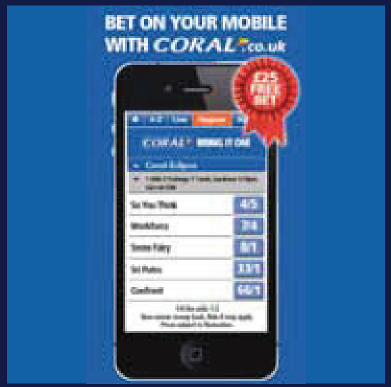
GALA CORAL
GROUP

Gala Electric Casinos plc

Condensed consolidated interim financial information *(unaudited)*

Twenty eight weeks ended 9 April 2011



Gala Electric Casinos plc
Forward Looking Statements

Certain statements contained in this report are or may constitute 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 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 report.

Gala Electric Casinos plc
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, profit/(loss) on disposal of fixed assets, depreciation and amortisation and exceptional items. For a discussion of exceptional items, see "Note 3: 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. For a discussion of certain of the Group's key performance indicators, see "Trading Performance and Key Performance Indicators".

Gala Electric Casinos plc
Management Report

Against a wider economic backdrop of weakening consumer spending, as well as a difficult trading environment for retail and leisure businesses in general, the performance of the Group has been reasonable during the period to date. Performance in the second quarter has strengthened with turnover down by just 1% against the prior year following a 4% year on year reduction in the first quarter. Group EBITDA (pre-exceptionals) over the first half of the year has reduced by £19.1 million (11%), although poor weather, the increase in VAT rate and the non-recurrence of prior year one-off income means that underlying trading is down by nearer to 5%.

Coral has shown good resilience over the first half of the year. The business has seen a distinct improvement in over the counter (OTC) trends since the heavily weather impacted first quarter, with OTC turnover up by 4% year on year in the second quarter, supported by a strong gross win margin. Overall staking levels though remain down on a year-to-date basis, driven mainly by a lower average stake per slip – though again in the most recent period this has also strengthened. Machines gross win grew by 2% in the second quarter, but the rise in VAT to 20% from 4 January resulted in machines turnover being level with the prior year.

Gala Bingo continues to perform consistently and strongly, with year on year admissions growth allied to strong margins across all key products. Spend per head remained marginally behind the prior year, but with an improving trend which saw spend per head levelling out year on year in the second quarter. The business has also benefitted from the phasing of costs versus the prior year as well as rates rebates on certain properties leading to a year on year growth in EBITDA (pre-exceptionals) of 17%.

Gala Casinos has also shown decent growth in admissions over the period, but the average cash drop per customer reduced which has resulted in overall gaming turnover lowering below prior year levels. A new marketing strategy aimed at attracting more valuable players and removing incentives for lower value customers was introduced in the second quarter. This resulted in second quarter admissions being level year on year, but with drop per head outperforming prior year levels.

Remote Gambling continues to under-perform against a competitive set with better technology, which has resulted in active customer numbers and staking levels being down year on year. Turnover and EBITDA both reduced by 22% compared with the prior year. 'Project Springboard', which involves a complete re-platforming of all the Group's online businesses to Playtech software, plus the launch of newly designed websites, is progressing well with the first site expected to launch early in 2012.

Eurobet Italia has shown strong growth in amounts staked over 2010, but adverse and abnormal football results in the first few months of the financial year have resulted in gross win margins on sports betting coming in below prior year levels. This has adversely impacted profitability in the year. Market share growth across both sports betting and gaming continues to be strong, however, and an enhanced range of poker and online casino games permitted under the Abruzzo Decree has now launched which represents a significant revenue opportunity for the business.

The key financials year to date were therefore:

- Turnover of £616.2 million, reflecting a decline of £21.0 million (3%) from the prior period
- Group EBITDA (pre-exceptionals) of £149.7 million, a decline of £19.1 million (11%) from the prior period
- Cash generated from operating activities of £143.3 million, the same as the prior period
- Capital investment of £19.6 million, an increase of £1.5 million from the prior period
- Cash at bank and in hand of £281.0 million, an increase of £20.6 million from 25 September 2010
- £1,339.9 million of net debt for covenant purposes (£1,320.8 million net of issue costs) and total net debt of £2,124.9 million, including £804.1 million of non recourse property debt and deeply subordinated shareholder loans.

Gala Electric Casinos plc
Management Report (continued)

Trading Performance and Key Performance Indicators

Turnover has reduced by £21.0 million (3%) from £637.2 million in the period to 10 April 2010 to £616.2 million in the period to 9 April 2011. £17.5 million of this shortfall impacted in the first quarter, with second quarter turnover reducing by £3.5 million (1%) year on year, reflecting improved trading in the second quarter.

Group EBITDA (pre-exceptionals) (earnings before interest, tax, depreciation, amortisation and exceptional items), has reduced from £81.1 million in the second quarter of 2010 to £71.0 million over the same period in 2011. Of this £10.1 million shortfall approximately £3.0 million is associated with the increase in VAT in January which has impacted machines income and irrecoverable VAT cost, and £4.0 million is due to the reversal of a one-off prior year VAT reclaim receipt which was netted off costs. Adjusting for the impact of the VAT increase, Coral, Gala Bingo and Italy all outperformed the prior year, whilst the results of Gala Casinos, Remote Gambling and central support costs were adverse to last year.

Group EBITDA (pre-exceptionals) over the first half of the year reduced from £168.8 million in the period to 10 April 2010 to £149.7 million in the period to 9 April 2011. Approximately £10.0 million of this EBITDA shortfall is attributable to the VAT rise and FY10 receipt mentioned above, plus a circa £2.5 million year on year impact from unusually poor winter weather. Adjusting for these, the underlying performance in Coral has been level year on year and Gala Bingo has significantly outperformed the prior year, primarily due to savings in sales and promotional costs. Gala Casinos EBITDA is below the prior year, with approximately half of the shortfall being due to two particularly large losses to high rollers over this period. Remote Gambling has suffered from weak staking levels and EBITDA is down 22% year on year. Eurobet Italia has enjoyed strong staking volumes but has suffered abnormally poor results over the period which have impacted gross win margin. Central costs are higher year on year due to reinvestment in business support functions.

Coral's turnover year to date is level year on year at £309.2 million (2010: £309.5 million). Adjusting for the impact of poor weather in December and the VAT rise in January, which combined are estimated to have cost the business approximately £3.0 million year to date, Coral would be showing modest growth over the prior year. After a relatively soft start in the first quarter of the year, which was heavily weather impacted, OTC turnover was 4% up year on year in the second quarter, driven primarily by a strong gross win margin of 17.5% (2010: 15.8%). Staking levels remain behind prior year, but with staking levels in the second quarter showing a much improved trend over Q1. Betting slip volumes continue to hold up well, with a lower average stake per slip being the main reason behind the overall reduction in amounts staked year on year – though this trend has noticeably improved in both the second and the third quarters. Coral's Fixed Odds Betting Terminals continue to perform well, with gross win growth of 3% over the prior year. Turnover is up by just 1% year on year, however, due to the impact of the rise in VAT.

Coral's total costs over the first half year have been well contained and increased by £2.1m (1%) over the prior year, driven primarily by increases in property, broadcasting and content costs. As a result, Coral's EBITDA (pre-exceptionals) reduced by 3% from £105.3 million to £102.1 million in 2011.

Gala Bingo's turnover year to date reduced from £167.7 million in 2010 to £164.4 million in 2011. This shortfall is primarily the result of a reduction in the number of clubs year on year (from an average of 146 clubs in 2010 to 142 clubs in 2011), and also a shift in the prize mix in mechanised cash bingo. Year to date admission levels increased by 1% year on year on a like for like basis. Spend per head reduced modestly by 1% year on year, but has shown a marked improvement in the second quarter being level with 2010. Margins across all products have been strong, and despite the impacts of bad weather and the VAT increase, gross, or trading, profit for the division is 1% ahead of the prior year through to the end of the second quarter. The business has made £4.0 million of cost savings over the period, largely in promotions and marketing, with the business also benefiting from rates rebates on certain properties during the period. These cost savings are the primary driver behind the 17% increase in EBITDA (pre-exceptionals) which increased from £29.0 million to £33.8 million in 2011.

Gala Electric Casinos plc
Management Report (continued)

Trading Performance and Key Performance Indicators (continued)

Gala Casinos' turnover has reduced from £75.1 million in the half year to 2010 to £71.3 million in 2011. The decrease in turnover is mainly due to a reduction in gross gaming income, which in turn is largely due to a lower gaming gross win margin being achieved in 2011 of 15.9% (2010: 17.0%).

Whilst this margin though remains comfortably above the industry average, it was impacted by losses to two high rollers totalling £2.0 million. We would anticipate margins recovering to historic levels going forward. Admissions have shown good growth of 2% year on year, although average cash drop per customer was lower by 4%, resulting in lower overall profitability. Costs were 4% higher in 2011, attributable to increased spend on marketing and promotions and divisional overhead costs associated with a new divisional structure. As a result of the reduced turnover and increased costs, divisional EBITDA (pre-exceptionals) decreased by 28% from £18.1 million in 2010 to £13.1 million in 2011.

Remote Gambling's turnover decreased by 22% over the prior year from £51.6 million in 2010 to £40.2 million in 2011. Galabingo.com's gross win per day has reduced by 12%, coral.co.uk by 20% and other sites by 38%. Lower active customer levels leading to reduced staking levels is the main causal factor behind these performances, with poor year on year sports betting margins on eurobet.com also contributing to the decline in turnover on the other sites. The two core sites – galabingo.com and coral.co.uk, showed improvements in their year on year trends in the second quarter, with strong margins helping coral.co.uk to outperform last year by 6% on a gross win per day basis. After deductions for duty, revenue shares and commissions, year to date gross profit was £8.0 million down year on year. Cost savings of £2.8 million year to date, primarily in marketing, have helped to mitigate the EBITDA (pre-exceptionals) reduction which saw a decrease from £23.2 million to £18.0 million.

Eurobet Italia's turnover reduced by £2.2 million from £33.3million in 2010 to £31.1 million in 2011, which has resulted in a shortfall in gross profit of £1.7 million. Sports betting amounts staked have shown good growth year on year, with Licenced Betting Office (LBO) sports betting stakes up 10% and online sports betting stakes up a very strong 46%, with excellent growth in bet-in-play. However, poor Serie A football results in the period through to February 2011 resulted in a significantly lower gross win margin being achieved compared with the prior year. Margins have improved though across the second quarter and outperformed prior year levels. Year to date the overall sports betting margin remains 2.2% below prior year levels in absolute terms. Investment in marketing ahead of the Abruzzo online gaming launch has resulted in costs being £0.4 million adverse to last year. As a result of the lower margins and marketing investment, EBITDA (pre-exceptionals) decreased by 27% from £7.4 million in 2010 to £5.4 million in 2011.

General administrative expenses include central function costs, non-cash amortisation on Eurobet Italia sports betting licences and goodwill regarding Eurobet UK Limited. These have increased from £30.7 million in the prior year to £38.9 million in 2011. This year on year increase is primarily due to the impact of a receipt of £4.0 million for a VAT claim in FY10 which netted against prior year costs, plus reinvestment in key business support functions such as IT, Marketing, E-Gaming and HR following significant reductions in prior years.

A depreciation charge of £39.3 million is included in administrative expenses for the half year to April 2011 (2010: £38.6 million).

Exceptional items included in operating profit amount to a charge of £3.8 million in the period (prior period income of £8.3 million), and include: £13.1 million of costs associated with vacant lease provisions, redundancies and costs of refinancing, a £0.3 million write down of trading potential in the Bingo division for a closed club, a £6.7 million credit for the release of property provisions and a £2.9 million net gain of VAT refunds received from HM Customs and Revenue.

As a result of the above, profit before interest and tax (post exceptional items) reduced to £107.6 million in the period (2010: £126.1 million).

Trading Performance and Key Performance Indicators (continued)

Interest payable has reduced from £169.3 million in 2010 to £107.3 million in 2011, primarily reflecting the repayment and release of debt as a result of the restructuring in the prior year. Key elements of the interest charge include loan interest of £63.4 million (2010, £61.0 million) and non-cash interest on GECL loan notes of £38.3 million (2010: £nil). GECL loan notes were issued as part of the restructure in 2010 to Gala Coral Group Limited. These notes are subordinated to the senior debt. Interest is non-cash and rolls up annually. The notes mature in October 2020.

The prior period charge included Mezzanine debt interest of £28.6 million and interest payable on old shareholder loans of £70.4 million for which there is no equivalent charge in 2011 following these being eliminated as part of the 2010 restructure.

Interest receivable in the period of £3.9 million included £2.9 million of exceptional interest associated with prior year VAT reclaims (2010: £6.4 million, of which £3.1 million was exceptional).

The overall result for the 2011 financial period after taxation is a loss of £19.2 million, compared to a loss of £44.2 million in 2010.

Cash generated from operations

The Group's operating activities remain highly cash generative. During the period to 9 April 2011 net cash inflow from operations was £143.3 million (2010: £143.3 million). This included cash outflows of £16.5 million associated with restructuring and reorganisations (2010: £26.3 million).

Of the cash inflows, £19.6 million (2010: £18.1 million) was reinvested in the Group to fund capital expenditure. The principal areas of spend were continued LBO estate development and Coral's central betting engine, the development of the digital offering in Bingo, new product development in Casinos, investment in development of the new website frameworks in Remote and capital maintenance activities across all the businesses.

The Group received £36.0 million (2010: £4.3 million) in receipts from the sale of tangible fixed assets in the period, primarily relating to the sale and leaseback of freehold Coral properties which resulted in a receipt for £28.1 million. Other fixed asset disposals include two bingo clubs for £4.1 million, an old casino site in Gibraltar for £1.9 million and the sale of sundry other Coral assets.

A further £77.7 million of cash inflows was utilised to meet interest and other financing costs (2010: £87.8 million).

Long-term loan repayments totalling £65.1 million were made in the period (2010: £83.4 million), of which £61.0 million related to the early repayment of Senior debt, and a £4.1 million repayment of Propco loans following the sale of a Propco property. In the year ended 25 September 2010 the Group received a £210.0 million equity injection as part of the restructuring, which was used to pay down £200.0 million of Senior debt and £10.0 million of intercompany loans.

Total cash inflow for the period was £20.6 million (2010: outflow of £44.1 million).

Unlevered free cashflow for the period (cash available to service net cash interest costs and debt repayments) was £159.1 million, representing a cash conversion (unlevered free cashflow as a proportion of EBITDA (pre-exceptionals)) of 106.3%. Cash conversion was particularly strong as a result of the sale & leaseback activity during the first half of the year. Excluding receipts from the disposal of fixed assets cash conversion remains strong at 82.2%.

Trading Performance and Key Performance Indicators (continued)

Net Debt and Liquidity

This represents £1,339.9 million of net debt for covenant purposes (£1,320.8 million net of issue costs) and total net debt of £2,124.9 million, including £804.1 million of non-recourse property debt and deeply subordinated shareholder loans.

On 27 May 2011, the Group completed a refinancing of its senior secured loan facilities. Borrowings of £1,550.0 million (gross) were raised comprising Senior Secured Credit Facilities of £925.0 million (£825.0 million term loan and an undrawn £100.0 million revolving credit facility), Senior Secured Notes of £350.0 million and Senior Notes of £275.0 million. The Senior Notes were issued at a discount of £7.0 million to their par value. The Group incurred costs relating to the raising of the above borrowings of £40.6 million. The net proceeds from these borrowings together with group cash of £138.4 million were used to repay all of the Group's existing Senior Secured Credit Facilities, totalling £1,537.2 million, plus accrued interest of £3.6 million. These new facilities are repayable between 2017 and 2019.

Pensions

Since the 25 September 2010 there have been some changes in the assumptions underpinning the calculation of the pension position. These changes relate to an increase in the discount rate and the rate of consumer price inflation.

Current Trading

The Group has now completed its third quarter of trading in the financial year. The results for this quarter will be reported on 18 August. The quarter has continued to see some positive movements in the key metrics across most businesses, although the overall results are impacted by the presence of the World Cup in 2010, which delivered approximately £5 million of EBITDA across the Group in the prior year.

Coral OTC amounts staked were below prior year levels, largely due to the World Cup, but excluding football amounts staked were level year on year a significant improvement over the first two quarters. OTC margin though was below that experienced in the third quarter last year, which has impacted turnover. Coral's FOBT performance was stable on what was a strong comparative last year.

Gala Bingo has benefited from strong margins in the third quarter and - spend per head is now in growth year-on-year. Admissions were decent in the period, but below prior year levels due to the unseasonably hot weather over the Easter and Bank Holiday periods.

Gala Casinos had an excellent quarter, with admissions ahead of prior year levels (albeit benefitting from softer comparatives during the World Cup), and drop per head levels significantly ahead of those experienced in the first half of the year. The business also benefited from a robust margin over this period.

The Remote Gambling division continued to experience weakness in underlying active customer and staking levels, although again cost savings during the quarter moderated the EBITDA impact of this.

Eurobet Italia had a strong World Cup in 2010 and year on year amounts staked were therefore below prior year levels, although underlying staking levels remain robust. Sports betting results for the business were variable in the quarter this year, against a prior year comparative that benefited from an excellent World Cup gross win margin, resulting in a reduction in year on year profitability.

Central Function costs are ahead of prior year levels reflecting the ongoing additional investment in business support activity that has taken place over the year.

Gala Electric Casinos plc
Management Report (continued)

Future Developments

The Group has set clear business priorities for the remainder of the financial year and the start of the new financial year.

At a Group level Project Springboard remains the top priority. The key long-term agreement with Playtech for platform and gaming services was signed on 19 July, with the first new site expected to launch in early 2012. The recruitment of Managing Directors for the two new interactive businesses is well underway, as are plans to relocate some of the Group's remote operations to Gibralter. Across the Group the process of decentralising and divisionalising key business support teams is well underway, with the new structure expected to be largely in place by the end of the financial year.

In Coral the increased operational intensity in the business has resulted in clear improvements in key KPIs. Successful trials in the second quarter have been extended and further improvements in machines yield management and environment, machine comforts and an improved bet-in-play offer are planned over the balance of the year. Coral remains on target to open 50-60 shops by the end of the year, with a further circa 90 upgrades planned based around introduction of the popular 21-screen gantry format. A new liability management system is expected to go-live imminently aimed at improving OTC gross win margin, and a full review of the trading process is underway supporting this. Andy Hornby joined the business in July as CEO of Coral, reporting to Carl Leaver - Group CEO.

In Gala Bingo the improved focus on the customer has shown strong results already, with ongoing and continuing growth in new members and improved customer advocacy. A range of new products will be introduced over the remainder of the year, including more digital touchpads, and a replacement for the national Hi5 jackpot game. The rollout of server based gaming (SBG) machines to date has demonstrated strong returns in cash-in, with more planned over the balance of the year. Trials of new arcade formats based around these SBG machines are showing excellent early results. A full strategic review of the estate is currently being undertaken and options evaluated, whilst the concept for our next generation bingo club ('Genesis') will be finalised by the end of the year.

Gala Casinos has seen some positive early results from its new brand and marketing strategy aimed at driving higher value admissions into the clubs. This will be supported by the introduction of a new valuable player scheme to reward loyalty, and supported by improved customer service initiatives. The machines offer across the estate will benefit from the introduction of new electronic roulette terminals and improved player comforts. The programme to refurbish all clubs over the next 4 years is progressing well with a further four refurbishments due to complete by the end of the year, and plans to open a new casino in London are proceeding well.

In Remote Gambling, although the key priority remains Project Springboard it is also important to maintain existing business levels on the current sites. Customer recruitment activity has been increased, supported by TV trials in certain areas of the country, increased digital marketing and the introduction of a new affiliate network system, whilst moves to ensure site stability are also aiding retention. The business continues to invest in new product development, with the launch of a mobile betting application in April which now accounts for over 10% of all bets taken, plus the introduction of enhanced pricing options on the coral.co.uk website.

In Italy, Eurobet Italia has just launched the first of its new range of online gaming products following the Abruzzo regulatory changes, which offers an excellent opportunity for the further growth of eurobet.it. Further games will be added over the coming months, with the aim of further increasing market share. Plans are in place to follow this up with the launch of mobile gaming in October. The business is also reviewing its options around the 2012 tender process for new sports betting and horse-racing licences.

Gala Electric Casinos plc
Group Profit and Loss Account

	Notes	Unaudited twenty eight weeks to 9 Apr 2011 £m	Unaudited twenty eight weeks to 10 Apr 2010 £m	Audited year ended 25 Sept 2010 £m
Turnover	2	616.2	637.2	1,168.0
Cost of sales		(147.3)	(153.1)	(279.2)
Gross profit		468.9	484.1	888.8
Administrative expenses		(378.6)	(362.2)	(784.0)
Operating profit before other operating income		90.3	121.9	104.8
Operating profit before other operating income, analysed as:				
Before exceptional items		94.1	113.6	204.0
Exceptional items	3	(3.8)	8.3	(99.2)
Operating profit before other operating income		90.3	121.9	104.8
Other operating income		1.7	1.9	3.3
Operating profit	2	92.0	123.8	108.1
Profit on disposal of fixed assets	3	15.6	2.3	3.2
Profit before interest and tax		107.6	126.1	111.3
Interest receivable and similar income	4	3.9	6.4	11.4
Interest payable and similar charges	4	(107.3)	(169.3)	(306.3)
Other finance costs		(2.3)	(2.4)	(4.2)
Profit/(loss) on ordinary activities before tax		1.9	(39.2)	(187.8)
Tax (charge)/credit on loss on ordinary activities	5	(21.1)	(5.0)	21.5
Loss for the financial period		(19.2)	(44.2)	(166.3)

All operations are continuing.

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

Gala Electric Casinos plc
Group Statement of Total Recognised Gains and Losses and Reconciliation of Movement in Total Group Shareholders' Funds/(Deficit)

Group Statement of Total Recognised Gains and Losses

	Unaudited twenty eight weeks to 9 Apr 2011 £m	Unaudited twenty eight weeks to 10 Apr 2010 £m	Audited year ended 25 Sept 2010 £m
Loss for the financial period	(19.2)	(44.2)	(166.3)
Net foreign exchange adjustments offset in reserves	0.8	(0.6)	(0.3)
Actuarial gain/(loss) on pension schemes	17.3	(13.2)	(7.3)
Deferred tax (charge)/credit relating to pension scheme	(4.6)	3.4	1.6
Current tax credit relating to pension scheme	0.1	0.3	0.5
Total recognised gains and losses for the period	**(5.6)**	**(54.3)**	**(171.8)**

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

	Unaudited twenty eight weeks to 9 Apr 2011 £m	Unaudited twenty eight weeks to 10 Apr 2010 £m	Audited year ended 25 Sept 2010 £m
Total recognised gains and losses for the period	(5.6)	(54.3)	(171.8)
Shares issued	-	-	210.0
Capital contributions:			
Forgiveness of intercompany debt	-	-	1,605.4
Release of unsustainable mezzanine debt	-	-	118.1
Opening shareholders' funds/(deficit)	857.1	(904.6)	(904.6)
Closing shareholders' funds/(deficit)	**851.5**	**(958.9)**	**857.1**

Gala Electric Casinos plc
Group Balance Sheet

	Notes	Unaudited 9 Apr 2011 £m	Unaudited 10 Apr 2010 £m	Audited 25 Sept 2010 £m
Fixed assets				
Intangible assets		1,089.4	1,121.2	1,105.5
Tangible assets		2,017.8	2,188.2	2,056.8
		3,107.2	3,309.4	3,162.3
Current assets				
Stocks		3.7	4.6	4.2
Debtors: Amounts falling due within one year		80.2	68.2	84.0
Cash at bank and in hand		281.0	218.5	260.4
		364.9	291.3	348.6
Creditors: amounts falling due within one year	6	(171.9)	(358.2)	(222.3)
Net current assets/(liabilities)		**193.0**	**(66.9)**	**126.3**
Total assets less current liabilities		**3,300.2**	**3,242.5**	**3,288.6**
Creditors: amounts falling due after more than one year	7	(2,403.5)	(4,138.3)	(2,364.2)
Provisions for liabilities		(66.2)	(65.9)	(74.9)
Net assets/(liabilities) excluding net pension asset		**830.5**	**(961.7)**	**849.5**
Net pension asset		21.0	2.8	7.6
Net assets/(liabilities) including net pension asset		**851.5**	**(958.9)**	**857.1**
Capital and reserves				
Called up share capital		206.3	-	206.3
Share premium account		1.6	1.6	1.6
Capital contribution reserve		1,723.5	-	1,723.5
Capital reduction reserve		3.7	-	3.7
Profit and loss account		(1,083.6)	(960.5)	(1,078.0)
Total shareholders' funds/(deficit)		**851.5**	**(958.9)**	**857.1**

The condensed consolidated interim financial statements were approved by the Board of Directors on 3 August 2011 and are signed on its behalf by:

G W Hughes
Director

Gala Electric Casinos plc
Group Cash Flow Statement

	Notes	Unaudited twenty eight weeks to 9 Apr 2011 £m	Unaudited twenty eight weeks to 10 Apr 2010 £m	Audited year ended 25 Sept 2010 £m
Net cash inflow from operating activities	8(a)	143.3	143.3	284.2
Returns on investments and servicing of finance				
Interest received		4.3	3.1	11.6
Interest paid		(77.7)	(87.8)	(169.3)
Net cash outflow from returns on investments and servicing of finance		(73.4)	(84.7)	(157.7)
Taxation				
Corporation tax paid		(0.6)	(5.5)	(6.4)
Capital expenditure and financial investment				
Payments to acquire tangible and intangible fixed assets		(19.6)	(18.1)	(45.5)
Receipts from sales of tangible fixed assets		36.0	4.3	10.2
Net cash inflow/(outflow) for capital expenditure and financial investment		16.4	(13.8)	(35.3)
Net cash inflow before financing		85.7	39.3	84.8
Financing				
Issue of share capital		-	-	210.0
Repayment of intercompany loan		-	-	(10.0)
Repayment of Gala Propco Three Limited debt		(4.1)	(3.5)	(7.1)
Repayment of long-term loans		(61.0)	(79.9)	(279.9)
Net cash outflow from financing	8(b)	(65.1)	(83.4)	(87.0)
Increace/(decrease) in cash	8(b)	20.6	(44.1)	(2.2)

Gala Electric Casinos plc
Reconciliation of Group Net Cash Flow to Movement in Group Net Debt

	Notes	Unaudited twenty eight weeks to 9 Apr 2011 £m	Unaudited twenty eight weeks to 10 Apr 2010 £m	Audited year ended 25 Sept 2010 £m
Increase/(decrease) in cash		20.6	(44.1)	(2.2)
Repayment of long-term loans		65.1	83.4	287.0
Change in net debt resulting from cash flows		85.7	39.3	284.8
Other non-cash movements	8(b)	(44.2)	(16.7)	59.8
Movement in net debt		41.5	22.6	344.6
Opening net debt	8(b)	(2,166.4)	(2,511.0)	(2,511.0)
Closing net debt	8(b)	(2,124.9)	(2,488.4)	(2,166.4)

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 5), in accordance with the accounting policies applied in the financial statements for the year ended 25 September 2010 and therefore should be read in conjunction with those annual financial statements, which can be obtained from Gala Coral, 71 Queensway, London, W2 4QH. 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.

General Information

On 23 May 2011 the company was reregistered as a public limited company incorporated and registered in England and Wales.

The condensed consolidated interim financial information does not comprise statutory accounts within the meaning of section 434 of the Companies Act 2006. Statutory accounts for the year ended 25 September 2010 were approved by the Board of Directors on 17 December 2010 and have been filed with the Registrar of Companies. 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. Segmental Analysis

The Group operates five businesses – Coral, Bingo, Casinos, Remote Gambling and Italy. Coral operates Licenced Betting Offices (LBOs). Bingo operates bingo clubs. Casinos runs the Group's portfolio of casinos. Remote Gambling offers sports betting, bingo, casino and other gaming products online and a telephone betting operation. Italy comprises betting shops and online sports betting and gaming in Italy.

The revenue of Coral and Bingo arises solely within the United Kingdom. The Casino revenue arises in the United Kingdom and Gibraltar. The revenue of the Remote Gambling segment arises in Europe. Its customers are primarily located in the United Kingdom and mainland Europe. The revenue of the Italy segment arises solely in Italy.

Gala Electric Casinos plc
Notes to the Accounts

2. Segmental Analysis (continued)

Area of Activity

	Unaudited twenty eight weeks to 9 Apr 2011 £m	Unaudited twenty eight weeks to 10 Apr 2010 £m	Audited year ended 25 Sept 2010 £m
Turnover			
Coral	309.2	309.5	577.1
Bingo	164.4	167.7	318.2
Casinos	71.3	75.1	133.5
Remote Gambling	40.2	51.6	81.0
Italy	31.1	33.3	58.2
	616.2	637.2	1,168.0
Operating profit			
Coral	86.0	90.4	169.5
Bingo	21.0	17.0	39.4
Casinos	7.8	12.6	19.7
Remote Gambling	16.0	20.7	32.0
Italy	2.2	3.6	7.7
Segment operating profit [1]	133.0	144.3	268.3
Group administrative expenses	(38.9)	(30.7)	(64.3)
Other operating income	1.7	1.9	3.3
Exceptional items (note 3)	(3.8)	8.3	(99.2)
Operating profit	92.0	123.8	108.1
EBITDA before exceptional items [2]	149.7	168.8	307.1

[1] Segment operating profit is stated before goodwill amortisation which primarily relates to the Remote Gambling Division.
[2] Operating profit before depreciation, amortisation and the exceptional items shown in note 3.

EBITDA before exceptional items by Segment			
Coral	102.1	105.3	197.9
Bingo	33.8	29.0	61.9
Casinos	13.1	18.1	30.4
Remote Gambling	18.0	23.2	36.8
Italy	5.4	7.4	13.9
	172.4	183.0	340.9

Segmental EBITDA before exceptional items does not include any allocation of Group administrative expenses or other operating income. Group administrative expenses (above) include depreciation and amortisation for the twenty eight weeks to 9 April 2011 of £14.5 million, 28 weeks ended 10 April 2010: £14.6 million, year ended 25 September 2010: £27.2 million.

GECL operates an opco/propco structure. The opco EBITDA before exceptional items, net of internal propco rent, was £135.2 million for the 28 weeks to 9 April 2011 (£154.5 million for the 28 weeks ended 10 April 2010 and £280.6 million for the year to 25 September 2010).

2. Segmental Analysis (continued)

Net Assets/(Liabilities) by Segment

	Unaudited twenty eight weeks to 9 Apr 2011 £m	Unaudited twenty eight weeks to 10 Apr 2010 £m	Audited year ended 25 Sept 2010 £m
Coral	1,458.0	1,515.2	1,491.2
Bingo	458.0	577.2	460.5
Casinos	160.1	167.7	163.2
Remote Gambling	30.9	31.8	30.6
Italy	14.1	18.1	22.5
	2,121.1	2,310.0	2,168.0
Non-operational net liabilities	(1,269.6)	(3,268.9)	(1,310.9)
Total net assets/(liabilities)	**851.5**	**(958.9)**	**857.1**

Non-operational net liabilities comprise goodwill, certain accruals and prepayments, net debt and taxation.

3. Exceptional Items

Exceptional Items Charged/(Credited) to Operating Profit

		Unaudited twenty eight weeks to 9 Apr 2011 £m	Unaudited twenty eight weeks to 10 Apr 2010 £m	Audited year ended 25 Sept 2010 £m
Impairment	a)	0.3	2.7	122.6
Restructuring and reorganisation costs	b)	13.1	16.1	54.3
Net gain on VAT refunds and duty paid	c)	(2.9)	(26.4)	(70.2)
Release of property provisions		(6.7)	(0.7)	(7.0)
Release of other onerous contracts		-	-	(0.5)
Total charged/(credited) to administrative expenses within operating profit		**3.8**	**(8.3)**	**99.2**

3. Exceptional Items (continued)

No tax has been recognised in relation to the exceptional items as the Group has utilised losses to cover any corporation tax charge in the UK.

a) Represents the write down of trading potential on the closure of bingo clubs and casinos of £0.3 million in the period, (£nil for the 28 week period ended 10 April 2010 and £1.1 million for the year ended 25 September 2010). The 28 week period ended 10 April 2010 includes a write down of £2.7 million for amounts owed by other Group companies. In addition, the year ended 25 September 2010 includes the impairment of fixed assets in the Bingo division of £121.5 million.

b) Relates to the costs associated with restructuring, refinancing, redundancies, vacant lease provisions on closed bingo clubs and casinos and onerous contract provisions.

c) Net gains in relation to Main Stage Bingo VAT refunds, Bingo Participation fee VAT refunds and gaming machines VAT refunds, netted off against duty assessments in relation to VAT refunds (note 9).

Exceptional Items Charged/(Credited) after Operating Profit

1) Profit on Disposal of Fixed Assets

The profit on disposal of £15.6 million (28 week period ended 10 April 2010: £2.3 million, year ended 25 September 2010: £3.2 million) includes the profit and loss on disposal of freehold properties.

2) Exceptional Interest

During the period to 9 April 2011 the Group received £2.2 million of interest from HM Revenue and Customs in relation to the Main Stage VAT refund (28 week period ended 10 April 2010: £2.5 million, year ended 25 September 2010: £2.5 million). The Group also recognised £0.7 million in the 28 week period ended 9 April 2011 (28 week period ended 10 April 2010: £0.6 million, year ended 25 September 2010: £0.6 million) of interest receivable from HMRC in relation to the Bingo Participation Fee VAT claim which was settled in March 2010. In addition, in the year ended 25 September 2010 the Group received £7.3 million interest for the gaming machines VAT claim.

In the year ended 25 September 2010 the Group paid £23.8 million (28 week period ended 10 April 2010: £4.3 million) of waiver and consent fees during the restructuring process in relation to its senior debt and incurred additional debt issue cost amortisation of £3.3 million (28 week period ended 10 April 2010: £nil).

In addition, during the year ended 25 September 2010 the Group paid £0.4 million of break fees on Propco debt following the disposal of certain properties in Gala Propco Three Limited.

4. Interest

	Unaudited twenty eight weeks to 9 Apr 2011 £m	Unaudited twenty eight weeks to 10 Apr 2010 £m	Audited year ended 25 Sept 2010 £m
Loan interest	(63.4)	(61.0)	(116.1)
Exceptional senior loan waiver fees due to restructuring (note 3)	-	(4.3)	(23.8)
Exceptional break fees on Propco debt (note 3)	-	-	(0.4)
Mezzanine interest	-	(28.6)	(39.3)
GECL loan note interest	(38.3)	-	(18.0)
Interest payable on loans with other Group companies	-	(70.4)	(96.3)
Amortisation of debt issue costs	(4.9)	(5.0)	(9.1)
Amortisation of interest rate caps	(0.7)	-	-
Exceptional write off of debt issue costs due to restructuring (note 3)	-	-	(3.3)
Interest payable and similar charges	(107.3)	(169.3)	(306.3)
Bank interest	1.0	0.6	1.0
Interest receivable on loans from other Group companies	-	2.7	-
Exceptional interest receivable (note 3)	2.9	3.1	10.4
Interest receivable and similar income	3.9	6.4	11.4
Net interest payable	(103.4)	(162.9)	(294.9)

Interest payable on loans includes loan interest payable on the Gala Propco Three Limited bank loan of £12.2 million (28 week period ended 10 April 2010: £12.5 million, year ended 25 September 2010: £22.9 million). The remainder is interest payable on the Senior syndicated debt.

Interest receivable includes bank interest receivable on the Gala Propco Three Limited cash balance of £nil (28 week period ended 10 April 2010: £nil, 2010 full year: £nil). The Gala Propco Three Limited cash balance as at 9 April 2011 was £9.4 million (10 April 2010: £8.3 million, 25 September 2010: £9.2 million).

5. 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 taking account of deferred tax credits to offset against current tax charges. Any charges and credits shown relate to deferred tax and overseas corporation tax.

The tax charge in the current period has arisen as a result of the de-recognition of the deferred tax asset recognised previously.

6. Creditors: Amounts Falling Due Within One Year

	Unaudited 9 Apr 2011 £m	Unaudited 10 Apr 2010 £m	Audited 25 Sept 2010 £m
Current instalments due on loans	4.4	160.5	65.1
Bank and loan interest	7.8	21.3	22.1
Trade creditors	44.0	42.6	27.5
Corporation tax	0.4	2.1	1.0
Other taxation and social security	30.8	31.8	26.0
Other creditors	12.2	7.3	14.5
Accruals and deferred income	72.3	92.6	66.1
	171.9	358.2	222.3

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

	Unaudited 9 Apr 2011 £m	Unaudited 10 Apr 2010 £m	Audited 25 Sept 2010 £m
Senior debt	1,543.6	1,639.4	1,538.8
Gala Propco Three Limited loan	353.3	360.9	357.3
Mezzanine debt	-	546.1	-
GECL loan note	504.6	-	465.6
Amounts due to other Group companies	-	1,589.7	-
Other creditors	2.0	2.2	2.5
	2,403.5	4,138.3	2,364.2

The senior debt (including amounts due within one year) of £1,543.6 million (10 April 2010: £1,796.4 million, year ended 25 September 2010: £1,600.0 million) are presented net of unamortised issue costs of £19.1 million (10 April 2010: £27.3 million, 25 September 2010: £22.9 million),

The Propco debt (including amounts due within one year) of £357.7 million (10 April 2010: £364.4 million, year ended 25 September 2010: £361.2 million) are presented net of unamortised issue costs of £2.2 million (10 April 2010: £3.1 million, 25 September 2010: £2.9 million),

GECL loan notes of £504.6 million (2010 interim: £nil, year ended 25 September 2010: £465.6 million) are presented net of unamortised issue costs of £5.0 million (10 April 2010: £nil, 25 September 2010: £5.7 million).

Mezzanine debt of £nil (10 April 2010: £546.1 million, year ended 25 September 2010: £nil) is presented net of unamortised issue costs of £nil (10 April 2010: £8.4 million, 25 September 2010: £nil) respectively.

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

Following the Group restructuring on 21 June 2010, the amounts owed to other Group companies of £1,615.4 million were settled through the forgiveness of £1,605.4 million by the parent company of Gala Electric Casino Limited, Gala Group Four Limited and a £10.0 million cash payment.

Following the restructure on 21 June 2010 the group's mezzanine debt of £571.4 million was divided into sustainable mezzanine debt (which bears the amount of its commercially agreed value) and unsustainable mezzanine debt (being principal amount only). The sustainable mezzanine debt of £453.3 million was acquired by the Company under the restructuring steps (note 11) with unsecured loan notes ("GECL loan notes") of £453.3 million issued to Gala Coral Group Limited (formerly GCG Holdco Limited) on 21 June 2010, in exchange.

The GECL loan notes have a duration of 10 years accruing interest of 15.0875% 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. At 9 April 2011 rolled up interest amounted to £56.3 million (10 April 2010: £nil, 25 September 2010: £18.0 million).

The unsustainable mezzanine debt of £118.1 million was released by the lenders and has been recognised as a capital contribution (note 11).

8. Notes to the Group Cash Flow Statement

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

	Unaudited twenty eight weeks to 9 Apr 2011 £m	Unaudited twenty eight weeks to 10 Apr 2010 £m	Audited year ended 25 Sept 2010 £m
Operating profit	92.0	123.8	108.1
Depreciation, amortisation, impairment and write downs	54.2	56.0	222.4
(Increase) in debtors	(17.2)	(7.1)	(5.8)
Decrease/(Increase) in stocks	0.5	(0.3)	0.1
Increase/(Decrease) in creditors	24.5	(21.5)	(36.7)
(Decrease) in provisions	(8.7)	(5.8)	(0.5)
Pension contributions in excess of profit and loss charge	(2.0)	(1.8)	(3.4)
Net cash inflow from operating activities	143.3	143.3	284.2

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

b) Analysis of Net Debt

	At 25 Sept 2010 £m	Cash Flow £m	Transfers Between Catergories £m	Other Non-cash Movements £m	At 9 Apr 2011 £m
Cash at bank and in hand	260.4	20.6	-	-	281.0
Debt due within one year	(65.1)	65.1	(4.4)	-	(4.4)
Debt due after one year	(2,361.7)	-	4.4	(44.2)	(2,401.5)
Total debt	(2,426.8)	65.1	-	(44.2)	(2,405.9)
Net debt	(2,166.4)	85.7	-	(44.2)	(2,124.9)

Non-cash movements comprise amortisation of issue costs relating to debt of £4.9 million, accrual of interest on the GECL loan notes of £38.3 million and a foreign exchange loss on senior debt of £1.0 million.

c) Cash Flows relating to Exceptional Items (note 3)

	Unaudited twenty eight weeks to 9 Apr 2011 £m	Unaudited twenty eight weeks to 10 Apr 2010 £m	Audited year ended 25 Sept 2010 £m
Included within operating cash flow:			
Restructuring and reorganisation costs	(16.5)	(26.3)	(53.1)
VAT (outflow)/inflow net of refunds and duty paid	(0.3)	29.5	59.6
	(16.8)	3.2	6.5
Disposal of tangible fixed assets	36.0	4.3	10.2
Exceptional interest income	2.9	3.1	10.4
Exceptional bank loan amendment fees on restructuring	-	(4.3)	(23.8)
Exceptional break fees on Propco Debt	-	-	(0.4)
Net cash inflow	22.1	6.3	2.9

9. Contingencies

Contingent Liabilities

The Group received £66.1 million in June 2009 in overpaid VAT and £6.4 million in interest in July 2009 from HMRC, following another bingo operator's High Court ruling in June 2009 that the application of VAT to games of Mechanised Cash Bingo contravened the European Union's principle of fiscal neutrality. During the year ended 26 September 2009 the Group recognised a net gain of £46.6 million (net of duty and irrecoverable VAT) in relation to this claim within operating exceptional items and £6.4 million of exceptional interest income.

During 2009 the Group lodged a claim for a repayment of £29.9 million of VAT on some games of Main Stage Bingo on the basis that the VAT paid had constituted a contravention of the European Union's law of fiscal neutrality. On 10 December 2009, HMRC issued a brief confirming that the Main Stage Bingo claim should follow a similar process to the Mechanised Cash Bingo claim. Consequently, the Group received a repayment of £29.9 million in March 2010 for this claim, plus interest of £2.5 million. The Group has recognised a gain (net of duty and costs) in the twenty eight week period to 9 April 2011 of £nil (28 week period ended 10 April 2010: £26.4 million and in the year ended 25 September 2010: £26.4 million) within operating exceptionals and £nil, (28 week period ended 10 April 2010: £2.5 million and in the year ended 25 September 2010: £2.5 million) of exceptional interest in relation to this claim. In addition, the Group received a repayment in March 2011 of £2.6 million VAT on a Main Stage Bingo claim for County Bingo relating to periods 1973 to 1996 (the Fleming claims) together with interest of £2.9 million

The Group had also previously lodged a claim for £43.8 million for a repayment of VAT on gaming machines, following another Bingo operator's High Court ruling in June 2009 that the application of VAT to gaming machines contravened the European Union's principle of fiscal neutrality. In March 2010 HMRC issued a brief confirming that they would process claims already submitted, and between July to September 2010 the Group received a repayment of £43.8 million VAT plus interest of £7.3 million. For the year ended 25 September 2010 the Group has recognised a net gain of £43.8 million within operating exceptional items and £7.3 million of exceptional interest income (twenty eight week period to 10 April 2010: £nil).

HMRC is appealing these positions and their cases were heard at the Court of Appeal and High Court in April 2010. The parties and the Courts agreed to refer certain questions to the ECJ. The ECJ hearing took place on 30 June 2011 and its decision is expected by the end of 2011. If HMRC are successful in the ECJ they are entitled to recover these amounts, the related interest and any claim for withheld VAT.

In the opinion of the directors, having considered the facts and advice before them, no provision is required in the financial statements for the outcome of these appeals.

10. Related Parties

Details of related party transactions in respect of the year ended 25 September 2010 are contained in note 28 of our 2010 Annual Report. The Group continued to enter into transactions in the normal course of business with related parties during the period. Other than in relation to the restructuring (detailed below), there were no transactions with related parties in the period that had a material effect on the financial position or performance of the Group.

11. Restructuring

In anticipation of potential breaches of the financial covenants in its senior and mezzanine facility agreements the ultimate parent company, Gala Coral Group Limited ("GCGL") and its subsidiaries (the "GCGL Group") entered into discussions with its senior and mezzanine lenders during the second half of 2009 with a view to achieving a wholly consensual restructuring of the Group's balance sheet.

On 19 May 2010 the terms of a restructuring were agreed between representatives of the GCGL Group's mezzanine lenders, the GCGL Group's sponsors and certain GCGL Group companies.

The restructuring was completed on 21 June 2010 (the "Effective Date") in accordance with an implementation agreement entered into with mezzanine lenders dated 3 June 2010. The principal transactions undertaken on the Effective Date to implement the restructuring were as follows:

- the Company's immediate parent company became GCG Holdco Limited (a UK incorporated company, "Holdco") and its ultimate parent company became GCG Manager S.A. Luxco S.C.A (a new Luxembourg domiciled company, "Luxco"). Luxco is the parent company of Holdco;
- the Group's mezzanine debt of £571.4 million was divided into sustainable mezzanine debt (being the amount of its commercially agreed value) ("sustainable mezz") and unsustainable mezzanine debt ("unsustainable mezz" being principal amounts only);
- the unsustainable mezz of £118.1 million was released by the mezzanine lenders;
- the sustainable mezz (approximately £453.3 million) was acquired by Gala Electric Casino Limited under the restructuring steps. As a consequence Gala Electric Casinos Limited issued unsecured and subordinated loan notes ("GECL loan notes") totalling £453.3 million to Holdco with a duration of 10 years accruing interest of 15.0875% and only payable on maturity in October 2020. Holdco in turn, issued £453.3 million of loan notes ("Holdco loan notes") to Luxco at the direction of the mezzanine lenders, £3.3 million of which were subsequently capitalised.
- further cash subscriptions totalling £210.0 million were also made by certain mezzanine lenders via Luxco to the new group following which Luxco issued £663.3 million of PEC's to the mezzanine lenders;
- £213.3 million of PEC's were then capitalised, following which Luxco had 225.0 million shares and £450.0 million of PEC's in issue.
- The terms of the PEC's issued to the mezzanine lenders are as follows:
  - redeemable after 44 years to the extent that the issuer has sufficient distributable reserves
  - they rank senior to the ordinary equity of the issuer but are subordinated to all other creditors (whether secured or unsecured), including trade creditors.
  - the ordinary shares of Luxco and the PEC's are stapled and therefore must be traded in the proportion they are held
  - the PEC's have no voting rights
  - dividends accrue at 15% per annum and any cash distribution in relation to the PEC's is subject to a mandatory deferral provision and restrictions under the senior loan agreement
- the existing senior debt facilities of circa £1.6 billion (after the £200.0 million prepayment) were amended and the financial covenants in the Group's senior facility agreement adjusted to provide new headroom against the Group's forecast projections and:
- £10.0 million was paid to Gala Group Four Limited, an indirect subsidiary of the GCGL in repayment of an intercompany loan, the balance of which (£1,605.4 million) was converted into a capital contribution.

11. Restructuring (continued)

GCGL (which was subsequently renamed Suitcase One Limited) and its three subsidiaries which were not transferred into the new group were placed into liquidation on 25 June 2010.

Following the restructuring, a majority of the issued share capital of Luxco, the new ultimate parent company of the Group, which includes the Company and all its subsidiaries, were held by;

- investment funds indirectly managed by Apollo Global Management, LLC.
- funds managed by Cerberus Capital Management, L.P.
- funds indirectly managed by York Capital Management Global Advisors, LLC.
- funds advised by Park Square Capital, LLP.
- funds advised by Goldman Sachs International Bank.
- funds managed by Anchorage Capital Partners.

On 29 June 2010 GCG Holdco Limited changed its name to Gala Coral Group Limited.
The costs associated with the restructuring are included within exceptional items in note 3.

12. Post balance sheet events

On 27 May 2011 the Gala Coral Group completed a refinancing of its senior secured loan facilities.

Borrowings of £1,550.0 million (gross) were raised comprising Senior Secured Credit Facilities of £925.0 million (£825.0 million term loan and an undrawn £100.0 million revolving credit facility), Senior Secured Notes of £350.0 million and Senior Notes of £275.0 million. The Senior Notes were issued at a discount of £7.0 million to their par value. 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 the above borrowings of £40.6 million. The issue costs and discount have been deferred and will be amortised over the term of the new borrowings.

The principal terms of the new borrowings are as follows:

	Amount £m	Interest rate %	Maturity
Issued by Gala Group Finance plc			
Senior Secured Facilities			
Term Loan	825.0	LIBOR + 5%	27 May 2018
Revolving Credit Facility	100.0	LIBOR + 4%	27 May 2017
Senior Secured Notes	350.0	8.875%	1 Sept 2018
Issued by Gala Electric Casinos plc			
Senior Notes	275.0	11.5%	1 June 2019

The net proceeds from these borrowings together with group cash of £138.4 million were used to repay all of the Group's existing senior secured credit facilities, totalling £1,537.2 million, plus accrued interest of £3.6 million. The existing senior secured credit facilities were repayable between April 2012 and April 2015 and bore interest rates varying between LIBOR plus 4% and LIBOR plus 6.375%.

The Group incurred an exceptional expense of £18.2 million on repayment of the existing senior secured credit facilities, being the write off of deferred issue costs which were offset against the carrying amount of that debt at the date of refinancing.

12. Post balance sheet events (continued)

The Group cancelled an interest rate swap and two interest rate caps to avoid being over-hedged following completion of the refinancing. This resulted in a net cash outflow of £1.9 million and an exceptional interest expense of £2.6 million.

The refinancing significantly extends the maturity of the Group's borrowings, with the new funding being repayable from 2017 to 2019.