bank and in hand	216.3	(52.3)	-	-	164.0
Debt due within one year	(337.7)	8.5	-	(0.3)	(329.5)
Debt due after one year	(2,018.5)	35.0	-	(88.5)	(2,072.0)
Total debt	(2,356.2)	43.5	-	(88.8)	(2,401.5)
Net debt	(2,139.9)	(8.8)	-	(88.8)	(2,237.5)

Non-cash movements comprise amortisation and write off of debt issue costs and senior notes discount of £6.5 million and an accrual of interest on the GCGL loan notes of £82.3 million.

Cash at bank and in hand as at 5 July 2014 includes the 2005 Propco Three Limited balance of £5.0 million (6 July 2013: £7.7 million, 28 September 2013: £7.9 million) and the cash in hand balance of £11.1 million (6 July 2013: £12.6 million, 28 September 2013: £12.4 million).

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

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

	Unaudited forty weeks to 5 July 2014 £m	Unaudited forty weeks to 6 July 2013 £m	Audited year ended 28 September 2013 £m
Included within operating cash flow:			
Restructuring and VAT rebates	(74.0)	(17.4)	(21.5)
	(74.0)	(17.4)	(21.5)
Net disposal proceeds of tangible fixed assets	1.4	14.1	14.5
Net disposal proceeds on sale of subsidiaries	23.1	174.1	172.5
Cash disposed with sale of subsidiaries	(2.0)	(4.5)	(4.5)
Net cash (outflow)/inflow	(51.5)	166.3	161.0

The prior year included sales proceeds of £4.4 million in relation to three freehold properties disposed by 2005 Propco Three Limited and £7.4 million in relation to the disposal of a licence in the Gala Casino division.

A £54.5m VAT payment was made in the period following the UK court of appeal's ruling in favour of HMRC, on fiscal neutrality of VAT of gaming machines.

The Group also made a one off pension contribution of £2.4 million (6 July 2013: £2.6 million) during the period as part of the agreed deficit funding arrangement.

In relation to the VAT rebates from HMRC on 'Condé Nast' VAT claims, exceptional interest was received in the period of £25.7 million (2013: £6.0 million). See note 4.

11. Disposal 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 (pre disposal costs). These disposals resulted in a profit on disposal of £8.2 million.

The completion account processes are expected to be finalised by the financial year end and the final profit/loss on disposal below will be amended for any final payments/receipts.

	£m
Goodwill	7.8
Tangible fixed assets	6.2
Stocks	0.3
Debtors	2.5
Cash	2.0
Creditors	(0.4)
	18.4
Release of 2013 provision for loss on disposal of UK casinos	(3.5)
Profit on disposal (note 4)	8.2
Net cash consideration	23.1