

GALA CORAL GROUP

FULL YEAR RESULTS FOR THE 53 WEEKS ENDED 29 SEPTEMBER 2012

KEY FINANCIALS – FULL YEAR

	Full Year				
	Total results ⁽¹⁾			Like-for-like ⁽⁵⁾	
	FY12 £m	FY11 £m	Change %	FY12 £m	FY11 £m
Turnover ⁽²⁾	1,189.5	1,117.0	6%	1,153.1	1,102.8
Statutory gross profit ⁽³⁾	923.6	854.7	8%	896.4	844.1
EBITDA pre bonus ⁽⁴⁾	291.4	262.0	11%	280.3	259.9
EBITDA post bonus ⁽⁴⁾	280.2	261.0	7%	269.1	258.9

{1} Total results include all revenue and expenses for the group for the 53 weeks ended 29 September 2012. The Group prepares its financial statements to the last Saturday in September. As a result of this the Group benefits from an additional 53rd week of trading in certain years (last 53 week year was 2006). This also results in a 13 week final trading quarter, as opposed to the typical 12 week final trading quarter.

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

{3} Differs to divisional gross profit due to adjustments for free bets, certain machines costs and vending machines income. See reconciliation on page 18

{4} Pre-exceptional items

{5} Like-for-like does not exclude the impact of week 53 or Euro 2012 and only reflects the changes in the size of the Estate

HIGHLIGHTS – FULL YEAR

The key trading highlights for the year ended 29 September 2012 were:

- EBITDA (pre-exceptionals and pre-bonus) was £29.4 million or 11% ahead of the prior year. Excluding the impact of the 53rd week of trading, EBITDA (pre-exceptionals and pre-bonus) was 9% ahead of the prior year.
- Coral over the counter (OTC) gross win was 6% ahead year on year excluding week 53 and Euro 2012, driven by stable amounts staked and a strong gross win margin.
- Coral machines gross win was 7% ahead of the prior year excluding week 53, with gross win per machine per week of £920 (3% ahead year on year).
- Bingo gross profit was 8% ahead excluding week 53, driven by a strong performance in interval bingo and machines.
- Interactive gross profit was 9% ahead of the prior year excluding week 53, with significant increases in active customers across all sites.
- Italy EBITDA (pre-exceptionals) grew by 23% year on year (excluding week 53 and Euro 2012), driven by strong performances in both sports betting and online gaming.
- Launch of the new Interactive websites; galacasino.com in May, galabingo.com in July and the new coral.co.uk site launched shortly after the year end on 11 October.
- Strong cash-flow performance having invested over £100m of Capital Expenditure

KEY FINANCIALS – QUARTER 4

	Quarter 4				
	Total results ^{1}			Like-for-like ^{5}	
	FY12	FY11	Change %	FY12	FY11
£m	£m	£m		£m	
Turnover ^{2}	277.1	249.0	11%	266.3	244.9
Statutory gross profit ^{3}	216.1	191.2	13%	208.0	188.1
EBITDA pre bonus	68.5	56.0	22%	65.1	55.0
EBITDA post bonus ^{4}	65.8	55.0	20%	62.4	54.0

{1} Total results include all revenue and expenses for the group for the 53 weeks ended 29 September 2012. The Group prepares its financial statements to the last Saturday in September. As a result of this the Group benefits from an additional 53rd week of trading in certain years (last 53 week year was 2006). This also results in a 13 week final trading quarter, as opposed to the typical 12 week final trading quarter.

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

{3} Differs to divisional gross profit due to adjustments for free bets, certain machines costs and vending machines income. See reconciliation on page 18

{4} Pre-exceptional items

{5} Like-for-like does not exclude the impact of week 53 or Euro 2012 and only reflects the changes in the size of the Estate

HIGHLIGHTS – QUARTER 4

The key trading highlights in the 13 weeks ended 29 September 2012 were:

- EBITDA (pre-exceptionals and pre-bonus) was £12.5 million or 22% ahead of the prior year. Excluding the impact of the 53rd week of trading, EBITDA (pre-exceptionals and pre-bonus) was £6.9 million or 12% ahead of the prior year.
- Coral over the counter (OTC) gross win was 6% ahead year on year excluding week 53, driven by a strong gross win margin which was 2.9pp ahead.
- Coral machines gross win was 6% ahead of the prior year excluding week 53, with gross win per machine per week of £901 (3% up year on year).
- Bingo gross profit was 3% ahead excluding week 53, driven by the continued strong performance in interval bingo and machines.
- Interactive benefited from the launch of the new Gala Interactive websites, with total gross profit 21% ahead of the prior year (excluding week 53).
- Italy sports stakes were 17% ahead year on year excluding week 53, but sports gross win was 60% lower year on year following a poor sports margin which was 12.9pp adverse.

CASINO TRANSACTION

On 20 August 2012 the Office of Fair Trading announced that it had referred the proposed disposal of 23 UK casinos to Rank Group PLC to the Competition Commission. Accordingly, the disposal did not become unconditional by 19 September 2012 and therefore the agreement relating to the disposal ceased to be formally binding on the parties. The parties are currently engaged with the Competition Commission, and the Commission's preliminary findings will be issued in December.

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

“2012 has been an important transitional year for the Group. We have restructured into key operating divisions, bedded in a new operational management team and invested in our retail estate and online systems. This has resulted in the first growth in profitability for over five years against the backdrop of a difficult environment for retail and leisure businesses.”

“In the final quarter of the year the Group delivered another solid performance, with EBITDA growth of 9% (post-bonus and excluding week 53), despite trading losses in Italy in the final period due to extremely poor sports results. Our retail businesses experienced some softening in top line trends over what was a disrupted summer period, and these trends have continued into the new financial year. On the plus side, July saw the launch of our new galabingo.com website, and early growth from both this and the new galacasino.com website has been positive. With the re-launch of the coral.co.uk in October our new interactive businesses are now fully up and running and we are targeting significant growth over the forthcoming year”.

December 2012

CURRENT TRADING

<u>KPIs</u> ^{1,2}	Full Year FY12	24 November 2012^{3}
CORAL		
OTC amounts staked	(3%)	(9%)
OTC gross win margin	17.3%	18.9%
Gross win/machine/week	4%	(0%)
BINGO		
Admissions/week	(4%)	(7%)
Spend per head	4%	(0%)
CASINO		
Cash Drop	3%	2%
Gaming gross win	17.2%	16.6%
REMOTE		
Sports gross win margin – Coral	6.9%	4.9%
ITALY		
Sports betting amounts staked	10%	24%
Total sports betting gross win margin	18.1%	20.5%
Online gaming gross win	46%	(4%)

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

{2} The **like-for-like** KPI's quoted for the full year FY12 exclude the impact of week 53 and Euro 2012

{3} These statistics are for the 8 week period from 30 September to 24 November 2012

Commentary on the 8 weeks to 24 November

Coral OTC staking levels have remained soft in the post summer period, and are 9% lower year on year. Part of this year on year shortfall is associated with the removal of concessions during FY12, which had the impact of reducing overall staking levels but has been a key factor in the improvement in margins. Furthermore, favourable results are driving a strong OTC win margin over the period, which is also impacting staking levels through reduced recycling of winnings. At 18.9% the OTC win margin is 4.5pp ahead year on year, driving overall OTC gross profit growth of 21% over the first eight weeks. Machines gross win per terminal is level year on year.

Similar to Coral retail, Bingo footfall has remained depressed following the summer, with admissions 7% lower year on year. Spend per head has remained level with the prior year, with improved margins across gaming products reducing the year on year shortfall at gross profit to 3%

In Gala Casinos cash drop has improved by 2% as a result of increased drop per head year on year offsetting reduced admissions, following the strategy of focusing on higher value players. Gaming margin over the first eight weeks is 0.3pp below that of the prior year at 16.6%, resulting in gaming gross profit level year on year. Total gross profit is currently lower year on year as a result of slightly lower machines revenue.

Gala Interactive has shown strong growth over the first eight weeks of FY13, with galacasino.com gross profit (post bonuses) growth of 108% (albeit off a relatively low base) and growth in galabingo.com gross profit (post bonuses) of 20%. On a total gross profit (post bonuses) basis the Gala Interactive business is 26% ahead year on year.

Coral Interactive had some initial issues following the soft launch on 11 Oct, which have now been resolved. Actives over the period are 12% ahead year on year, with growth in gross win of 10%. Increased bonus costs associated with the launch have resulted in net gaming revenue and gross profit (post bonuses) currently level with the prior year. The first national TV campaign for the new site launched on 1 December.

Italy has had a strong start to the new year, with LBO sports stakes ahead by 24% after eight weeks, and online sports stakes 42% ahead. Results have been less favourable, however, with sports win margins 2.5pp and 2.2pp lower for LBOs and online respectively, resulting in overall sports gross win 15% ahead. Online gaming gross win is slightly down, with gross profit level year on year, due to lower poker revenues being offset by growth in other gaming.

BUSINESS AND FINANCIAL REVIEW

Group performance

Key financials

Thirteen weeks ended 29 September 2012 and fifty three weeks full year results

	Quarter 4			Year to date	
	Total results ^{1}			Total results ^{1}	
	FY12	FY11	Change	FY12	FY11
	£m	£m	%	£m	£m
Turnover ^{2}	277.1	249.0	11%	1,189.5	1,117.0
Statutory gross profit ^{3}	216.1	191.2	13%	923.6	854.7
EBITDA ^{4}	65.8	55.0	20%	280.2	261.0

{1} Total results include all revenue and expenses for the group for the 13 weeks ended 29 September 2012

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

{3} Differs to divisional gross profit due to adjustments for free bets, certain machines costs and vending machines income. See reconciliation on page 18

{4} Pre-exceptional items

Group turnover increased by 11% to £277.1 million (3% excluding week 53), with statutory gross profit growth up 13% to £216.1 million (4% excluding week 53). Over the full year, turnover increased by 6% to £1,189.5 million (4% excluding week 53 and Euro 2012), with gross profit growth of 8% to £923.6 million (6% excluding week 53 and Euro 2012).

Quarter 4 group EBITDA (pre-exceptionals) of £65.8 million was £10.8 million ahead of the prior year (£5.2 million ahead excluding the impact of week 53), resulting in full year EBITDA (pre-exceptionals) of £280.2 million, £19.2 million head of FY11 (£13.6 million ahead excluding the impact of week 53). The main factors impacting reported EBITDA were as follows:

	Quarter 4	Year to date
	£'m	£'m
FY11 EBITDA (pre-exceptionals)	55.0	261.0
VAT	-	(3.0)
Euro 2012	-	2.3
Week 53	5.6	5.6
Underlying growth	<u>6.9</u>	<u>24.5</u>
Sub total	67.5	290.4
Bonus provision	<u>(1.7)</u>	<u>(10.2)</u>
FY12 EBITDA (pre-exceptionals)	65.8	280.2

The change in the rate of VAT introduced in January 2011 adversely impacted Q1 EBITDA by £3.0 million. The impact of this change annualised in Q2. Returns delivered by Euro 2012 were 50% below expectations. The additional week of trading in FY12 contributed £5.6 million of EBITDA.

All businesses have delivered underlying growth in divisional EBITDA in the year with the exception of the Casinos division, whose EBITDA performance was broadly flat and has been adversely impacted by the prolonged nature of the proposed sale to Rank. Within underlying growth there is an upside associated with the milder weather in Q1 which is estimated to have benefitted the group by £4.0 million in FY12. Full year costs include an incremental £10.2 million bonus provision, included in central costs, as a result of certain trading divisions and the Group achieving their respective annual EBITDA targets.

BUSINESS AND FINANCIAL REVIEW (continued)

FULL YEAR FY12	Divisional gross profit⁽¹⁾	EBITDA (FY11 reporting basis)	Divisionalised costs⁽²⁾	EBITDA (post divisionalised costs)	Other operating income	EBITDA (pre exceptionals)
	£m	£m	£m	£m	£m	£m
Coral	506.1	186.5	(12.1)	174.4	2.2	176.6
Bingo	223.3	78.1	(8.0)	70.1	0.8	70.9
Casino	119.3	26.4	(3.6)	22.8	0.2	23.0
Interactive	76.1	35.0	(8.6)	26.4	-	26.4
Italy	23.3	11.9	-	11.9	-	11.9
Central	-	<u>(17.7)</u>	-	<u>(17.7)</u>	<u>0.3</u>	<u>(17.4)</u>
Total	948.1	320.2	(32.3)	287.9	3.5	291.4
Bonus						<u>(11.2)</u>
Group EBITDA (pre-exceptionals)						280.2

FULL YEAR FY11	Divisional gross profit⁽¹⁾	EBITDA (FY11 reporting basis)	Divisionalised costs⁽²⁾	EBITDA (post divisionalised costs)	Other operating income	EBITDA (pre exceptionals)
	£m	£m	£m	£m	£m	£m
Coral	467.6	172.7	(12.9)	159.8	1.9	161.7
Bingo	203.8	64.8	(6.4)	58.4	0.7	59.1
Casino	112.6	26.7	(3.6)	23.1	0.1	23.2
Interactive	68.1	32.2	(6.7)	25.5	-	25.5
Italy	18.9	9.2	-	9.2	-	9.2
Central	-	<u>(17.2)</u>	-	<u>(17.2)</u>	<u>0.5</u>	<u>(16.7)</u>
Total	871.0	288.4	(29.6)	258.8	3.2	262.0
Bonus						<u>(1.0)</u>
Group EBITDA (pre-exceptionals)						261.0

{1} Divisional gross profit excludes the cost of free bets and sales income associated with complimentary items given free to high value customers in Casinos.

{2} During FY12 certain central costs were allocated to the divisions as part of divisionalisation. For management purposes these costs have been reported within the divisions in FY12. Accordingly, the FY11 reporting basis in the tables above has been amended to reflect the current divisional cost structure to ensure that the FY11 numbers are comparable to FY12. Furthermore, other operating income in the tables above has been allocated back to the relevant division in which the income arises.

BUSINESS AND FINANCIAL REVIEW (continued)

QUARTER 4 FY12	Divisional gross profit⁽¹⁾	EBITDA (FY11 reporting basis)	Divisionalised costs⁽²⁾	EBITDA (post divisionalised costs)	Other operating income	EBITDA (pre exceptionals)
	£m	£m	£m	£m	£m	£m
Coral	118.8	41.6	(2.8)	38.8	0.6	39.4
Bingo	54.2	21.2	(1.9)	19.3	0.2	19.5
Casino	28.6	5.6	(0.9)	4.7	-	4.7
Interactive	19.8	9.9	(1.8)	8.1	-	8.1
Italy	1.9	0.4	-	0.4	-	0.4
Central	-	<u>(3.6)</u>	-	<u>(3.6)</u>	-	<u>(3.6)</u>
Total	223.3	75.1	(7.4)	67.7	0.8	68.5
Bonus						<u>(2.7)</u>
Group EBITDA (pre-exceptionals)						65.8

QUARTER 4 FY11	Divisional gross profit⁽¹⁾	EBITDA (FY11 reporting basis)	Divisionalised costs⁽²⁾	EBITDA (post divisionalised costs)	Other operating income	EBITDA (pre exceptionals)
	£m	£m	£m	£m	£m	£m
Coral	103.4	34.4	(3.0)	31.4	0.4	31.8
Bingo	48.9	15.6	(1.5)	14.1	0.1	14.2
Casino	26.2	6.3	(0.9)	5.4	-	5.4
Interactive	15.0	7.3	(1.4)	5.9	-	5.9
Italy	3.9	2.4	-	2.4	-	2.4
Central	-	<u>(3.9)</u>	-	<u>(3.9)</u>	<u>0.2</u>	<u>(3.7)</u>
Total	197.4	62.1	(6.8)	55.3	0.7	56.0
Bonus						<u>(1.0)</u>
Group EBITDA (pre-exceptionals)						55.0

{1} Divisional gross profit excludes the cost of free bets and sales income associated with complimentary items given free to high value customers in Casinos.

{2} During FY12 certain central costs were allocated to the divisions as part of divisionalisation. For management purposes these costs have been reported within the divisions in FY12. Accordingly, the FY11 reporting basis in the tables above has been amended to reflect the current divisional cost structure to ensure that the FY11 numbers are comparable to FY12. Furthermore, other operating income in the tables above has been allocated back to the relevant division in which the income arises.

CORAL – FULL YEAR

	53 weeks ended 29 September 2012 ^{4}	FY12 adj 2012 ^{5}	52 weeks ended 24 September 2011	Year on Year variance 52 week ^{6}
Turnover ^{{1}{2}}	608.0	594.2	559.7	6%
EBITDA ^{{1}{3}}	186.5	181.5	172.7	5%
<u>KPI's</u> ^{1}				
<i>OTC</i>				
Amounts staked (£m)	1,840.4	1,789.3	1,784.2	0%
Gross win margin (%)	17.2%	17.3%	16.4%	0.9pp
Average number of LBO's	1,721	1,721	1,660	4%
<i>Machines</i>				
Average number of machines	6,867	6,867	6,551	5%
Gross win/machine/week (£)	920	920	897	3%

{1} Results are for the total estate, i.e non like-for-like

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

{3} EBITDA is stated pre-exceptional items and excludes rental income of £2.2m which for statutory purposes is classed as 'Other Operating Income' in the accounts. EBITDA includes an additional 53rd week of trading in the year ended 29 September 2012 due to the timing of the Group's year end in 2012

{4} Includes 53rd week and Euro 2012

{5} Excludes the impact of the 53rd week of trading and Euro 2012

{6} Compares Adj 52 week figures for FY12 against the 52 weeks ended 24 September 2011

Turnover has increased from £559.7 million in the year to 24 September 2011 to £608.0 million in the current year, an increase of 9% (6% increase excluding week 53 and Euro 2012). EBITDA (pre-exceptionals) for the year of £186.5 million was £13.8 million or 8% ahead of the prior year (£8.8 million or 5% ahead excluding week 53 and Euro 2012).

OTC gross win was 6% ahead year on year excluding the impact of week 53 and Euro 2012. OTC stakes were level with the prior year, with growth driven by an improved margin which was 90bps ahead of the prior year.

Machines gross win was 7% ahead of the prior year excluding week 53, with underlying growth in both amounts staked and gross win margin. Gross win per machine per week has increased by 3% over the prior year to £920.

Operating costs, before depreciation and amortisation, were 6% higher in the current year on a 52 week basis as a result of increased payroll, property and content costs due to estate growth, increased opening hours and contractual and inflationary cost increases.

CORAL – QUARTER 4

	13 weeks ended 29 September 2012 ⁽⁴⁾	Adj 12 weeks 2012 ⁽⁵⁾	12 weeks ended 24 September 2011	Year on Year variance 12 week ⁽⁶⁾
KPI's ⁽¹⁾				
<i>OTC</i>				
Amounts staked (£m)	413.1	379.2	427.2	(11%)
Gross win margin (%)	17.5%	17.7%	14.8%	2.9pp
Average number of LBO's	1,732	1,732	1,658	4%
<i>Machines</i>				
Average number of machines	6,906	6,906	6,615	4%
Gross win/machine/week (£)	901	901	877	3%
P&L ⁽¹⁾				
OTC amount staked	413.1	379.2	427.2	(11%)
Machines amount staked	<u>2,207.2</u>	<u>2,024.3</u>	<u>2,060.9</u>	<u>(2%)</u>
Total stakes	2,620.2	2,403.5	2,488.1	(3%)
OTC gross win	72.3	67.2	63.4	6%
Machines gross win	<u>80.9</u>	<u>74.1</u>	<u>69.6</u>	<u>6%</u>
Total gross win	153.2	141.3	133.0	6%
<i>Turnover</i> ⁽²⁾	142.6	131.5	123.7	6%
Gross profit	118.8	109.8	103.4	6%
Operating costs	<u>(77.2)</u>	<u>(71.2)</u>	<u>(69.0)</u>	<u>(3%)</u>
EBITDA ⁽³⁾	41.6	38.6	34.4	12%

{1} Results are for the total estate, i.e non like-for-like

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

{3} EBITDA is stated pre-exceptional items and excludes rental income of £0.6m which for statutory purposes is classed as 'Other Operating Income' in the accounts. EBITDA includes an additional 53rd week of trading in the year ended 29 September 2012 due to the timing of the Group's year end in 2012

{4} Includes 53rd week

{5} Excludes the impact of the 53rd week of trading

{6} Compares Adj 52 week figures for FY12 against the 52 weeks ended 24 September 2011

Turnover in the quarter increased by 15% to £142.6 million (6% excluding the 53rd week), with strong underlying growth in both OTC and machines. EBITDA (pre-exceptionals) of £41.6 million was £7.2 million (21%) ahead of the prior year (£4.2 million (12%) ahead excluding week 53).

The public focus on the Olympic and Paralympic Games during the quarter impacted footfall in our UK retail businesses throughout August and September. The quarter also experienced a higher number of race cancellations compared to the prior year as a result of wet weather, which affected total staking levels. These factors, coupled with a higher than normal margin reducing recycling, resulted in OTC stakes being 11% below prior year levels (excluding week 53). At a gross win level, this was offset by the strong margin, which was 2.9pp ahead of the prior year, resulting in OTC gross win being 6% ahead of the prior year (excluding week 53).

Machines amounts staked were 2% lower year on year (excluding week 53). Margins remain strong following investment in machine content over the year, which resulted in year on year growth in gross win of 6% (excluding week 53). Gross win per machine per week grew by 3% to £901.

Operating costs, before depreciation and amortisation, were £2.2 million or 3% higher in Q4 2012 excluding week 53. These cost increases were as a result of payroll, property and content costs due to estate growth, increased opening hours and contractual and inflationary cost increases.

BINGO – FULL YEAR

	53 weeks ended 29 September 2012^{4}	FY12 adj 2012^{5}	52 weeks ended 24 September 2011	Year on Year variance 52 week^{6}
Turnover ^{{1}{2}}	308.7	303.1	303.0	-
EBITDA ^{{1}{3}}	78.1	76.6	64.8	18%
<u>KPI's</u> ^{1}				
Admissions ('000)	19,074	18,744	19,046	(2%)
Spend per head (£)	32.92	32.91	31.62	4%
EBITDA/club/week (£'000)	10.5	10.5	8.8	19%

{1} Results are for the total estate, i.e non like-for-like

{2} Turnover is defined as net income

{3} EBITDA is stated pre-exceptional items and excludes rental income of £0.8m which for statutory purposes is classed as 'Other Operating Income' in the accounts. EBITDA includes an additional 53rd week of trading in the year ended 29 September 2012 due to the timing of the Group's year end in 2012

{4} Includes 53rd week

{5} Excludes the impact of the 53rd week of trading

{6} Compares Adj 52 week figures for FY12 against the 52 weeks ended 24 September 2011

Bingo turnover for the year was £5.7 million higher than the prior year at £308.7 million, and flat year on year excluding week 53. During FY12 there was a change in the prize mix in interval Bingo which has reduced current year turnover (on a comparable basis) by £12.2 million. This change has no adverse impact on gross profit. Excluding the impact of this change (and week 53), turnover increased by 4% year on year. EBITDA (pre-exceptionals) of £78.1 million was £13.3 million or 21% ahead of the prior year (£11.8 million or 18% ahead excluding week 53).

On a 52 week basis admissions were 2% lower than the prior year. This is mainly due to the removal of free bingo in certain clubs which is estimated to have reduced overall admission levels by approximately 3%.

Spend per head has continued to show strong year on year growth and is 4% ahead of the prior year, with growth in interval bingo (Party Xtra) and machines. Divisional gross profit was 8% ahead of the prior year (excluding week 53).

Operating costs, before depreciation and amortisation, were £3.7 million higher year on year excluding week 53.

GALA BINGO – QUARTER 4

	13 weeks ended 29 September 2012 ^{4}	Adj 12 weeks 2012 ^{5}	12 weeks ended 24 September 2011	Year on Year variance 12 week ^{6}
<u>KPI's</u> ^{1}				
Admissions ('000)	4,485	4,155	4,511	(8%)
Spend per head (£)	32.95	32.93	31.61	4%
EBITDA/club/week (£'000)	11.6	11.6	10.6	9%
<u>P&L</u> ^{1}				
Net income ^{2}	73.3	67.7	69.4	(2%)
<i>Turnover</i>	73.3	67.7	69.4	(2%)
Total gross profit	54.2	50.3	48.9	3%
Operating costs	<u>(33.0)</u>	<u>(30.6)</u>	<u>(33.3)</u>	<u>8%</u>
EBITDA ^{3}	21.2	19.7	15.6	26%

{1} Results are for the total estate, i.e non like-for-like

{2} Turnover is defined as net income

{3} EBITDA is stated pre-exceptional items and excludes rental income of £0.2m which for statutory purposes is classed as 'Other Operating Income' in the accounts. EBITDA includes an additional 53rd week of trading in the year ended 29 September 2012 due to the timing of the Group's year end in 2012

{4} Includes 53rd week

{5} Excludes the impact of the 53rd week of trading

{6} Compares Adj 52 week figures for FY12 against the 52 weeks ended 24 September 2011

Turnover for the quarter was 6% ahead of the prior year at £73.3 million, but was 2% lower excluding the impact of week 53. Whilst the withdrawal of free bingo continues to impact year on year admissions, as with Coral Retail, Gala Bingo has suffered from reduced footfall over the fourth quarter, in part due to the disruption to normal retail caused by the Olympics and Paralympic Games and the late holiday season in August. Overall this resulted in admissions being 8% lower year on year (on a 52 week basis). EBITDA (pre-exceptionals) of £21.2 million was £5.6 million ahead of the prior year (£4.1 million excluding week 53).

Spend per head improved over FY11 by 4%, which as in previous quarters was driven primarily by increased spend on Party Xtra (interval bingo) and machines. This increase follows the investment in automated game and caller technology for interval bingo and the roll out of new formats for machines areas, including server based gaming machines. Continued strong margins across all product lines have resulted in gross profit growth of 3% (excluding week 53).

Operating costs, before depreciation and amortisation, were in line with the prior year and 8% lower excluding week 53, mainly due to timing of costs in FY11 and savings in FY12.

INTERACTIVE – FULL YEAR

	53 weeks ended 29 September 2012 ^{4}	FY12 adj 2012 ^{5}	52 weeks ended 24 September 2011	Year on Year variance 52 week ^{6}
Turnover ^{{1}{2}}	72.5	70.6	68.7	3%
EBITDA ^{{1}{3}}	35.0	34.1	32.2	6%
KPI's^{1}				
Amounts staked – Gala	982.8	961.0	899.4	7%
Amounts staked – Coral	704.1	686.0	555.7	23%
Sportsbook gross win margin (%)	6.6%	6.6%	6.0%	0.6pp

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

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

{3} EBITDA is stated pre-exceptional items

{4} Includes 53rd week and Euro 2012

{5} Excludes the impact of the 53rd week of trading and Euro 2012

{6} Compares Adj 52 week figures for FY12 against the 52 weeks ended 24 September 2011

Turnover for the year was £3.8 million or 6% ahead of the prior year (3% ahead excluding week 53 and Euro 2012), driven by strong growth in actives and revenues by coral.co.uk and the introduction of the new Gala Interactive websites later in the year. EBITDA (pre-exceptionals) of £35.0 million was £2.8 million or 9% ahead of the prior year (£1.9 million or 6% ahead excluding week 53 and Euro 2012).

Gala Interactive has shown strong growth in active customer levels following the launch of the new websites and an improved marketing focus around acquisition, retention and reactivation of customers. On a 52 week basis amounts staked on the site have increased by 7% year on year, with gross win 3% ahead.

Coral Interactive delivered strong growth in active customer levels on coral.co.uk. Sports betting amounts staked were 26% ahead year on year (excluding week 53 and Euro 2012). Combined with a sports betting gross win margin 60bps ahead of the prior year, sportsbook gross win was 38% ahead year on year on a 52 week basis, and excluding Euro 2012. Gaming amounts staked also grew strongly over the period, with gaming gross win 31% ahead (excluding week 53).

Operating costs, before depreciation and amortisation, were 12% higher than in the prior year as a result of increased marketing and promotional activity.

INTERACTIVE – QUARTER 4

	13 weeks ended 29 September 2012 ^{4}	Adj 12 weeks 2012 ^{5}	12 weeks ended 24 September 2011	Year on Year variance 12 week ^{6}
KPI's^{1}				
Sportsbook gross win margin (%)	7.8%	8.0%	6.6%	1.4pp
P&L^{1}				
Amounts staked – Gala	262.7	240.5	196.6	22%
Amounts staked – Coral	<u>154.5</u>	<u>142.5</u>	<u>140.2</u>	<u>2%</u>
Total amounts staked	417.2	383.0	336.9	14%
Gross win – Gala	15.7	14.3	11.2	28%
Gross win – Coral	<u>8.3</u>	<u>7.8</u>	<u>6.3</u>	<u>24%</u>
Total gross win	24.0	22.1	17.5	26%
Turnover – Gala ^{2}	12.1	11.0	9.6	15%
Turnover – Coral ^{2}	<u>7.1</u>	<u>6.7</u>	<u>5.3</u>	<u>26%</u>
	19.2	17.7	14.9	19%
Gross profit – Gala	14.4	13.1	10.4	26%
Gross profit – Coral	<u>5.4</u>	<u>5.0</u>	<u>4.6</u>	<u>9%</u>
Total gross profit	19.8	18.1	15.0	21%
Operating costs	<u>(9.9)</u>	<u>(9.0)</u>	<u>(7.7)</u>	<u>(17%)</u>
EBITDA^{3}	9.9	9.1	7.3	25%

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

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

{3} EBITDA is stated pre-exceptional items

{4} Includes 53rd week

{5} Excludes the impact of the 53rd week of trading

{6} Compares Adj 52 week figures for FY12 against the 52 weeks ended 24 September 2011

Turnover for the quarter was 29% ahead of the prior year at £19.2 million (19% ahead excluding week 53), driven by strong performances from both Interactive businesses. Total amounts staked were 14% ahead year on year (excluding week 53), with gross win 26% on the same basis. This was partially offset by higher bonus costs associated with driving the significant increase in active customers across all brands. EBITDA (pre-exceptionals) for the quarter of £9.9 million was £2.6 million ahead of FY11, with week 53 contributing £0.8 million of the increase.

Gala Interactive has shown strong growth in the final quarter and is benefitting from the launch of the new bingo and casino websites. Staking levels were 22% ahead of the prior year excluding week 53 and gross win was 28% ahead. The launch of both of the new websites has gone well and the trends being observed in real money players, staking levels and margin are encouraging.

Coral Interactive has also performed well in the quarter, with amounts staked 2% ahead of the prior year excluding week 53. Combined with a year on year improvement in the sportsbook margin of 1.4pp, this resulted in gross win 24% up year on year. The new coral.co.uk website was launched on 11 October.

The results for FY11 include the performance of eurobet.com which was closed in the fourth quarter of the last financial year. During the fourth quarter of the prior year eurobet.com delivered stakes of £18.4 million, gross win of £0.6 million and an EBITDA loss of £0.3 million.

Operating costs, before depreciation and amortisation, were £1.3 million higher than the prior year (excluding week 53), primarily due to increased marketing spend following the launch of the new sites and the focus on growing the active customer base.

ITALY – FULL YEAR

	53 weeks ended 29 September 2012 ^{4}	FY12 adj 2012 ^{5}	52 weeks ended 24 September 2011	Year on Year variance 52 week ^{6}
Turnover ^{{1}{2}}	60.4	58.2	51.2	14%
EBITDA ^{{1}{3}}	11.9	11.2	9.2	23%
KPI's ^{1}				
LBO sports stakes	147.4	136.6	130.0	5%
Online sports stakes	69.9	65.7	53.9	22%
LBO sports gross win margin (%)	19.8%	20.4%	21.1%	(0.7pp)
Online sports gross win margin (%)	13.2%	13.3%	13.4%	(0.1pp)
Total sports gross win margin (%)	17.7%	18.1%	18.8%	(0.7pp)

{1} Results are for the total estate, i.e non like-for-like

{2} Turnover is defined as gross win

{3} EBITDA is stated pre-exceptional items

{4} Includes 53rd week and Euro 2012

{5} Excludes the impact of the 53rd week of trading and Euro 2012

{6} Compares Adj 52 week figures for FY12 against the 52 weeks ended 24 September 2011

Turnover for the year was 18% ahead of the prior year (14% ahead excluding week 53 and Euro 2012), driven by increased staking levels offset by a lower year on year sports gross win margin. EBITDA (pre-exceptionals) of £11.9 million was £2.7 million or 29% ahead of the prior year (£2.0 million or 23% excluding week 53 and Euro 2012).

Excluding week 53 and Euro 2012 total sports betting amounts staked were 10% ahead of the prior year. Sports results, however, have not been as favourable as in FY11, particularly in quarter 4, resulting in sports gross win up 6% on the same basis. Combined with the additional online gaming revenue generated in the year, this resulted in total gross win 15% ahead of FY11 (excluding week 53 and the Euros).

On a 52 week basis operating costs, before depreciation and amortisation, were £1.1 million higher year on year, mainly associated with the launch and ongoing marketing of the new online gaming content.

ITALY – QUARTER 4

	13 weeks ended 29 September 2012 ^{4}	Adj 12 weeks 2012 ^{5}	12 weeks ended 24 September 2011	Year on Year variance 12 week ^{6}
<u>KPI's</u> ^{1}				
LBO sports stakes	28.5	24.1	22.7	6%
Online sports stakes	14.8	13.0	9.1	43%
LBO sports gross win margin (%)	6.3%	5.8%	21.7%	(15.9pp)
Online sports gross win margin (%)	<u>8.9%</u>	<u>8.5%</u>	<u>14.4%</u>	<u>(5.9pp)</u>
Total sports gross win margin (%)	7.2%	6.7%	19.6%	(12.9pp)
<u>P&L</u> ^{1}				
LBO sports stakes	28.5	24.1	22.7	6%
Online sports stakes	14.8	13.0	9.1	43%
Other stakes	<u>116.9</u>	<u>107.4</u>	<u>89.9</u>	<u>19%</u>
Total amounts staked	160.1	144.5	121.7	19%
LBO sports gross win	1.8	1.4	4.9	(71%)
Online sports gross win	1.3	1.1	1.3	(15%)
Other gross win	<u>4.9</u>	<u>4.4</u>	<u>3.8</u>	<u>16%</u>
Total gross win	8.0	6.9	10.0	(31%)
<i>Turnover (Gross win)</i> ^{2}	8.0	6.9	10.1	(32%)
Total gross profit	1.9	1.6	3.9	(59%)
Operating costs	<u>(1.5)</u>	<u>(1.6)</u>	<u>(1.5)</u>	<u>(7%)</u>
EBITDA ^{3}	0.4	0.0	2.4	(100%)

{1} Results are for the total estate, i.e non like-for-like

{2} Turnover is defined as gross win

{3} EBITDA is stated pre-exceptional items

{4} Includes 53rd week

{5} Excludes the impact of the 53rd week of trading

{6} Compares Adj 52 week figures for FY12 against the 52 weeks ended 24 September 2011

Gross win decreased by 20% to £8.0 million (31% lower excluding week 53) following an extremely poor sports margin throughout Q4 which was 12.9pp down year on year excluding week 53. EBITDA (pre-exceptionals) of £0.4 million for the quarter was £2.0 million or 83% lower than the prior year as a result of the poor sports margin and £2.4 million lower excluding week 53.

Sports betting amounts staked in Licensed Betting Offices (LBOs) increased by 6% year on year (excluding week 53). However, with a sports margin of just 5.8% versus a prior year of 21.7%, this resulted in LBO sports gross win down £3.5 million or 71% on the prior year (excluding week 53). Online sports betting stakes showed another quarter of strong year on year growth, and were 43% ahead of FY11 excluding week 53. Similar to LBOs, online sports margin in the quarter was disappointing at only 8.5%, versus a prior year margin of 14.4%, which offset the strong growth in stakes and resulted in a 15% year on year reduction in gross win excluding week 53.

Other gross win grew by £0.6 million or 16% excluding week 53, primarily due to additional gross win generated by Abruzzo online games. New online products, to be permitted by further deregulation over the next financial year, are expected to grow the size of the online gaming market in FY13.

Operating costs, before depreciation and amortisation were 7% higher year on year (excluding week 53).

GALA CASINO – FULL YEAR

	13 weeks ended 29 September 2012 ^{4}	Adj 12 weeks 2012 ^{5}	12 weeks ended 24 September 2011	Year on Year variance 12 week ^{6}
Turnover ^{{1}{2}}	139.9	137.6	134.4	2%
EBITDA ^{{1}{3}}	26.4	26.2	26.7	(2%)
KPI's ^{1}				
Admissions ('000)	3,247	3,190	3,558	(10%)
Gaming drop per head (£)	182.65	182.63	162.72	12%
Gaming cash drop (£'m)	593.2	582.6	579.0	1%
Gaming gross win margin (%)	17.2%	17.3%	16.5%	0.8pp

{1} Results are for the total estate, i.e non like-for-like

{2} Turnover is defined as net income minus complimentary sales

{3} EBITDA is stated pre-exceptional items and excludes rental income of £0.2m which for statutory purposes is classed as 'Other Operating Income' in the accounts. EBITDA includes an additional 53rd week of trading in the year ended 29 September 2012 due to the timing of the Group's year end in 2012

{4} Includes 53rd week

{5} Excludes the impact of the 53rd week

{6} Compares Adj 52 week figures for FY12 against the 52 weeks ended 24 September 2011

Turnover has increased by 4% to £139.9 million (2% increase excluding week 53), driven primarily by improvements in gaming income. EBITDA (pre-exceptionals) of £26.4 million was £0.3 million behind the prior year (£0.5 million lower excluding week 53).

The continued focus on more valuable players has resulted in a reduction in admissions, although increased drop per head has resulted in growth in gaming cash drop of 1% (excluding week 53). Gaming gross win margin was 0.8pp ahead of the prior year at 17.3%, resulting in the overall growth in turnover. Machines income was marginally down on FY11 and food and beverage income was 4% ahead excluding week 53.

Operating costs, before depreciation and amortisation, have increased by 6% over the prior year excluding week 53, following investment in payroll costs in order to drive customer service, focused promotional expenditure, property costs and utility costs.

GALA CASINO – QUARTER 4

	13 weeks ended 29 September 2012 ^{4}	Adj 12 weeks 2012 ^{5}	12 weeks ended 24 September 2011	Year on Year variance 12 week ^{6}
<u>KPI's</u> ^{1}				
Admissions ('000)	741	684	761	(10%)
Gaming drop per head (£)	189.37	189.77	171.14	11%
Cash Drop (£'m)	140.4	129.8	130.2	-
Gaming gross win margin (%)	18.0%	18.3%	17.1%	1.2pp
<u>P&L</u> ^{1}				
Net income	35.8	33.4	32.4	3%
<i>Turnover</i> ^{2}	<i>34.0</i>	<i>31.7</i>	<i>30.9</i>	<i>3%</i>
Total gross profit	28.6	26.6	26.2	2%
Operating costs	<u>(23.0)</u>	<u>(21.2)</u>	<u>(19.9)</u>	<u>(7%)</u>
EBITDA ^{3}	5.6	5.4	6.3	(14%)

{1} Results are for the total estate, i.e non like-for-like

{2} Turnover is defined as net income minus complimentary sales

{3} EBITDA is stated pre-exceptional items

{4} Includes 53rd week

{5} Excludes the impact of the 53rd week of trading

{6} Compares Adj 52 week figures for FY12 against the 52 weeks ended 24 September 2011

Turnover for the quarter increased by 10% to £34.0 million (3% increase excluding week 53), driven primarily by improvements in gaming income. This increase in turnover was particularly positive given the ongoing disruption caused by the proposed sale of the business to Rank, the timing of Ramadan and the impact of the Olympic and Paralympic Games on our London clubs during the quarter (many of our high value players stayed away from the capital throughout most of the quarter). EBITDA (pre-exceptionals) of £5.6 million was £0.7 million behind that of the prior year (£0.9 million lower excluding week 53).

Cash drop was level year on year (excluding week 53). The gaming gross win margin of 18.3% in the quarter was 1.2pp ahead of the prior year, resulting in gaming gross win 3% ahead (excluding week 53).

Early results from the new 'Sabre' machine terminals have been promising with machine stakes in the fourth quarter up 6% year on year. The incremental margin anticipated from these new terminals is also starting to be realised.

Divisional gross profit increased by 2% over the prior year (excluding week 53).

Operating costs, before depreciation and amortisation, have increased by £1.3 million (7%) excluding week 53, due to higher payroll, promotions, property costs and utility costs.

GROUP ADMINISTRATIVE COSTS

Central and divisionalised overhead costs, before depreciation and amortisation, in quarter 4 were £2.0 million higher than the prior year at £13.7 million, primarily due to a £1.7 million year on year increase in the centrally held bonus provision.

EXCEPTIONAL ITEMS

A net charge of £74.2 million (2011: £579.9 million) relating to exceptional items has been incurred in the year, including costs associated with vacant lease provisions, redundancies, costs of refinancing and costs associated with the re-platforming of our websites, in addition to VAT refunds received from HM Customs and Revenue. The current year also included costs associated with the proposed disposal of our Casino business. The prior year includes an impairment of goodwill in the Coral and Interactive segments totalling £550.0 million.

	2012	2011
	(£m)	(£m)
Exceptional profit and loss charge:		
Impairment	(2.1)	(552.4)
Interactive launch	(11.3)	(7.7)
Casino disposal	(4.6)	-
Other restructuring costs	(2.3)	(12.6)
Net gain of VAT refunds and duty paid	-	2.9
FRS 20 share based payment charge	(51.6)	-
Onerous leases ⁽¹⁾	<u>(2.3)</u>	<u>(10.1)</u>
	<u>(74.2)</u>	<u>(579.9)</u>
Exceptional cashflows:		
Interactive launch	(12.4)	(2.5)
Casino disposal	(4.3)	-
Other restructuring costs	(9.6)	(11.7)
Net gain of VAT refunds and duty paid	-	(0.3)
Onerous leases	<u>(10.0)</u>	<u>(10.7)</u>
	<u>(36.3)</u>	<u>(25.2)</u>
Movement in working capital relating to exceptional items⁽²⁾	(15.8)	2.3

⁽¹⁾ The profit and loss charge for the year to date for onerous leases of £2.3 million (2011: £10.1 million) is net of £7.3 million (2011: £9.2 million) of releases from provisions

⁽²⁾ Negative figure denotes cash outflow.

FINANCING

The Group's funding and liquidity position is currently ahead of internal forecasts. Net debt for covenant purposes was £1,322.1 million (net of issue costs) versus £1,323.0 million as at 24 September 2011.

Total net debt of £2,241.2 million (24 September 2011: £2,149.0 million) has increased since last year end primarily due to the rolling up of non-cash interest on subordinated loans from the ultimate parent company. Cash at bank and in hand of £135.9 million includes unrestricted cash balances for covenant purposes of £105.4 million.

Cash outflow for the year was £5.8 million (2011: outflow of £118.7 million). Unlevered free cashflow⁽³⁾ was £137.9 million (2011: £230.1 million) despite significant investment in acquisitions and capital expenditure in the year totalling £107.8 million (2011: £54.3 million). 2011 benefited from an inflow of £44.7 million (2012: £1.7 million) associated with the disposal of fixed assets, a significant proportion of which related to sale and leaseback of freehold properties in the year. Cash conversion⁽⁴⁾ in 2012 was 87% (2011: 91%) reflecting the highly cash generative nature of the businesses.

⁽³⁾ Defined as cashflow available to service net cash interest costs and debt repayments

⁽⁴⁾ Defined as net cash inflow from operating activities as a percentage of EBITDA (pre-exceptionals)

GROSS/OPERATING PROFIT RECONCILIATION

£m	Q4 FY12 (£m)	Q4 FY11 (£m)
Q4 divisional gross profit	223.3	197.4
Less free bets	(6.8)	(3.4)
Less machine costs/loyalty points	(1.0)	(3.3)
Plus vending machine gross profit	<u>0.6</u>	<u>0.5</u>
Q4 statutory gross profit	216.1	191.2
Q1 statutory gross profit	271.5	256.7
Q2 statutory gross profit	220.6	212.2
Q3 statutory gross profit	<u>215.4</u>	<u>194.6</u>
Q4 year to date gross profit	<u>923.6</u>	<u>854.7</u>
Q4 divisional EBITDA	78.7	66.0
Group administrative costs (excl. depreciation and amortisation)	(13.7)	(11.7)
Other operating income	0.8	0.7
Depreciation and amortisation (excluding impairment charges)	(19.8)	(24.0)
Exceptional items	<u>(59.6)</u>	<u>(568.8)</u>
Q4 statutory operating profit/(loss)	<u>(13.6)</u>	<u>(537.8)</u>
Q1 statutory operating profit	47.5	48.5
Q2 statutory operating profit	44.1	43.5
Q3 statutory operating profit	<u>40.8</u>	<u>26.0</u>
Q4 year to date operating profit/(loss)	<u>118.8</u>	<u>(419.8)</u>

Gala Coral Group Limited

Group Profit and Loss Account

For the year ended 29 September 2012

	2012 £m	2011 £m
Turnover	1,189.5	1,117.0
Cost of sales	(265.9)	(262.3)
Gross profit	923.6	854.7
Administrative expenses	(808.3)	(1,277.7)
Operating profit/(loss) before other operating income	115.3	(423.0)
Operating profit/(loss) before other operating income, analysed as:		
Before exceptional items	189.5	156.9
Impairments	(2.1)	(552.4)
Interactive launch	(11.3)	(7.7)
Casino disposal	(4.6)	-
Other restructuring costs	(2.3)	(12.6)
Net gain of VAT refunds and duty paid	-	2.9
FRS 20 Share Based Payment charge	(51.6)	-
Creation of onerous leases	(9.6)	(19.3)
Release of onerous leases	7.3	9.2
Operating profit/(loss) before other operating income	115.3	(423.0)
Other operating income	3.5	3.2
Operating profit/(loss)	118.8	(419.8)
(Loss)/profit on disposal of fixed assets	(2.8)	21.9
Profit/(loss) before interest and tax	116.0	(397.9)
Interest receivable and similar income	0.6	4.3
Interest payable and similar charges	(229.9)	(226.2)
Other finance costs	(5.7)	(5.9)
Loss on ordinary activities before tax	(119.0)	(625.7)
Tax on loss on ordinary activities	(4.2)	(17.7)
Loss for the financial year	(123.2)	(643.4)

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Forward Looking Statements

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

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

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

Notice

The accounts for the 13 weeks ended 29 September 2012 have been prepared at the level of Gala Coral Group Limited. From a profit and loss account perspective, the difference between accounts consolidated at Gala Coral Group Limited and those at Gala Electric Casinos plc is an immaterial amount of group interest payable. The differences between balance sheets consolidated at Gala Coral Group Limited and Gala Electric Casinos plc are an immaterial difference in net assets relating to the amount due in respect of subordinated group debt and immaterial classification differences in capital and reserves.