This prospectus (the "**Prospectus**"), which comprises a prospectus relating to Ladbrokes plc ("**Ladbrokes**"), has been prepared in accordance with the Prospectus Rules of the Financial Conduct Authority (the "**FCA**") made under section 84 of the Financial Services and Markets Act 2000 (the "**FSMA**") and approved by the FCA under section 87A of the FSMA. This Prospectus has: (i) been filed with the FCA and made available to the public in accordance with Rule 3.2.1 of the Prospectus Rules; and (ii) been prepared to provide details of the Consideration Shares and the Playtech Shares.

The distribution of this Prospectus and any accompanying documents into jurisdictions other than the UK may be restricted by law and therefore persons into whose possession this Prospectus comes should inform themselves about and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction. In particular, such documents should not be distributed in, forwarded to or transmitted in or into Australia, Canada, Hong Kong, Japan, New Zealand, Singapore, the Republic of South Africa or the United States or any other state or jurisdiction in which the same would be unlawful.

Ladbrokes PLC

LADBROKES PLC
(TO BE RENAMED LADBROKES CORAL GROUP PLC)
(Registered in England and Wales with registered number 00566221)

READMISSION OF THE EXISTING ORDINARY SHARES, ADMISSION OF 866,518,803 CONSIDERATION SHARES AND ADMISSION OF UP TO 42,105,263 PLAYTECH SHARES

Prospectus

As the Merger is classified as a reverse takeover under the Listing Rules, the listing of the Existing Ordinary Shares will be cancelled and application will be made to the UKLA for the Existing Ordinary Shares to be readmitted to the premium listing segment of the Official List and will be made to the London Stock Exchange for the Existing Ordinary Shares to be readmitted to trading on the London Stock Exchange's main market for listed securities (together, "**Readmission**").

Application will be made to the UKLA for the Consideration Shares to be admitted to the premium listing segment of the Official List and will be made to the London Stock Exchange for the Consideration Shares to be admitted to trading on the London Stock Exchange's main market for listed securities (together, "**Consideration Shares Admission**" and, together with Readmission, "**Merger Admission**").

Application will be made to the UKLA for the Playtech Shares to be admitted to the premium listing segment of the Official List and will be made to the London Stock Exchange for the Playtech Shares to be admitted to trading on the London Stock Exchange's main market for listed securities (together, "**Playtech Shares Admission**" and, together with Merger Admission, "**Admission**").

It is expected that dealings in the Existing Ordinary Shares will recommence and that dealings in the Consideration Shares and the Playtech Shares will commence, on the date of Completion, which, subject to the satisfaction of certain conditions, is expected to be on 1 November 2016. Readmission and Admission will take place simultaneously.

No Consideration Shares or Playtech Shares or any other securities in Ladbrokes have been marketed to, or are available for purchase, in whole or in part, by the public in the UK or elsewhere in connection with the admission of the Consideration Shares or the Playtech Shares to the premium listing segment of the Official List and the London Stock Exchange's main market for listed securities, save for to Coral (in respect of the Consideration Shares) and Playtech (in respect of the Playtech Shares). This Prospectus does not constitute or form part of any invitation to purchase, subscribe for, sell or issue, or any solicitation of any offer to purchase, subscribe for, sell or issue Ordinary Shares.

YOU SHOULD READ THIS PROSPECTUS AND ALL DOCUMENTS INCORPORATED INTO IT BY REFERENCE IN THEIR ENTIRETY. IN PARTICULAR, YOU SHOULD TAKE ACCOUNT OF THE SECTION OF THIS PROSPECTUS ENTITLED 'RISK FACTORS' FOR A DISCUSSION OF THE RISKS THAT MIGHT AFFECT THE VALUE OF YOUR SHAREHOLDING IN LADBROKES. YOU SHOULD NOT RELY SOLELY ON INFORMATION SUMMARISED IN THE SUMMARY.

Investors should rely only on the information contained in this Prospectus and contained in any documents incorporated into this Prospectus by reference. No person has been authorised to give any information or make any representations other than those contained in this Prospectus and any document incorporated by reference and, if given or made, such information or representation must not be relied upon as having been so authorised by Ladbrokes, the Directors, the Proposed Directors, Greenhill or UBS. Ladbrokes will comply with its obligation to publish supplementary prospectuses containing further updated information required by law or by any regulatory authority but assumes no further obligation to publish additional information.

The release, publication or distribution of this Prospectus in jurisdictions other than the UK may be restricted by law and, therefore, any persons who are subject to the laws of any jurisdiction other than the UK should inform themselves about, and observe, any applicable requirements. Failure to comply with any such restrictions may constitute a violation of the securities laws of any such jurisdiction. This Prospectus has been prepared to comply with requirements of English law, the Listing Rules, the Prospectus Rules and the rules of the London Stock Exchange and information disclosed may not be the same as that which would have been disclosed if this Prospectus had been prepared in accordance with the laws of jurisdictions outside England. This Prospectus is not for release, publication or distribution, directly or indirectly, in whole or in part, in, into or from Australia, Canada, Hong Kong, Japan, New Zealand, Singapore, the Republic of South Africa or the United States or any other state or jurisdiction in which the same would be restricted, unlawful or unauthorised (each an "**Excluded Territory**"). This Prospectus does not constitute an offer to purchase, subscribe for, sell or issue or the solicitation of an offer to purchase, subscribe for, sell or issue shares in the capital of Ladbrokes in any Excluded Territory or to any person to whom it is unlawful to make such offer or solicitation. Any failure to comply with these restrictions may constitute a violation of the securities laws of such jurisdictions. Subject to certain exemptions, the securities referred to herein may not be offered or sold in any Excluded Territory or for the account or benefit of any national resident or citizen of any Excluded Territory.

The securities referred to in this Prospectus have not been and will not be registered under the US Securities Act of 1933, as amended (the "**Securities Act**"), or under the securities laws of any state or other jurisdiction of the United States, and may not be offered or sold, directly or indirectly, in the United States absent registration under the Securities Act or an available exemption from the registration requirements of the Securities Act and in compliance with any applicable securities laws of any state or other jurisdiction of the United States. The securities referred to in this Prospectus have not been approved or disapproved by the US Securities and Exchange Commission, any state securities commission or any other regulatory authority in the United States, nor have any of the foregoing authorities passed upon, determined or endorsed the merits of the Merger or the accuracy or adequacy of the information contained in this Prospectus. Any representation to the contrary is a criminal offence in the United States. No public offering of the Consideration Shares or the Playtech Shares is being made in the UK, the United States, any other Excluded Territory or elsewhere.

Greenhill is authorised and regulated by the FCA in the UK. Greenhill is acting for Ladbrokes and for no one else in connection with the Merger and Merger Admission and will not regard any other person as a client in relation to the Merger and Merger Admission and will not be responsible to anyone other than Ladbrokes for providing the protections afforded to clients of Greenhill, nor for providing advice in connection with the Merger, Merger Admission or any other matter, transaction or arrangement referred to herein.

UBS is authorised by the PRA and regulated by the FCA and the PRA in the UK. UBS is acting for Ladbrokes and for no one else in connection with the Merger and Merger Admission and will not regard any other person as a client in relation to the Merger and Merger Admission and will not be responsible to anyone other than Ladbrokes for providing the protections afforded to clients of UBS, nor for providing advice in connection with the Merger, Merger Admission or any other matter, transaction or arrangement referred to herein.

Apart from the responsibilities and liabilities, if any, which may be imposed on Greenhill and/or UBS in their capacities as joint sponsors by the FSMA or the regulatory regime established thereunder, neither Greenhill nor UBS accepts any responsibility or liability whatsoever for the contents of this Prospectus, including its accuracy, completeness or for any other statement made or purported to be made by it, or on its behalf, in connection with the Ladbrokes Group, the Coral Group, the Ordinary Shares (including the Consideration Shares and the Playtech Shares), the Merger or Merger Admission. Each of Greenhill and UBS and each of their respective subsidiaries, branches and affiliates accordingly disclaim to the fullest extent permitted by law all and any responsibility and liability whether arising in tort, contract or otherwise (save as referred to above) which it might otherwise have in respect of this Prospectus or any such statement. Nothing in this Prospectus excludes, or attempts to exclude, the liability of Greenhill or UBS for fraud or fraudulent misrepresentation.

THE CONTENTS OF THIS PROSPECTUS OR ANY SUBSEQUENT COMMUNICATION FROM LADBROKES OR ANY OF ITS RESPECTIVE AFFILIATES, OFFICERS, DIRECTORS, EMPLOYEES OR AGENTS ARE NOT TO BE CONSTRUED AS LEGAL, FINANCIAL OR TAX ADVICE. EACH PROSPECTIVE INVESTOR SHOULD CONSULT HIS, HER OR ITS OWN SOLICITOR, INDEPENDENT FINANCIAL ADVISER OR TAX ADVISER FOR LEGAL, FINANCIAL OR TAX ADVICE.

THIS PROSPECTUS DOES NOT CONSTITUTE AN OFFER OF, AND MAY NOT BE USED FOR THE PURPOSES OF, AN OFFER TO SELL OR AN INVITATION TO SELL, OR THE SOLICITATION OF AN OFFER TO SUBSCRIBE FOR OR BUY, ANY SECURITIES. NONE OF THE SECURITIES REFERRED TO IN THIS PROSPECTUS SHALL BE SOLD, ISSUED OR TRANSFERRED IN OR INTO ANY JURISDICTION IN CONTRAVENTION OF APPLICABLE LAW.

Capitalised terms have the meanings ascribed to them in the 'Definitions' section of this Prospectus.

27 October 2016

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SUMMARY

Summaries are made up of disclosure requirements known as ‘Elements’. These Elements are numbered in Sections A – E (A.1 – E.7). This summary contains all the Elements required to be included in a summary for this type of securities and issuer. Because some Elements are not required to be addressed, there may be gaps in the numbering sequence of the Elements. Even though an Element may be required to be inserted in the summary because of the type of securities and issuer, it is possible that no relevant information can be given regarding the Element. In this case a short description of the Element is included in the summary with the mention of ‘not applicable’.

Section A – Introductions and warnings		
Element	**Disclosure Requirement**	**Disclosure**
A.1	Warning	This summary should be read as an introduction to this Prospectus. Any decision to invest in the securities should be based on consideration of this Prospectus as a whole. Where a claim relating to the information contained in this Prospectus is brought before a court, the plaintiff investor might, under the national legislation of the member states of the EEA, have to bear the costs of translating this Prospectus before the legal proceedings are initiated. Civil liability attaches only to those persons who have tabled the summary including any translation thereof, but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of this Prospectus or it does not provide, when read together with the other parts of this Prospectus, key information in order to aid investors when considering whether to invest in such securities.
A.2	Resale or final placement of securities through financial intermediaries	Not applicable; Ladbrokes is not engaging any financial intermediaries for any resale of securities or final placement of securities after publication of this Prospectus.

Section B – Issuer		
Element	**Disclosure Requirement**	**Disclosure**
B.1	Legal and commercial name	Ladbrokes plc, which will be renamed Ladbrokes Coral Group plc on or around Completion.
B.2	Domicile / legal form / legislation under which the issuer operates / country of incorporation	The Company is incorporated in England as a public limited company, limited by shares. Its registered office is situated in England and its registered number is 00566221. The principal legislation under which the Company operates is the Act.
B.3	Current operations / principal activities / principal markets	**Ladbrokes Group** Ladbrokes is a bookmaker that primarily operates in the UK, Australia, Belgium, Ireland and Spain and which enjoys strong brand recognition in its key markets. The Ladbrokes Group provides betting and gaming services across multiple channels with £1.2 billion of net revenue for the year ended 31 December 2015. The Ladbrokes Group’s business consists of offering a variety of betting and gaming products. Ladbrokes offers sports betting on a number of sports, with horseracing being the most popular sport it offers odds on. The Ladbrokes Group also accepts bets on non-sporting events, such as political elections and popular music chart results. The Ladbrokes Group’s gaming products include slots, casino games, bingo, poker and other skill games. *Principal channels of product delivery* The Ladbrokes Group delivers its betting and gaming products through its retail outlets and online channels. The Ladbrokes Group also offers betting via telephone, including offering a personalised service for certain high net worth individuals, and has a central support division.

		In the UK, the Ladbrokes Group is the second largest retail operator based on number of LBOs with a market share of approximately 24.4 per cent. as at 31 March 2016. At the Latest Practicable Date, the Ladbrokes Group had 2,140 LBOs in Great Britain and 8,507 gaming machines at the LBOs. The Ladbrokes Group's UK retail business accounted for 69.2 per cent. of the Ladbrokes Group's net revenue (excluding high rollers) for the year ended 31 December 2015. The Ladbrokes Group's European retail business (including Northern Ireland) accounted for 10.0 per cent. of the Ladbrokes Group's net revenue (excluding high rollers) for the year ended 31 December 2015. As at the Latest Practicable Date, the Ladbrokes Group's services are available in a total of 141 outlets in Ireland, 77 in Northern Ireland, 453 in Belgium (a majority of which are franchisee and newspaper outlets), and 1,721 in Spain. The Ladbrokes Group operates in Spain through its joint venture with Cirsa Gaming Corporation, Sportium Apuestas Deportivas S.A., which is Spain's largest bookmaker on the basis of gross win. A majority of the outlets in Spain are locations where Sportium has acquired the right to provide its betting and gaming services (for example, in bars through SSBTs or corners, which are areas within arcades or other outlets where Sportium has SSBTs and there is a manned counter), rather than being locations operated directly by Sportium or a Sportium franchisee. Ladbrokes also operates an online betting and gaming business, offering innovative products through Ladbrokes.com, the seventh largest operation in the UK online market, as at 31 December 2015, and Ladbrokes Australia, the third largest corporate bookmaker in Australia on the basis of revenue, and other branded websites within the Ladbrokes Group. The Ladbrokes Group's digital business accounted for 20.3 per cent. of the Ladbrokes Group's net revenue (excluding high rollers) for the year ended 31 December 2015. **Coral Group** The Coral Group is one of Europe's largest betting and gaming groups based on annual gross win, with an established presence in the UK and Italy, the two largest regulated betting and gaming markets in Europe. The Coral Group comprises three main trading divisions: Coral Retail, Eurobet Retail and Online. The Coral Group also operates Telebet, a telephone-based betting operation, and a central support division. *Coral Retail* Coral Retail is the third largest operator in the retail market in the UK where it directly owns and operates 1,806 LBOs under the 'Coral' brand as at the Latest Practicable Date, with an estimated market share of approximately 20.8 per cent., as at 31 March 2016 based on number of LBOs. LBOs operated by Coral Retail offer both OTC betting and FOBTs. *Eurobet Retail* Eurobet Retail is now number three in the market for OTC betting in Italy based on annual gross win, which is primarily generated from football betting operations, with a smaller share in the horse race betting market. Eurobet Retail operates in the Italian retail market under the 'Eurobet' brand through LBOs run on a franchise model. *Online* The Coral Group operates the Coral UK Online business and the Eurobet Online business. The Coral UK Online business operates in the UK through three key brands: 'Coral', 'Gala Bingo' and 'Gala Casino'. It is the sixth largest operator in the UK market with a 8.1 per cent. market share as at 31 December 2015. Eurobet Online operates through the website www.eurobet.it and is available to Italian residents. It delivers a full range of sports betting, casino and games products, including virtual racing and bet-in-play products.
B.4a	Most significant recent trends of the Company and its industry	**Industry** The Ladbrokes Group and the Coral Group currently operate in, and, after Completion, the Enlarged Group will operate in, the betting and gaming industry. Demand for the Ladbrokes Group's and the Coral Group's products and services is, and, after Completion, demand for the Enlarged Group's products and services will be, influenced by general economic conditions and consumer trends which it is difficult for the Directors and Proposed

Directors to predict, particularly in the online gaming market (which is relatively new and subject to ever increasing competition from other industry participants). The betting and gaming industry is subject to extensive and increasing regulatory and licensing requirements, taxation and levies both inside and outside the UK, which may change over time for a variety of reasons, including as a result of political pressure, public opinion and media coverage.

There have recently been a number of significant mergers in the betting and gaming industry as industry participants look to increase the scale of their operations. Such increases in scale are expected to make investments in technology and marketing more affordable. In addition, larger betting and gaming operators are expected to be better equipped to understand the increasingly extensive and complex regulatory and licensing requirements that they face and to absorb the impact of any adverse changes in regulation, taxation and/or levies.

Ladbrokes Group

Ladbrokes issued its trading update for the three months ended 30 September 2016 on 18 October 2016 (the “**Q3 Trading Update**”). The Ladbrokes Group’s trading for that period was described in the Q3 Trading Update as supportive of the Ladbrokes Group’s own full year expectations.

Trading for the period from 30 September 2016 to the date of this Prospectus has been and is in line with the expectations of the Directors and there has been no material change to the financial position of the Ladbrokes Group since that date.

Coral Group

The period post 2 July 2016 represents the 15-week period to 16 October 2016 incorporating the 12 week period to 25 September 2016 (fourth quarter of the financial year ended 25 September 2016) and the subsequent 3 week period to 16 October 2016.

12 week period to 25 September 2016 (fourth quarter of 2016 financial year):

Trading in the 12 week period to 25 September 2016 (fourth quarter of 2016 financial year) was positive with Coral Group net revenue 8.9 per cent. ahead of last year.

Coral Retail total net revenue grew 0.3 per cent., Eurobet Retail net revenue was 31.2 per cent. ahead of last year and Online saw continued strong growth with net revenue 23.7 per cent. ahead of last year.

3 week period to 16 October 2016:

Coral Group net revenue was ahead of last year, with growth in all divisions except Coral Retail which was marginally behind.

Trading for the period from 16 October 2016 to the date of this Prospectus has been in and is in line with the expectations of the Coral Board and there has been no material change to the financial position of the Coral Group since that date.

B.5 Group structure

Ladbrokes is the ultimate holding company of the Ladbrokes Group, an international bookmaker providing betting and gaming services primarily in the UK, Australia, Belgium, Ireland and Spain.

GC Group (Jersey) Limited is the ultimate holding company of the Coral Group, a bookmaker providing betting and gaming services primarily in the UK and Italy.

Following Completion, Ladbrokes will be the ultimate holding company of the Enlarged Group.

B.6 Notifiable interests

As at the Latest Practicable Date, the Company had been notified in accordance with Rule 5 of the Disclosure Guidance and Transparency Rules of the following interests in Ordinary Shares:

Name of Shareholder	*Number of Ordinary Shares held*	*Percentage of Existing Ordinary Shares*	*Percentage of Enlarged Issued Share Capital*
Playtech plc	98,589,095	9.68%	7.30%
FIL Limited	87,247,794	8.56%	4.53%
The Capital Group Companies, Inc.	71,234,245	6.99%	3.70%
Old Mutual Plc	61,966,392	6.08%	3.22%
UBS Group AG	51,315,865	5.04%	2.66%
Jupiter Asset Management Limited	45,953,525	4.51%	2.38%

		Note: For each shareholder, this table details the interest in Ladbrokes' voting rights which (as at the Latest Practicable Date) was most recently notified by that shareholder to Ladbrokes under Rule 5 of the Disclosure Guidance and Transparency Rules. Therefore such details may not be accurate as at the Latest Practicable Date. *This table assumes that 866,518,803 Consideration Shares are issued to Coral and 42,105,263 Playtech Shares are issued to Playtech and that no further issue of Ordinary Shares occurs between the Latest Practicable Date and Admission. The percentage share ownership is calculated by reference to the Company's issued share capital excluding Ordinary Shares held in treasury.* *None of the Company's major shareholders have different voting rights from any other holder of Ordinary Shares in respect of Ordinary Shares held by them.* In the period between Completion and the completion of the Distribution, each member of the Gala Group involved in the Distribution, being GCG Manager S.A., Luxco SCA, Gala Coral Group Limited, Gala Electric Casinos Limited and Coral (each a "**Coral Party**" and together, the "**Coral Parties**"), will, at the time it holds the Consideration Shares, hold more than 30 per cent. of the shares of the Enlarged Group and may, therefore, be a controlling shareholder for the purposes of the Listing Rules. As a result, Ladbrokes will enter into a relationship agreement prior to Completion (but conditional upon Completion) with the Coral Parties (the "**Relationship Agreement**"). The Relationship Agreement will take effect on Completion and will continue in force until the earlier of: (i) the Ordinary Shares ceasing to be admitted to the premium segment of the Official List and admitted to trading to the London Stock Exchange's main market for listed securities; or (ii) the Coral Parties ceasing to own 30 per cent. or more of the Ordinary Shares or the voting rights attaching to the Ordinary Shares. Under the Relationship Agreement, until the agreement terminates, each Coral party will undertake that it shall (and shall procure that each of its Associates shall): (A) conduct all transactions and arrangements with any member of the Enlarged Group at arm's length and on normal commercial terms; (B) not take any action that would have the effect of preventing Ladbrokes from complying with its obligations under the Listing Rules; and (C) not propose or procure the proposal of a shareholder resolution of Ladbrokes which is intended or appears to be intended to circumvent the proper application of the Listing Rules. Save as set out above, Ladbrokes, the Directors and the Proposed Directors are not aware of any persons who, as at the Latest Practicable Date, directly or indirectly, jointly or severally, exercise or could exercise control over Ladbrokes nor is it aware of any arrangements the operation of which may at a subsequent date result in a change of control of Ladbrokes.
B.7	Historical key financial information for the Company	**Ladbrokes Group** Selected historical financial information, which summarises the consolidated results of operations and financial condition of the Ladbrokes Group for the three financial years ended 31 December 2013, 31 December 2014 and 31 December 2015 and for the six months ended 30 June 2015 and 30 June 2016, is set out in the following tables. Information provided for the financial years ended 31 December 2013, 31 December 2014 and 31 December 2015 is audited and information for the six months ended 30 June 2016 (and comparative information for the six months ended 30 June 2015) is unaudited.

Consolidated income statement

	Six months ended 30 June 2016	Six months ended 30 June 2015	Year ended 31 December 2015	Year ended 31 December 2014	Year ended 31 December 2013
	£m Unaudited	£m Unaudited	£m Audited	£m Audited	£m Audited
Revenue	661.8	588.8	1,199.5	1,174.6	1,117.7
Operating expenses before depreciation and amortisation	(583.4)	(519.4)	(1,070.1)	(973.3)	(935.0)
Share of results from joint ventures and associates	2.1	1.2	4.0	(0.2)	2.5
Depreciation, amortisation and write off of non-current assets	(42.8)	(107.8)	(148.8)	(134.9)	(92.6)
Profit/(loss) before tax and finance expense	**37.7**	**(37.2)**	**(15.4)**	**66.2**	**92.6**
Finance expense	(13.3)	(14.2)	(28.3)	(28.6)	(25.0)
Finance income	0.8	0.0	0.5	0.1	0.0
Income tax (expense)/credit	(4.5)	10.0	48.3	3.3	(0.6)
Profit/(loss) for the period/year	**20.7**	**(41.4)**	**5.1**	**41.0**	**67.0**

Consolidated balance sheet

	Six months ended 30 June 2016	Six months ended 30 June 2015	Year ended 31 December 2015	Year ended 31 December 2014	Year ended 31 December 2013
	£m Unaudited	£m Unaudited	£m Audited	£m Audited	£m Audited
Assets					
Goodwill and intangibles	682.5	665.2	674.3	742.0	770.7
Property, plant and equipment	173.6	182.0	177.9	187.4	224.5
Interest in joint venture	13.9	9.8	11.5	9.1	6.5
Interest in associates and other investments	24.1	19.3	21.3	18.0	17.5
Other financial assets	8.0	6.8	11.4	7.2	5.5
Deferred tax assets	8.0	0.0	0.7	0.0	0.0
Retirement benefit assets	93.5	74.5	76.3	69.5	53.1
	1,003.6	**957.6**	**973.4**	**1,033.2**	**1,077.8**
Current assets					
Trade and other payables	61.9	59.0	53.5	57.2	53.0
Corporation tax recoverable	4.8	29.5	47.1	12.0	5.8
Derivative financial instruments	0.0	0.0	0.2	0.0	0.0
Cash and short-term deposits	149.5	64.3	68.4	62.0	63.3
	216.2	**152.8**	**169.2**	**131.2**	**122.1**
Total assets	**1,219.8**	**1,110.4**	**1,142.6**	**1,164.4**	**1,199.9**

	Six months ended 30 June 2016	Six months ended 30 June 2015	Year ended 31 December 2015	Year ended 31 December 2014	Year ended 31 December 2013
	£m Unaudited	£m Unaudited	£m Audited	£m Audited	£m Audited
Liabilities					
Interest bearing loans and borrowings	(224.6)	0.0	0.0	0.0	0.0
Bank overdraft	0.0	(3.0)	0.0	(1.0)	(0.6)
Trade payables	(293.5)	(240.5)	(242.4)	(205.9)	(220.6)
Corporation tax liabilities	(4.8)	(7.9)	(4.2)	(7.4)	(5.9)
Other financial liabilities	0.0	0.0	0.0	(1.1)	(1.5)
Lease liabilities	(1.5)	0.0	(4.9)	0.0	0.0
Provisions	(11.1)	(6.4)	(9.2)	(6.4)	(1.3)
	(535.5)	**(257.8)**	**(260.7)**	**(221.8)**	**(229.9)**
Non current liabilities					
Interest-bearing loans and borrowings	(99.0)	(435.3)	(323.1)	(439.3)	(422.0)
Other financial liabilities	(35.4)	(37.8)	(35.6)	(42.5)	(61.9)
Deferred tax liabilities	(59.6)	(63.6)	(52.7)	(64.1)	(55.3)
Lease liabilities	(3.1)	0.0	(4.4)	0.0	0.0
Provisions	(3.5)	(11.1)	(9.6)	(5.0)	(2.5)
	(200.6)	**(547.8)**	**(425.4)**	**(550.9)**	**(541.7)**
Total liabilities	**(736.1)**	**(805.6)**	**(686.1)**	**(772.7)**	**(771.6)**
Net assets	**483.7**	**304.8**	**456.5**	**391.7**	**428.3**

Consolidated statement of cash flows

	Six months ended 30 June 2016	Six months ended 30 June 2015	Year ended 31 December 2015	Year ended 31 December 2014	Year ended 31 December 2013
	£m Unaudited	£m Unaudited	£m Audited	£m Audited	£m Audited
Net cash flows from operating activities	**137.5**	**76.2**	**136.2**	**130.5**	**197.4**
Cash flows from investing activities					
Interest received	0.0	0.0	0.1	0.1	0.0
Dividends received from associates	0.0	0.0	0.0	1.2	2.3
Purchase of intangibles	(16.9)	(13.8)	(37.9)	(39.8)	(45.3)
Purchase of property, plant and equipment	(14.9)	(13.6)	(28.2)	(20.1)	(44.3)
Proceeds from sale of property, plant and equipment	0.0	0.5	0.0	5.2	9.5
Acquisition of businesses, net of cash acquired	0.0	0.0	0.0	(10.4)	(33.4)
Purchase of interest in joint venture	(0.4)	(1.9)	(2.8)	(4.1)	(3.1)
Net cash used in investing activities	**(32.2)**	**(28.8)**	**(68.8)**	**(67.9)**	**(114.3)**

	Six months ended 30 June 2016	Six months ended 30 June 2015	Year ended 31 December 2015	Year ended 31 December 2014	Year ended 31 December 2013
	£m Unaudited	£m Unaudited	£m Audited	£m Audited	£m Audited
Cash flows from financing activities					
Proceeds from issue of Ordinary Shares	0.3	0.1	113.4	0.8	1.1
Purchase of ESOP shares	(0.6)	0.0	(0.6)	(0.6)	(3.2)
Proceeds from borrowings, net of issue costs	0.0	0.0	0.0	98.7	15.2
Finance lease payment	(4.8)	0.0	(3.1)	0.0	0.0
Repayment of borrowings	0.0	(4.5)	(117.0)	(82.0)	0.0
Dividends paid	(20.3)	(42.1)	(52.3)	(81.4)	(81.2)
Net cash used in financing activities	**(25.4)**	**(46.5)**	**(59.6)**	**(64.5)**	**(68.1)**
Net (decrease)/ increase in cash and cash equivalents	**79.9**	**0.9**	**7.8**	**(1.9)**	**15.0**
Effect of changes in foreign exchange rates	**1.2**	**(0.6)**	**(0.4)**	**0.2**	**0.2**
Cash and cash equivalents at the beginning of the period	**68.4**	**61.0**	**61.0**	**62.7**	**47.5**
Cash and cash equivalents at the end of the period	**149.5**	**61.3**	**68.4**	**61.0**	**62.7**

There has been no significant change in the financial condition and operating results of the Ladbrokes Group since 30 June 2016, being the date to which the interim financial statements of the Ladbrokes Group were made up.

Coral Group

Selected historical financial information, which summarises the combined results of operations and financial condition of the Coral Group for the 52 weeks ended 28 September 2013, 52 weeks ended 27 September 2014 and 52 weeks ended 26 September 2015 and for the 40 weeks ended 4 July 2015 and 40 weeks ended 2 July 2016, is set out in the following tables. Information provided for the 52 weeks ended 28 September 2013, 52 weeks ended 27 September 2014 and 52 weeks ended 26 September 2015 and for the 40 weeks ended 2 July 2016 is audited and the comparative information for the 40 weeks ended 4 July 2015 is unaudited.

Combined income statement

	40 weeks ended 2 July 2016	40 weeks ended 4 July 2015	52 weeks ended 26 September 2015	52 weeks ended 27 September 2014	52 weeks ended 28 September 2013
	£m Audited	£m Unaudited	£m Audited	£m Audited	£m Audited
Revenue	870.4	777.2	1,006.6	948.1	801.0
Operating expenses	(755.9)	(666.6)	(872.5)	(917.9)	(684.3)
EBITDA	182.3	158.6	204.0	200.3	175.0
Exceptional items	(9.2)	(4.4)	(4.8)	(13.8)	(13.0)
EBITDA (post exceptional items)	**173.1**	**154.2**	**199.2**	**186.5**	**162.0**
Depreciation, amortisation and impairment	(58.6)	(43.6)	(65.1)	(156.3)	(45.3)
Coral Group operating profit/(loss)	**114.5**	**110.6**	**134.1**	**30.2**	**116.7**
Financing costs	(64.7)	(68.3)	(85.0)	(87.5)	(90.0)
Financing income	1.6	0.7	0.9	0.8	1.4
Profit/(loss) before tax	**51.4**	**43.0**	**50.0**	**(56.5)**	**28.1**
Income tax	7.7	(9.4)	(16.0)	9.2	10.9
Profit / (loss) for the period/ year	**59.1**	**33.6**	**34.0**	**(47.3)**	**39.0**

Combined balance sheet

	40 weeks ended 2 July 2016	40 weeks ended 4 July 2015	52 weeks ended 26 September 2015	52 weeks ended 27 September 2014	52 weeks ended 28 September 2013
	£m Audited	£m Unaudited	£m Audited	£m Audited	£m Audited
Assets					
Non-current assets					
Goodwill and Intangible assets	1,453.5	1,478.0	1,467.7	1,487.3	1,589.3
Property, plant and equipment	90.1	83.6	95.0	87.9	87.3
Deferred tax assets	17.7	29.1	23.3	30.5	30.8
Retirement benefit assets	42.2	24.8	35.7	20.7	18.3
	1,603.5	**1,615.5**	**1,621.7**	**1,626.4**	**1,725.7**
Current assets					
Inventories	0.4	0.5	0.5	0.7	2.5
Trade and other receivables	39.1	44.0	33.6	30.4	26.0
Cash and cash equivalents	134.5	34.1	37.1	42.7	24.7
	174.0	**78.6**	**71.2**	**73.8**	**53.2**
Total assets	**1,777.5**	**1,694.1**	**1,692.9**	**1,700.2**	**1,778.9**
Liabilities					
Current liabilities					
Trade and other payables	(168.0)	(145.7)	(161.9)	(137.0)	(110.8)
Current income taxation	(2.0)	(0.8)	(0.5)	(2.9)	(2.3)
Other financial liabilities	(6.1)	(2.6)	(5.7)	(4.5)	(4.8)
Interest bearing loans and borrowings with the rest of the Gailileo Coral Group	(985.0)	(860.7)	(831.1)	(895.3)	(949.0)
Provisions	(2.9)	(1.3)	(2.4)	(2.7)	(7.9)
	(1,164.0)	**(1,011.1)**	**(1,001.6)**	**(1,042.4)**	**(1,074.8)**

	40 weeks ended 2 July 2016	40 weeks ended 4 July 2015	52 weeks ended 26 September 2015	52 weeks ended 27 September 2014	52 weeks ended 28 September 2013
	£m Audited	£m Unaudited	£m Audited	£m Audited	£m Audited
Non-current liabilities					
Other payables	(4.6)	(6.9)	(7.2)	(6.7)	(5.3)
Deferred tax liabilities	(185.8)	(203.9)	(205.9)	(203.0)	(220.4)
Provisions	(8.4)	(15.4)	(14.7)	(18.4)	(7.1)
	(198.8)	**(226.2)**	**(227.8)**	**(228.1)**	**(232.8)**
Total liabilities	**(1,362.8)**	**(1,237.3)**	**(1,229.4)**	**(1,270.5)**	**(1,307.6)**
Net assets	**414.7**	**456.8**	**463.5**	**429.7**	**471.3**

Combined statement of cash flows

	40 weeks ended 2 July 2016	40 weeks ended 4 July 2015	52 weeks ended 26 September 2015	52 weeks ended 27 September 2014	52 weeks ended 28 September 2013
	£m Audited	£m Unaudited	£m Audited	£m Audited	£m Audited
Cash generated from operations	162.0	136.8	209.0	222.3	192.2
Income tax paid	(2.0)	(4.1)	(5.3)	(3.5)	(2.2)
Net cash inflow from operations	**160.0**	**132.7**	**203.7**	**218.8**	**190.0**
Cash inflows/ (outflow) from investing activities					
Acquisitions (net of cash acquired)	(0.5)	(1.1)	(1.3)	(6.5)	(5.2)
Purchase of intangible assets	(18.6)	(13.0)	(16.3)	(14.8)	(31.7)
Purchase of property, plant and equipment	(22.0)	(21.9)	(35.4)	(36.1)	(26.4)
Proceeds from sale of property, plant and equipment and intangible assets	—	—	—	—	—
Net cash outflow from investing activities	**(41.1)**	**(36.0)**	**(53.0)**	**(57.4)**	**(63.3)**
Cash inflows/ (outflow) from financing activities					
Interest paid	(0.9)	(0.6)	(0.9)	(0.4)	(0.5)
Interest charged on balances with the rest of the Gala Coral Group	(63.6)	(67.4)	(83.4)	(86.8)	(89.1)
Net cash funding payments to the rest of the Gala Coral Group	58.2	(35.8)	(71.1)	(55.5)	(36.1)
Equity Dividends Paid	(17.3)	—	—	—	—

	40 weeks ended 2 July 2016	40 weeks ended 4 July 2015	52 weeks ended 26 September 2015	52 weeks ended 27 September 2014	52 weeks ended 28 September 2013
	£m Audited	£m Unaudited	£m Audited	£m Audited	£m Audited
Net cash outflow from financing activities	**(23.6)**	**(103.8)**	**(155.4)**	**(142.7)**	**(125.7)**
Net increase / (decrease) in cash and cash equivalents	**95.3**	**(7.1)**	**(4.7)**	**18.7**	**1.0**
Cash and cash equivalents at beginning of the period	37.1	42.7	42.7	24.7	23.1
Exchange gains/ (losses)	2.1	(1.5)	(0.9)	(0.7)	0.6
Cash and cash equivalents at the end of the period	**134.5**	**34.1**	**37.1**	**42.7**	**24.7**

There has been no significant change in the financial condition and operating results of the Coral Group since 2 July 2016, being the date to which the most recent financial information has been prepared.

B.8 Selected key pro forma financial information

The unaudited pro forma statement of net assets and the unaudited pro forma income statement set out below have been prepared on the basis set out in the notes below to illustrate the effect of the Merger and the associated refinancing on the Ladbrokes Group's net assets as if the event had taken place as of 30 June 2016 and on the income statement of the Ladbrokes Group for the year ended 31 December 2015 as if the event had taken place on 1 January 2015. The unaudited pro forma statement of net assets and the unaudited pro forma income statement have been prepared for illustrative purposes only and by their nature address a hypothetical situation and, therefore, do not represent the Enlarged Group's actual financial position or results.

Section A: Unaudited pro forma income statement

		Adjustments			
	Ladbrokes Group for the 12 months ended 31 December 2015	Coral Group for the year ended 26 September 2015	Merger adjustments	Refinancing	Pro forma Enlarged Group
	(Note 1) (£m)	(Note 2) (£m)	(Note 3) (£m)	(Note 4) (£m)	(£m)
Revenue	1,199.5	1,006.6	—	—	2,206.1
Operating expenses before depreciation and amortisation	(1,070.1)	(807.4)	(55.8)	—	(1,933.3)
Share of results from joint venture and associates	4.0	—	—	—	4.0
Depreciation, amortisation and amounts written off non-current assets	(148.8)	(65.1)	—	—	(213.9)
Profit/(loss) before tax and finance expense	**(15.4)**	**134.1**	**(55.8)**	**—**	**62.9**
Finance expense	(28.3)	(85.0)	—	52.9	(60.4)
Finance income	0.5	0.9	—	—	1.4
Profit/(loss) before tax	(43.2)	50.0	(55.8)	52.9	3.9
Income tax credit/ (expense)	48.3	(16.0)	—	(10.7)	21.6

	Ladbrokes Group for the 12 months ended 31 December 2015	Coral Group for the year ended 26 September 2015	Adjustments: Merger adjustments	Adjustments: Refinancing	Pro forma Enlarged Group
	(Note 1) (£m)	(Note 2) (£m)	(Note 3) (£m)	(Note 4) (£m)	(£m)
Profit for the year from continuing operations	**5.1**	**34.0**	**(55.8)**	**42.2**	**25.5**
Loss for the year from discontinuing operations	—	(6.8)	—	—	(6.8)
Profit / (loss) for the year	**5.1**	**27.2**	**(55.8)**	**42.2**	**18.7**

Section B: Unaudited pro forma net assets

	Ladbrokes Group as at 30 June 2016	Coral Group as at 2 July 2016	Adjustments: Merger adjustments	Adjustments: Refinancing	Pro forma Enlarged Group
	(Note 1) (£m)	(Note 2) (£m)	(Note 3) (£m)	(Note 4) (£m)	(£m)
Assets					
Non-current assets					
Goodwill and intangible assets	682.5	1,453.5	752.5	—	2,888.5
Property, plant and equipment	173.6	90.1	—	—	263.7
Interest in joint venture	13.9	—	—	—	13.9
Interest in associates and other investments	24.1	—	—	—	24.1
Other financial assets	8.0	—	—	—	8.0
Deferred tax assets	8.0	17.7	—	—	25.7
Retirement benefit asset	93.5	42.2	—	—	135.7
	1,003.6	1,603.5	752.5	—	3,359.6
Current assets					
Inventories	—	0.4	—	—	0.4
Trade and other receivables	61.9	39.1	—	—	101.0
Corporation tax recoverable	4.8	—	—	—	4.8
Cash and short term deposits	149.5	134.5	(33.5)	(3.3)	247.2
	216.2	174.0	(33.5)	(3.3)	353.4
Total Assets	1,219.8	1,777.5	719.0	(3.3)	3,713.0
Liabilities					
Current liabilities					
Trade and other payables	(293.5)	(168.0)	—	—	(461.5)
Corporation tax liabilities	(4.8)	(2.0)	—	—	(6.8)
Other financial instruments	-	(6.1)	—	—	(6.1)
Lease liabilities	(1.5)	—	—	—	(1.5)
Interest bearing loans and borrowings	(224.6)	(985.0)	—	985.0	(224.6)
Provisions	(11.1)	(2.9)	—	—	(14.0)
	(535.5)	(1,164.0)	—	985.0	(714.5)

Assets	Ladbrokes Group as at 30 June 2016 (Note 1) (£m)	Coral Group as at 2 July 2016 (Note 2) (£m)	Adjustments: Merger adjustments (Note 3) (£m)	Adjustments: Refinancing (Note 4) (£m)	Pro forma Enlarged Group (£m)
Non-current liabilities					
Interest bearing loans and borrowings	(99.0)	—	—	(981.7)	(1,080.7)
Other financial liabilities	(35.4)	(4.6)	—	—	(40.0)
Deferred tax liabilities	(59.6)	(185.8)	—	—	(245.4)
Lease liabilities	(3.1)	—	—	—	(3.1)
Provisions	(3.5)	(8.4)	—	—	(11.9)
	(200.6)	(198.8)	—	(981.7)	(1,381.1)
Total liabilities	**(736.1)**	**(1,362.8)**	**—**	**3.3**	**(2,095.6)**
Net assets	**483.7**	**414.7**	**719.0**	—	**1,617.4**

Notes:

(1) The financial information of the Ladbrokes Group for the year ended 31 December 2015 and the financial information of the Ladbrokes Group as at 30 June 2016 have been extracted, without material adjustment, from the published financial statements of the Ladbrokes Group for the year ended 31 December 2015 and the published unaudited interim financial statements of the Ladbrokes Group for the six months ended 30 June 2016, respectively, which are both incorporated by reference in Part VIII (*Historical Financial Information relating to the Ladbrokes Group*) of this Prospectus.

(2) The financial information of the Coral Group for the 52 weeks ended 26 September 2015 and the financial information of the Coral Group as at 2 July 2016 have been extracted, without material adjustment, from the historical financial information of the Coral Group set out in Part IX (*Historical Financial Information relating to the Coral Group*) of this Prospectus.

(3) The adjustments arising as a result of the Merger are set out below:

(i) The consideration will be the issuance of the Consideration Shares to Coral. The total consideration payable is £1,167.2 million.

The consideration has been calculated on the basis that the Company issues 866,518,803 Consideration Shares with a nominal value of 28⅓ pence each at a price of 134.7 pence per share, being the price of an Ordinary Share at the Latest Practicable Date. An adjustment has been made to goodwill (which has been calculated based on the balance sheet of the Coral Group as at 2 July 2016), as follows:

Total consideration	£1,167.2 million
Less: Coral Group net assets acquired	£(414.7) million
Pro forma goodwill adjustment	£752.5 million

No purchase price allocation assumptions in relation to the value of any acquired Coral Group intangible assets have been included in the pro forma statement of net assets. All purchase consideration in excess of the Coral Group net asset value has therefore been treated as goodwill.

After Completion, but ahead of 31 December 2016, the Enlarged Board will be required to undertake a fair value exercise of the identifiable assets and liabilities of the acquired business to assess the purchase price for accounting purposes. This fair value exercise may result in adjustments to the carrying value of the Enlarged Group's balance sheet line items.

		(ii) Estimated transaction costs of £76.1 million (inclusive of VAT) are expected to be incurred in connection with the Merger of which £20.3 million had been incurred by 31 December 2015 resulting in a pro forma income statement adjustment of £55.8 million. A further £22.3 million incurred in the period to 30 June 2016, resulting in a pro forma cash adjustment in the balance sheet of £33.5 million. No tax impact has been assumed. (4) This adjustment includes: (i) Of the £850.5 million net indebtedness of Coral at 2 July 2016 (which includes £20.4 million of cash held on behalf of customers) an adjustment of £985.0 million has been made to reflect the repayment of the amounts owed to the Gala Coral Group undertakings, offset by the draw down against the New Facilities Agreement of up to £985.0 million not against any debt capital markets issuance that could take place around Completion. This drawdown is stated net of £3.3 million in estimated debt issue costs associated with the facilities which will be paid in cash and deducted from the carrying value of the new facilities. These issue costs will be amortised over a 4 year term, and are presented, along with the new facilities, as non-current liabilities. (ii) A reduction in the finance costs of £52.9 million, which reflects the interest incurred by Coral on its loans and borrowings with Coral Group undertakings, which would not have been incurred by the Enlarged Group had the transaction completed on 1 January 2015, offset by the interest charge on the additional drawdown against the New Facilities Agreement. The reduction in finance costs is offset by a related reduction in the income tax credit of £10.7 million. (iii) The tax impact of the above adjustments. (5) In connection with the Merger, Ladbrokes Betting & Gaming Limited and Coral Racing Limited entered into the Business Transfer Agreements and the Additional Transfer Agreement, pursuant to which the Enlarged Group will transfer 360 LBOs to the Purchasers and Bet 21 Limited for an agreed value of £55.5 million. The pro forma financial information table does not include the effects of the Retail Disposals, however the associated EBITDA of the LBOs that are to be transferred for the most recent full financial year for both the Ladbrokes Group and the Coral Group is £12.8 million and £13.0 million, respectively. Pursuant to the terms of the New Facilities Agreement, an amount at least equal to 50 per cent. of the net proceeds from the Retail Disposals shall be applied in prepayment and/or cancellation of Facility A under the New Facilities Agreement (in accordance with clause 10.7 of that agreement). (6) No adjustment has been made to reflect the financial performance of the Ladbrokes Group since 30 June 2016 or of the Coral Group since 2 July 2016. (7) The nature of the adjustments described in note 4 and note 5 of the unaudited pro forma income statement means that adjustments of a similar nature will have a continuing impact on the Enlarged Group.
B.9	Profit forecast and estimate	Not applicable; Ladbrokes has not made a profit forecast or estimate.
B.10	Qualifications in the audit reports	Not applicable; the audit reports on the historical financial information contained in, or incorporated by reference into, this Prospectus are not qualified.
B.11	Working capital explanation	Not applicable; Ladbrokes is of the opinion that, taking into account the bank facilities available to the Enlarged Group, the Enlarged Group has sufficient working capital for its present requirements, that is for at least the next 12 months from the date of this Prospectus.

Section C – Securities		
Element	**Disclosure Requirement**	**Disclosure**
C.1	Type and the class of the securities	Ladbrokes will issue 866,518,803 Consideration Shares of 28 1/3 pence each in the capital of Ladbrokes. Ladbrokes will issue up to 42,105,263 Playtech Shares of 28 1/3 pence each in the capital of Ladbrokes. The ISIN the shares will trade under is GB00B0ZSH635.
C.2	Currency of the securities issue	The shares issued will be priced in Pounds Sterling, and will be quoted and traded in Pounds Sterling.
C.3	Shares issued / value per share	As at the Latest Practicable Date, Ladbrokes has in issue 1,050,455,117 fully paid Ordinary Shares, of which 31,760,568 are held in treasury.
C.4	Description of the rights attaching to the securities	The Consideration Shares and the Playtech Shares will be issued credited as fully paid and will rank pari passu in all respects with the Ordinary Shares in issue at the time the Consideration Shares or the Playtech Shares, as applicable, are issued, including in relation to any dividends or other distributions with a record date falling after the date of Consideration Shares Admission or Playtech Shares Admission, as applicable. Subject to any special rights, restrictions or prohibitions as regards voting for the time being attached to any Ordinary Shares (for example, in the case of joint holders of a share, the only vote which will count is the vote of the person whose name is listed before the other voters on the register for the share), Shareholders shall have the right to receive notice of and to attend and vote at general meetings of Ladbrokes. Subject to the provisions of the Act, Ladbrokes may from time to time declare dividends and make other distributions on the Ordinary Shares. Shareholders are entitled to participate in the assets of Ladbrokes attributable to their shares on a winding up of Ladbrokes or other return of capital, but they have no rights of redemption. Pursuant to the Conduct Agreement, the Four Principal Coral Shareholders and the Coral Management Shareholders have agreed certain temporary restrictions on the rights attaching to the Consideration Shares that will be issued to them.
C.5	Restrictions on free transferability of the securities	Other than as described below, there are no restrictions on the free transferability of the Ordinary Shares. Pursuant to the Conduct Agreement, Coral, the Four Principal Coral Shareholders and the Coral Management Shareholders have agreed that certain restrictions on their rights to sell, transfer or dispose of any of the Consideration Shares will apply for a period of 180 days post-Completion. Orderly sale provisions will also apply (subject to certain exceptions) to the Consideration Shares held by the Four Principal Coral Shareholders and the Coral Management Shareholders for a period of 180 days following the expiry of the lock-up period referred to above. In addition, the Conduct Agreement obliges Coral, the Four Principal Coral Shareholders and the Coral Management Shareholders to make it a condition of the Distribution that each other Gala LuxCo shareholder agrees to be bound by the same lock-up and orderly sale restrictions. Pursuant to the Marketing Services Agreement and the Marketing Amendment Agreement, orderly sale provisions will apply to any Playtech Shares held by Playtech for a period of 12 months following their allotment and issue.
C.6	Admission / regulated markets where the securities are traded	Application will be made to the UKLA and to the London Stock Exchange for: (i) the Existing Ordinary Shares to be readmitted to the premium listing segment of the Official List and to trading on the London Stock Exchange's main market for listed securities; (ii) the Consideration Shares to be admitted to the premium listing segment of the Official List and to trading on the London Stock Exchange's main market for listed securities; and (iii) the Playtech Shares to be admitted to the premium listing segment of the Official List and to trading on the London Stock Exchange's main market for listed securities. It is expected that dealings in the Existing Ordinary Shares will recommence and that dealings in the Consideration Shares

		and the Playtech Shares will commence, on the date of Completion, which, subject to the satisfaction of certain conditions, is expected to be on 1 November 2016. Readmission and Admission will take place simultaneously.
C.7	Dividend policy	Ladbrokes announced on 24 July 2015 a total dividend of 3p per Ordinary Share for the full year in 2015 (consisting of 1p paid as an interim dividend and 2p paid as a final dividend) with dividends remaining at this level until underlying earnings per share cover exceeds two times underlying earnings per share, at which time a two times dividend cover policy would be adopted. Consistent with this policy, Ladbrokes announced an interim dividend of 1p on 4 August 2016. The Enlarged Group's dividend policy will in all likelihood initially consist of a dividend of a minimum of 3p per Ordinary Share per annum (consisting of 1p paid as an interim dividend and 2p paid as a final dividend) before increasing progressively in the medium term to a 2 times dividend cover policy.

Section D – Risks		
Element	**Disclosure Requirement**	**Disclosure**
D.1	Key information on the key risks that are specific to the Company or its industry	• Completion is subject to satisfaction of certain conditions. If such conditions are not satisfied, the Merger will not be implemented or may be delayed and the benefits expected to result from the Merger will not be achieved either at all or in part. Even if Completion occurs, the estimated synergy benefits of the Merger may fail to materialise or may be materially lower than have been estimated or cost more than expected or take longer than expected to achieve. In addition, integration of the Coral Group and the Ladbrokes Group may be more time-consuming and costly than expected and unforeseen difficulties may arise during the integration process. • The betting and gaming industry is subject to extensive and increasing regulatory and licensing requirements. Each of the Ladbrokes Group and the Coral Group has historically monitored and sought to comply with, and, after Completion, the Enlarged Group will monitor and seek to comply with, all of the requirements to which the relevant group is subject, but the impact of some of these is unclear and open to interpretation by courts and governmental organisations. • There can be no assurance that laws, regulations, licensing requirements, taxation and levies affecting the betting and gaming industry will not change (including in response to public perception, media coverage and governmental consultations, such as the UK Government's Triennial Review of gaming machines and social responsibility, which was announced on 24 October 2016) and any such changes may result in additional restrictions on or costs to the Ladbrokes Group, the Coral Group and, after Completion, the Enlarged Group (for the purposes of this Element D.1, the "**Groups**") and their respective operations including the regulations applicable to FOBTs or the advertisement of betting and gaming activities. In addition, the Groups either currently engage with, or, after Completion, will engage with, their respective regulators with regard to the betting and gaming regulatory framework and changes in the Groups' relationship with those regulators could have a material adverse effect on the Groups. • On 21 October 2016, the CMA announced an investigation into online betting and gaming, focusing on potential unfair treatment of customers. The investigation may lead to actions being taken by the CMA, including guidance being issued or enforcement action undertaken. • The Groups may be subject to increases in content costs as a result of increases in cost under contracts which the Groups enter into in respect of, for example, the distribution of television pictures, audio or other data that is broadcast in their respective LBOs.

- Although it is expected that the new tender documentation will be issued towards the end of 2016 or in early 2017, there is currently little clarity in relation to the renewal process for the Italian sports and horserace betting licences held by Eurobet Retail. If such licences were not renewed or made subject to onerous terms or conditions or to inflated costs, then the Coral Group's and, after Completion, the Enlarged Group's ability to operate in the Italian retail market could be materially adversely affected.
- The Groups are subject to, and, after Completion, will be subject to, strict legal and regulatory requirements in relation to the detection of money laundering and/or fraudulent activities and compliance with applicable licensing objectives. The Groups have, or, after Completion, will seek to extend best practice with, systems and procedures in place to seek to ensure that they comply with all such requirements, but, despite such measures, there is a risk that they may fail to detect money laundering and/or fraudulent activities and/or fail to comply with any applicable licensing objectives.
- The Groups face intense and substantial competition from other land-based bookmakers, online betting exchanges and online betting and gaming operators both inside and outside the UK and the Groups' competitors may be subject to lower levels of taxation and/or levies and be better positioned to take advantage of new opportunities. The success of the Ladbrokes Group and the Coral Group is partly dependent on the strength of their brands and a failure to maintain and enhance the Ladbrokes and/or Coral brands (as applicable) could therefore have a material adverse effect on the Groups.
- The ability to accurately determine product price and the odds at which the Groups accept, and will, after Completion, accept, bets or wagers is important to the Groups' success. The Groups employ, or will, after Completion, employ, odds compilers and trading liability managers and have, or will, after Completion, have, systems and controls in place to manage bookmaking risks, but it is possible that errors of judgement or mistakes are made which may have a material adverse effect on the Groups. It is possible that the Groups may experience significant losses with respect to individual events or betting outcomes on a gross win basis, although the Groups have, or will, after Completion, have, systems and controls in place which seek to reduce this risk.
- The Groups are, and will, after Completion, be, reliant upon, among other things, certain key sites, key personnel, certain third party suppliers of services and (in certain jurisdictions) franchisee operators. If, for any reason, any of these cease to be available or cease to operate effectively, this may have a material adverse effect on the affected Group. In particular, some of the services on which the Groups rely, or will, after Completion, rely, are only provided by a very limited number of suppliers and there is a risk that an alternative supplier could not be found if such a supplier failed to comply with its contractual obligations.
- The Groups' respective businesses are, and will, after Completion, be, affected by the scheduling of sports events on which the Groups accept, or will, after Completion, accept, bets or wagers and any disruptions to the scheduling or broadcasting of those events may have a material adverse effect on the Groups.
- The Groups have, and will, after Completion, have, a relatively high fixed cost base as a proportion of their respective total costs (consisting primarily of staff and rental costs associated with the relevant Group's LBO estate) which means that any fall in revenue could have a significant effect on the relevant Group's profitability.
- The Groups operate, and will, after Completion, maintain and develop, a rigorous health and safety programme which aims to, among other things, safeguard employee wellbeing. Any failure in health and safety performance which results in a significant health and safety incident could have a material adverse effect on the Groups.

		• The market for online betting and gaming products and services is characterised by technological developments, new product and service introductions and evolving industry standards which means that the Groups' respective businesses are, and will, after Completion, be, highly dependent on technology. If the Groups do not update and develop their technology (which may require the Groups to expend significant capital) or if their technology fails or is subject to cyber-crime attacks or is disrupted for any other reason, they may be materially adversely affected. In addition, the Groups are, and will, after Completion, be, subject to data management requirements and data protection legislation.
D.3	Key information on the key risks that are specific to the securities	• The value of the Consideration Shares and Playtech Shares may go down as well as up and any fluctuations may be material and may not reflect the underlying asset value. For example, the Enlarged Group's results of operations and prospects from time to time may be below the expectations of market analysts and investors, which could result in a decline in the market price of the Ordinary Shares. • Any future issue of Ordinary Shares will further dilute the holdings of current Shareholders and could adversely affect the market price of Ordinary Shares. • The ability of the Enlarged Group to pay dividends is not guaranteed.

Section E – Offer		
Element	**Disclosure Requirement**	**Disclosure**
E.1	Total net proceeds and costs of the issue	The total costs, charges and expenses of the Merger (including the placing announced on 24 July 2015) payable by Ladbrokes are estimated to amount to approximately £41 million (inclusive of VAT). As set out below, Ladbrokes is not receiving any cash proceeds for the issue of the Consideration Shares or the Playtech Shares.
E.2a	Reasons for the offer / use of the proceeds	Not applicable; neither this Prospectus nor the Merger constitutes an offer or invitation to any person to subscribe for or purchase any shares in Ladbrokes or the Coral Group. Neither Ladbrokes nor the Coral Group will receive any cash proceeds as a result of the proposed Merger or issue of the Consideration Shares or the Playtech Shares.
E.3	Terms and conditions of the offer	Not applicable; neither this Prospectus nor the Merger constitutes an offer or invitation to any person to subscribe for or purchase any shares in Ladbrokes or the Coral Group.
E.4	Interests that are material to the issue / conflicting interests	Not applicable; there are no interests, known to the Company, material to the issue of the Consideration Shares or the Playtech Shares or which are conflicting interests.
E.5	Name of the offeror / lock-up agreements	Not applicable; neither this Prospectus nor the Merger constitutes an offer or invitation to any person to subscribe for or purchase any shares in Ladbrokes or the Coral Group and there are no selling Shareholders.
E.6	Dilution	If Admission occurs, it will result in the issue and allotment of 866,518,803 Consideration Shares and up to 42,105,263 Playtech Shares. If Completion occurs, Existing Shareholders will suffer an immediate dilution as a result of Admission, following which they will hold approximately 52.86 per cent. of the Enlarged Issued Share Capital (assuming that 42,105,263 Playtech Shares are issued and allotted).
E.7	Estimated expenses charged to the investor	Not applicable; no expenses will be directly charged to the investor by Ladbrokes.

RISK FACTORS

Any investment in the Ordinary Shares (including the Consideration Shares and the Playtech Shares) is subject to a number of risks. Prior to investing in such securities, prospective investors should consider carefully the factors and risks associated with any investment in the Ordinary Shares (including the Consideration Shares and the Playtech Shares), the Ladbrokes Group, the Coral Group and, after Completion, the Enlarged Group and the industry in which they operate, together with all other information contained in this Prospectus, including, in particular, the risk factors described below.

The risks and uncertainties set out below, which are not set out in any order of priority, represent the risks and uncertainties associated with any investment in the Ordinary Shares (including the Consideration Shares and the Playtech Shares), the Ladbrokes Group, the Coral Group and, after Completion, the Enlarged Group and the industry in which they operate that are known to the Directors and the Proposed Directors as at the date of this Prospectus, which the Directors and the Proposed Directors consider to be material. Additional risks and uncertainties that are not currently known to the Directors or Proposed Directors, or that the Directors and the Proposed Directors currently deem immaterial, may individually or cumulatively also have a material adverse effect on the business, results of operations or financial condition of the Ladbrokes Group, the Coral Group and, after Completion, the Enlarged Group and, if any such risk should materialise, the price of the Ordinary Shares (including the Consideration Shares and the Playtech Shares) may decline and investors could lose all or part of their investment. Prospective investors should carefully consider whether an investment in the Consideration Shares or the Playtech Shares is suitable for them in the light of the information in this Prospectus and their personal circumstances.

The information given is as of the date of this Prospectus and, except as required by the FCA, the London Stock Exchange, the Listing Rules, the Prospectus Rules or any other applicable law, will not be updated. Any forward looking statements are made subject to the reservations specified under the section entitled 'Forward Looking Statements' of this Prospectus.

1. RISKS RELATING TO THE MERGER AND DIVESTMENT PROCESS

1.1 Risks relating to the Merger

There is a risk that the Merger will not be implemented on a timely basis or at all

Completion is subject to the satisfaction of certain conditions. There is a risk that the conditions to the Merger will not be satisfied on a timely basis or at all. If such conditions are not satisfied, the Merger will not be implemented or the implementation of the Merger may be delayed and the benefits expected to result from the Merger will not be achieved either at all or in part.

Synergy benefits resulting from the Merger may fail to materialise, may take longer to realise or may be materially lower than has been estimated

The Directors and Proposed Directors believe the combination of the businesses of the Ladbrokes Group and the Coral Group will achieve significant cost savings for the Enlarged Group (see section 3.3 of Part I (*Information about the Merger*) of this Prospectus for more detail on these expected cost savings). However, there is a risk that the estimated synergy benefits may fail to materialise, for example, if the Merger is not completed as contemplated, or that such synergy benefits may be materially lower than has been estimated or cost more than expected or take longer than expected to achieve. This risk is heightened because the Enlarged Group's ability to achieve the estimated synergies will be dependent upon a significant number of factors, some of which may be beyond the control of the Enlarged Group.

In addition, the expected synergy benefits resulting from the Merger may be materially lower than expected if, after Completion, the Enlarged Group's relationships with suppliers and other partners of the Ladbrokes Group and the Coral Group are adversely affected as a result of the Merger (including if suppliers and other partners terminate or wish to renegotiate any arrangements with the Enlarged Group as a result of the Merger).

Failure to achieve the estimated synergy benefits either at all or within the expected timeframe could have a material adverse effect on the Enlarged Group's business, financial condition and results of operations.

Integration of the Coral Group and the Ladbrokes Group may be more time consuming and costly than expected and unforeseen difficulties may arise

The Coral Group and the Ladbrokes Group will continue to operate as independent businesses until Completion. The integration process following Completion may be complex. Successful integration will require a significant amount of management time and may affect or impair the ability of the management team of the Enlarged Group to run the business effectively during the period of integration. The integration process may also place a significant additional burden on the Enlarged Group's employees and could lead to employee disengagement and underperformance. If the integration process proves more difficult than is anticipated, or if Completion does not occur as contemplated, there is a risk to the operations of the Enlarged Group.

In addition, the integration may take longer or cost more than is expected, or difficulties relating to the integration, including those of which the Directors and Proposed Directors are not yet aware, may arise. In such circumstances, the profitability of the Enlarged Group could be detrimentally affected, which could have a negative impact on the price of the Ordinary Shares (including the Consideration Shares and the Playtech Shares) as well as a material adverse effect on the business, financial condition and results of operations of the Enlarged Group.

1.2 Risks relating to the divestment process

Obligations under the Business Transfer Agreements

The Business Transfer Agreements contain certain customary warranties and indemnities given in favour of each Purchaser, including an indemnity in respect of all matters arising in connection with the operation of the relevant business prior to completion of the relevant Business Transfer Agreement, which could cause the Enlarged Group to incur liabilities and obligations to make payments that may not have arisen had the Retail Disposals not taken place. Further details of the warranties and indemnities given to the Purchasers are set out in sections 6 and 7 of Part XIII (*Additional Information*) of this Prospectus.

The Retail Disposals may consume the Enlarged Group's resources and management time

The Retail Disposals are conditional upon Completion of the Merger. Following Completion of the Merger, the relevant LBOs will be transferred to the relevant purchasers on a phased basis determined by the purchasers, subject to all such LBOs being required to have transferred by 31 January 2017 in the case of Stan James and 31 March 2017 in the case of Betfred. The Enlarged Group will not be able to determine the timing of the transfer of the LBOs, which may result in transfers of LBOs taking place in a way which is not optimal for the Enlarged Group. In addition, the process of transferring the disposed LBOs to the purchasers may be more complex than expected. The Ladbrokes Group and the Coral Group have made plans and plan to put in place resources to manage the phased transfer of the LBOs. However, the Retail Disposals could involve additional costs and may consume more resources and management time of the Enlarged Group than is currently expected. Any or a combination of the foregoing could have a material adverse effect on the Enlarged Group's business, financial condition and results of operations.

2. RISKS RELATING TO THE BETTING AND GAMING INDUSTRY AND MARKETPLACE

2.1 Risks relating to the betting and gaming industry

There can be no assurance that the existence and/or the enforcement of laws and regulations in jurisdictions from which the Ladbrokes Group and the Coral Group accept bets or wagers or from which the Enlarged Group will, after Completion, accept bets or wagers will not have a material adverse effect on the business, financial condition and results of operations of the Ladbrokes Group, the Coral Group and, after Completion, the Enlarged Group

Most countries regulate or, in some cases, prohibit gambling activities. Each of the Ladbrokes Group and the Coral Group monitors and seeks to comply with, and the Enlarged Group will monitor and seek to comply with, the relevant laws and regulations of the jurisdictions in which it has regulated operations. However, there can be no assurance that the Ladbrokes Group, the Coral Group, the Enlarged Group, the Directors and the Proposed Directors, as applicable, will not face criminal or civil claims in jurisdictions from which the relevant group accepts, or has accepted, bets and wagers or from which the relevant group's advertisements can, or could be, accessed via the internet for breach of law or regulation in relation to the Ladbrokes Group's, the Coral Group's and, after Completion, the Enlarged Group's operations. In particular:

EU

- The Ladbrokes Group and the Coral Group are, and, after Completion, the Enlarged Group will be, exposed to the risk of conflicting laws and regulations (or conflicting interpretations of such laws and regulations) with regard to the legality or appropriate regulatory compliance of the relevant group's activities within the EU. The domestic laws and regulations of certain member states of the EU prohibit, or impose restrictions on, certain betting and gaming transactions. Any such laws or regulations should, in theory, be consistent with the principles of freedom of establishment and free movement of services under EU law. However, the case law in this area suggests that it may be difficult to prove that the restrictions imposed on betting and gaming transactions by an EU member state are inconsistent with EU law. Accordingly:
  (i) there is a risk that member states will introduce or maintain restrictions or punitive tax regimes that may be contrary to EU law; and
  (ii) the Ladbrokes Group, the Coral Group, the Enlarged Group, the Directors and/or the Proposed Directors, as applicable, may face criminal or civil claims in such member states in connection with the actions of the Ladbrokes Group, the Coral Group and, after Completion, the Enlarged Group, notwithstanding that such actions may be consistent with EU law.

Australia

- In Australia, interactive and internet gambling is regulated by each individual state, in each case as applicable to gaming and sports betting activities conducted within such state, and the Interactive Gambling Act 2001, which purports to regulate certain types of interactive and internet gambling offered to individuals located in Australia. The Interactive Gambling Act 2001 prohibits certain interactive gambling services on racing and sporting events and online gaming type services, providing that a person is guilty of an offence if that person intentionally provides such services to people located within Australia. The Ladbrokes Group believes that it has, and, after Completion, the Enlarged Group will have to put in place, systems and controls which are intended to ensure that no interactive gambling service which is prohibited under the Australian legislation is offered to Australian customers. If these systems and controls were to fail and the Ladbrokes Group and, after Completion, the Enlarged Group were to be in breach of any relevant legislation, the Ladbrokes Group, the Enlarged Group, the Directors and/or Proposed Directors, as applicable, may face criminal or civil claims. The Commonwealth Government has announced an intention to amend the Interactive Gambling Act 2001, which may result in further restrictions to the products that can be lawfully offered to individuals in Australia.

General

- The Ladbrokes Group's and/or the Coral Group's and, after Completion, the Enlarged Group's systems and controls to ensure regulatory compliance may fail or be found to be inadequate. The Ladbrokes Group and the Coral Group have systems and controls in place, and, after Completion, the Enlarged Group will seek to put in place systems and controls, which are intended to ensure that they do not offer products to or accept bets or wagers on either their betting or their gaming products via the internet from any jurisdiction in which they have determined that they do not wish to accept bets or wagers (whether because of legal concerns or otherwise). These systems and controls include monitoring and analysing information provided by potential customers' registered addresses and existing customers' location through IP address blocking. In the event that the Ladbrokes Group's or the Coral Group's and, after Completion, the Enlarged Group's current or historical systems and controls are found to be inadequate (as a result of a failure of the IT systems used to prevent bets or wagers being accepted from any jurisdiction in which it has been determined not to accept bets or wagers or otherwise) or that a customer manages to place a bet or wager from a jurisdiction where the relevant group is, or was, not licensed to conduct business or where betting or gaming is, or was, otherwise restricted or illegal, the Ladbrokes Group, the Coral Group, the Enlarged Group, the Directors and/or the Proposed Directors, as applicable, may face criminal or civil claims.

- The Ladbrokes Group and the Coral Group have not considered, and, after Completion, the Enlarged Group may not consider, the gambling laws and regulations in every jurisdiction from which they accept bets or wagers or from which their advertisements can be accessed via the internet and may be subject to the application of existing laws and regulations of which they are not aware, under which the Ladbrokes Group, the Coral Group, Enlarged Group, the Directors and/or the Proposed Directors, as applicable, may face criminal or civil claims.

Even if such claims are successfully resisted they may result in considerable legal and other costs being incurred, management time and resources being diverted and damage to the Ladbrokes Group's or Coral Group's and, after Completion, the Enlarged Group's reputation and brand image. If such claims are successful they may result in civil or criminal sanctions against the Ladbrokes Group, the Coral Group, the Enlarged Group, the Directors and/or the Proposed Directors, as applicable. Any or a combination of the foregoing could have a material adverse effect on the Ladbrokes Group's, the Coral Group's and, after Completion, the Enlarged Group's business, financial condition and results of operations.

There can be no assurance that licensing requirements in jurisdictions in which the Ladbrokes Group and/or the Coral Group have established operations, and in which the Enlarged Group will, after Completion, have operations, will not have a material adverse effect on the business, financial condition and results of operations of the Ladbrokes Group, the Coral Group and, after Completion, the Enlarged Group

Gambling licences and approvals are held by or on behalf of the relevant members of the Ladbrokes Group and the Coral Group in the jurisdictions in which they have established operations and such licences and approvals will, after Completion, be held by or on behalf of the relevant members of the Enlarged Group. In addition, certain of the Ladbrokes Group's and the Coral Group's employees and senior executives, including its Chief Executive and the Chief Financial Officer, are required to hold personal management licences and the same requirements will apply, after Completion, to the Enlarged Group. These licences and approvals include the following:

UK retail

UK gambling licences are held by or on behalf of the relevant members of the Ladbrokes Group and the Coral Group and, after Completion, will be held by or on behalf of the relevant members of the Enlarged Group. The Ladbrokes Group's and the Coral Group's UK retail operations are, and, after Completion, the Enlarged Group's UK retail operations will be, regulated by the Gambling Commission.

Online

Gibraltarian remote gambling licences are held by or on behalf of the relevant members of the Ladbrokes Group and the Coral Group and, after Completion, will be held by or on behalf of the relevant members of the Enlarged Group. The Ladbrokes Group's and the Coral Group's online betting and gaming operations are, and, after Completion, the Enlarged Group's online betting and gaming operations will be, regulated by the Gibraltar Gambling Commissioner in respect of regulated territories where licences are not already held and they are legally permitted to provide remote gambling facilities into that territory under their Gibraltarian remote gambling licence. UK remote gambling licences are also held by or on behalf of the relevant members of the Ladbrokes Group and the Coral Group and, after Completion, will be held by or on behalf of the relevant members of the Enlarged Group.

Australia

A Northern Territory gambling licence is held by or on behalf of the relevant members of the Ladbrokes Group and, after Completion, will be held by or on behalf of the relevant members of the Enlarged Group. This licence allows the Ladbrokes Group's Australian business to accept bets and wagers from all states across Australia, provided that all such bets and wagers are processed through servers located in Australia. The Ladbrokes Group's Australian operations are, and, after Completion, the Enlarged Group's Australian operations will be, regulated by the Northern Territory Racing

Commission. Ladbrokes Digital Australia Pty Ltd holds an Australian Financial Services Licence, which authorises it to provide non-cash payment products (the relevant products being the Ladbrokes Visa Debit Card and the Ladbrokes EFTPOS Card). For these purposes Ladbrokes Digital Australia Pty Ltd is regulated by the Australian Securities and Investments Commission.

Ireland

Irish bookmakers' licences and remote bookmakers' licences are held by or on behalf of the relevant members of the Ladbrokes Group and, after Completion, will be held by or on behalf of the relevant members of the Enlarged Group. The Ladbrokes Group's Irish retail and online operations are, and, after Completion, the Enlarged Group's Irish retail and online operations will be, licensed by the Irish Revenue Commissioners.

Belgium

Belgian gambling licences are held by or on behalf of the relevant members of the Ladbrokes Group and, after Completion, will be held by or on behalf of the relevant members of the Enlarged Group. The Ladbrokes Group's Belgian retail and online operations are, and, after Completion, the Enlarged Group's Belgian retail and online operations will be, regulated by the Belgian Gaming Commission.

Spain

Spanish gambling licences are held by or on behalf of the Ladbrokes Group's and, after Completion, the Enlarged Group's joint venture with Cirsa Gaming Corporation, Sportium Apuestas Deportivas S.A. Sportium is regulated by the applicable regional regulatory authorities and the Dirección General de Ordenación del Juego ("**DGOJ**").

Italy

The renewal process for Italian sports and horserace betting licences is currently unclear. However, such licences are held by or on behalf of the relevant members of the Coral Group and, after Completion, will be held by or on behalf of the relevant members of the Enlarged Group (for more detail, see *There is no clarity in relation to the renewal processes for the Italian sports and horserace betting licences held by Eurobet Retail*, below). The Coral Group's Italian retail operations are, and, after Completion, the Enlarged Group's Italian retail operations will be, regulated by L'Agenzia delle Dogane e dei Monopoli ("**ADM**").

The licences that are held by or on behalf of the relevant members of the Ladbrokes Group and the Coral Group, and that will, after Completion, be held by or on behalf of the relevant members of the Enlarged Group, are subject to a number of terms and conditions and breach of such terms and conditions, including, in some instances, breaches committed by members of the corporate group other than the relevant licence holder, could result in fines, termination or non-renewal of the licence or approval in question or other regulatory sanctions. The termination or non-renewal of all or any such licences or approvals, whether for breach of their terms and conditions or otherwise, or the imposition of any regulatory sanctions, could have a material adverse effect on the Ladbrokes Group's, the Coral Group's and, after Completion, the Enlarged Group's business, financial condition and results of operations.

There can be no assurance that laws, regulations or licensing requirements applicable to the Ladbrokes Group, the Coral Group and, after Completion, the Enlarged Group will not change

There can be no assurance that any jurisdiction from which the Ladbrokes Group, the Coral Group and, after Completion, the Enlarged Group accept bets and wagers or from which their advertisements can be accessed via the internet will not introduce laws or regulations seeking to prohibit or regulate betting and gaming activities or the advertisement of such activities or amend existing laws or regulations, which could impair the Ladbrokes Group's, the Coral Group's and, after Completion, the Enlarged Group's ability to undertake betting and gaming operations in that jurisdiction and have an adverse effect on the Ladbrokes Group's, the Coral Group's and, after Completion, the Enlarged Group's business, financial condition and results of operations.

The UK's Department for Culture, Media and Sport announced a review of gaming machines and social responsibility measures on 24 October 2016 (the "**Triennial Review**"). The UK Government's stated objective of the Triennial Review is to look across the industry to determine what, if any, changes are needed to strike the right balance between socially responsible growth and the protection of consumers and wider communities. The UK Government has asked parties with an interest in the way in which gambling is regulated in Great Britain to provide their views on: (i) maximum stakes and prizes for all categories of gaming machines permitted under the Gambling Act 2005; (ii) the appropriate allocations of gaming machines permitted in licensed premises under the Gambling Act 2005; and (iii) social responsibility measures to minimise the risk of gambling related harm across the industry as a whole, including gaming machines. The UK Government has indicated it will also specifically review, and consider views on, gambling advertising to understand whether the existing measures ensure that the young and vulnerable are protected.

Depending on the findings of the Triennial Review, the UK Government may decide to make changes to the laws or regulations applicable to the business of the Ladbrokes Group, the Coral Group and, after Completion, the Enlarged Group, including the laws and regulations applicable to FOBTs or the advertisement of betting and gaming activities, and any such changes could have a material adverse effect on the Ladbrokes Group's, the Coral Group's and, after Completion, the Enlarged Group's business, financial condition and results of operations.

In addition, there have been some recent signs that the Australian betting and gaming regulatory environment may be becoming more difficult. For example, the Northern Territory Racing Commission recently banned "click-to-call" functionality, which Australian betting and gaming operators had used to allow customers to place in-play bets on sport using synthesized voice calls. Ladbrokes Digital Australia Pty Ltd withdrew its "click-to call" product as a result of this ban. The Commonwealth Government is proposing to introduce a similar ban under possible reforms to the Interactive Gambling Act 2001 (Cth), such a ban is likely to have minimal impact on Ladbrokes Digital Australia Pty Ltd because it will duplicate the existing Northern Territory ban. This change, or any further tightening of laws or regulations relating to gambling activities in Australia, could restrict the Ladbrokes Group's and, after Completion, the Enlarged Group's growth opportunities in Australia and have an adverse effect on the Ladbrokes Group's and, after Completion, the Enlarged Group's business, financial condition and results of operations.

Furthermore, there can be no assurance that any jurisdiction in which licences are held by or on behalf of the Ladbrokes Group, the Coral Group and, after Completion, the Enlarged Group will not change its licensing requirements, including the terms and conditions to which such licences and approvals are subject. If the regulatory scheme of any jurisdiction in which the Ladbrokes Group and the Coral Group operate, and in which the Enlarged Group will, after Completion, operate, were to change its licensing requirements, the Ladbrokes Group, the Coral Group and, after Completion, the Enlarged Group may be required to expend significant capital or other resources in order to comply with the new requirements and/or may be required to modify their product offering or their operations in order to comply with the new requirements and/or may not be able to meet the new requirements, any or a combination of which could have a material adverse effect on the Ladbrokes Group's, the Coral Group's and, after Completion, the Enlarged Group's business, financial condition and results of operations.

In particular, the Scotland Act 2016 has given the Scottish Parliament the power to regulate the number of gaming machines that a betting premise licence authorises the licence holder to make available on the site to which that licence relates. These powers only apply to gaming machines for which it is possible to stake more than £10 in respect of a single game (presently only gaming machines offering B2 content (for more detail, see section 2.2 of Part III (*Information on the Ladbrokes Group*) of this Prospectus) and do not apply to betting premise licences that were issued before 24 May 2016. However, this change could impact the number of gaming machines permitted on new betting premises in Scotland.

The CMA has launched an investigation into online betting and gaming

On 21 October 2016, the CMA announced an investigation into online betting and gaming, focusing on potential unfair treatment of customers. This investigation is being undertaken as part of a joint programme of work with the Gambling Commission on fairness and transparency in the betting and gaming industry. As part of the preliminary stages of the investigation, the Ladbrokes Group and the Coral Group have received information notices from the CMA asking them to submit evidence.

As the investigation is only in its preliminary stages, there is no indication as to what the outcome will be. However, the investigation may lead to actions being taken by the CMA, including guidance being issued or enforcement action undertaken. Any such action could have a material adverse effect on the Ladbrokes Group's, the Coral Group's and, after Completion, the Enlarged Group's business, financial condition and results of operations.

The success of the Ladbrokes Group's, the Coral Group's and, after Completion, the Enlarged Group's business is dependent upon their relationships with government authorities and the principal bodies of sport and event industries

The Ladbrokes Group's and the Coral Group's relationships with governmental authorities and regulatory bodies for the betting and gaming industry, in particular the Gambling Commission in the UK, the Gibraltar Gambling Commissioner in Gibraltar, the Northern Territory Racing Commission in Australia, ADM in Italy and the principal regulatory and administrative bodies of certain sport and event industries are significant factors contributing to the success of the Ladbrokes Group's and the Coral Group's businesses.

The Ladbrokes Group and the Coral Group currently engage with, and, after Completion, the Enlarged Group will continue to engage with, their regulators with regard to the betting and gaming regulatory framework and other issues of shared concern, such as problem gambling, and with the principal bodies of sport and event industries with regard to sports rights payments, including levies such as the statutory Horserace Betting Levy, animal welfare and other issues. The Ladbrokes Group and the Coral Group each has, and, after Completion, the Enlarged Group will have, a social responsibility committee focused on responsible gambling. Furthermore, the Ladbrokes Group and the Coral Group are founder members of the Senet Group, an independently chaired UK body which looks to promote and monitor standards in the industry. However, if the Ladbrokes Group, the Coral Group and, after Completion, the Enlarged Group fails to maintain such relationships, or if such relationships were adversely affected for any reason, including as a result of any action or omission on the part of the Ladbrokes Group, the Coral Group and, after Completion, the Enlarged Group or as a result of negative publicity concerning the Ladbrokes Group, the Coral Group and, after Completion, the Enlarged Group or the betting and gaming industry, this could have a material adverse effect on the Ladbrokes Group's, the Coral Group's and, after Completion, the Enlarged Group's business, financial condition and results of operations.

The Ladbrokes Group and the Coral Group are, and, after Completion, the Enlarged Group will be, vulnerable to increases in taxation and/or levies

The Ladbrokes Group and the Coral Group are, and, after Completion, the Enlarged Group will be, subject to taxation and/or levies in all of the countries in which they operate.

The taxation and levies imposed upon betting and gaming companies have changed considerably over time, and there can be no assurance that the levels of taxation and/or levies to which the Ladbrokes Group, the Coral Group and, after Completion, the Enlarged Group are subject in the UK or in any other jurisdiction will not be increased. In addition, many governments are changing the way they regulate betting and gaming and are introducing new taxation and/or levy regimes as they do so. For example, the Government of South Australia has announced that it intends to impose a 15 per cent. Point of Consumption Tax on gambling by South Australian residents from 1 July 2017.

As a result, there is a material risk that new taxes and/or levies could be introduced which are applicable to the Ladbrokes Group, the Coral Group and, after Completion, the Enlarged Group and the law or regulations governing existing taxes and/or levies to which the Ladbrokes Group, the Coral Group and, after Completion, the Enlarged Group are subject could be amended.

Any such changes to the taxation and/or levies to which the Ladbrokes Group, the Coral Group and, after Completion, the Enlarged Group are subject may increase the amount of tax and/or levies payable by them and/or may require them to expend significant capital or other resources in order to comply with the new or modified obligations. Any or a combination of the foregoing could have a material adverse effect on the Ladbrokes Group's, the Coral Group's and, after Completion, the Enlarged Group's business, financial condition and results of operations.

In addition, there remains uncertainty as to how the Austrian betting duty regime applied to the Ladbrokes Group's historic betting exchange business in that country and there is the possibility that a significant historic liability may arise.

If any company within the Ladbrokes Group, the Coral Group and, after Completion, the Enlarged Group is found to be, or to have been, tax resident in any jurisdiction other than the jurisdiction(s) in which that company is currently thought to be (or, as relevant, to have been) tax resident, or is found to have, or to have had a permanent establishment in any jurisdiction other than the jurisdiction(s) (if any) in which that Company is currently thought to have (or, as relevant, to have had) a permanent establishment (whether on the basis of existing law or the current practice of any tax authority or by reason of a change in law or practice), this may have a material adverse effect on the amount of tax payable by the Ladbrokes Group, the Coral Group and, after Completion, the Enlarged Group, which could in turn have a material adverse effect on the Ladbrokes Group's, the Coral Group's and, after Completion, the Enlarged Group's business, financial condition and results of operations.

The Ladbrokes Group, the Coral Group and, after Completion, the Enlarged Group may be subject to increases in payments related to sports and increases in costs under contracts with third parties that could result in increases in content costs

The Ladbrokes Group and the Coral Group enter into, and, after Completion, the Enlarged Group will enter into, contracts with regard to, for example, the distribution of television pictures, audio and other data that is broadcast into their LBOs and the use of software to enable them to provide online casino and gaming activities. The Ladbrokes Group, the Coral Group and, after Completion, the Enlarged Group are likely to continue to enter into similar contracts in the future. Increased costs under these contracts could result in increases in content costs, which could have a material adverse effect on the business, financial condition or results of operations of the Ladbrokes Group, the Coral Group and, after Completion, the Enlarged Group.

In addition, the Ladbrokes Group and the Coral Group are subject to, and, after Completion, the Enlarged Group will be subject to, certain financing arrangements intended to support industries from which they profit, including the statutorily imposed Horserace Betting Levy in the UK, which is intended to support the British horse racing industry, and the voluntary levy which is collected by the British Greyhound Racing Fund and is intended to support the greyhound racing industry in the UK. The Ladbrokes Group, the Coral Group and, after Completion, the Enlarged Group are likely to continue to be subject to similar financing arrangements in the future, although they cannot predict with any certainty what levies, subsidies, taxes, fees or other payments or arrangements may be required for the success of their business in the future. Any material increase in the amount of, or material change to such payments currently made by the Ladbrokes Group and the Coral Group and that will, after Completion, be made by the Enlarged Group as part of such financing arrangements, or any requirement to pay additional levies, subsidies, taxes, fees or other payments, could have a material adverse effect on the Ladbrokes Group's, the Coral Group's and, after Completion, the Enlarged Group's business, financial condition and results of operations.

The Ladbrokes Group, the Coral Group and, after Completion, the Enlarged Group may be adversely affected by negative publicity and broader political pressure surrounding the betting and gaming industry

The betting and gaming industry is at times exposed to negative publicity, including in relation to the use of gaming machines in LBOs, problem gambling, gambling by minors and gambling online. Publicity regarding problem gambling and other concerns with the betting and gaming industry, even if not directly connected to the Ladbrokes Group, the Coral Group and, after Completion, the Enlarged Group and their respective products, could have a material adverse effect on the Ladbrokes Group's, the Coral Group's and, after Completion, the Enlarged Group's business, financial condition and results of operations. If the perception develops that the betting and gaming industry is failing to address such concerns adequately, the industry may be subject to increased regulation or taxation. Any increase in regulation or taxation of the Ladbrokes Group, the Coral Group and, after Completion, the Enlarged Group could have a material adverse effect on the Ladbrokes Group's, the Coral Group's and, after Completion, the Enlarged Group's business, financial condition and results of operations.

There is currently little clarity in relation to the renewal processes for the Italian sports and horserace betting licences held by Eurobet Retail

For the 2015 calendar year, Eurobet Retail made up approximately 12.5 per cent. of the Coral Group's overall net revenue and, after Completion, it is estimated that Eurobet Retail will make up approximately 6 per cent. of the Enlarged Group's net revenue. Operating licences awarded both in the

Italian retail and online markets are granted for fixed periods, after which a further bid must be accepted by ADM through a competitive public bidding process in order to renew them. However, there is currently little clarity about the renewal process for operating licences in Italy, although there are certain expectations regarding the timing of this process (as set out below). The current licences held by Eurobet Retail, which govern its Italian sports and horserace betting operations, were due to expire in June 2016, but ADM has permitted existing operators, such as Eurobet Retail, to continue to operate under their current licences in exchange for them extending the date of their guarantees to ADM from 30 June 2017 to 30 June 2018. The new tender documentation for Italian sports and horserace betting licences is expected to be issued by ADM towards the end of 2016 or early 2017, with the completion of the process and the assignment of the new licences likely to take place in 2017.

A significant part of the Coral Group's and, after Completion, the Enlarged Group's online business in Italy is derived from "netpoint" customers. These customers are originally recruited in retail and typically remain loyal through the online business. If these licences are not renewed, or are made subject to onerous or unacceptable terms and conditions or to inflated costs, or are renewed in a smaller number, the Coral Group's and, after Completion, the Enlarged Group's ability to operate in the Italian retail market could be materially adversely affected. In addition, an inability to operate in the Italian retail market would prevent the Coral Group and, after Completion, the Enlarged Group from attracting further "netpoint" customers and may result in the loss of the Coral Group's and, after Completion, the Enlarged Group's existing "netpoint" customers, which could have a material adverse effect on the growth of the Coral Group's and, after Completion, the Enlarged Group's online business in Italy. In addition, the franchise system under which the Coral Group operates its business in Italy (see *The franchise model operated by the Coral Group and, after Completion, the Enlarged Group in Italy and by the Ladbrokes Group and, after Completion, the Enlarged Group in Belgium and Spain may give rise to business risk and unforeseen difficulties may arise*, below) (and under which the Enlarged Group will continue to operate, after Completion) could be damaged by a reduction in the number of operating licences that the Coral Group and, after Completion, the Enlarged Group successfully secures, as franchisees may migrate to competitors, with an enhanced risk that these franchisees may attempt to migrate the Coral Group's and, after Completion, the Enlarged Group's existing customers with them, all of which could have a material adverse effect on the business, financial condition and result of operations of the Coral Group and, after Completion, the Enlarged Group.

The receipt and holding of customer funds could be regarded as deposit-taking business

The betting and gaming industry is not currently regulated as a deposit-taking business on the basis that no interest is paid to its customers and that it is an account for services. If this position were to change, the Ladbrokes Group, the Coral Group and, after Completion, the Enlarged Group may have to reorganise the way in which it receives payments from its customers or apply for authorisation to take deposits. Such a change could disrupt the Ladbrokes Group's, the Coral Group's and, after Completion, the Enlarged Group's business and could, therefore, have a material adverse effect on the Ladbrokes Group's, the Coral Group's and, after Completion, the Enlarged Group's business, financial condition and results of operations.

The Ladbrokes Group, the Coral Group and, after Completion, the Enlarged Group may fail to detect money laundering and/or fraudulent activities and/or fail to comply with any licensing objectives that are applicable in the jurisdictions in which they have established operations

Certain of the Ladbrokes Group's, the Coral Group's and, after Completion, the Enlarged Group's customers may seek to launder money through their business or increase their winnings through fraudulent activities. The Ladbrokes Group and the Coral Group have, and, after Completion, the Enlarged Group will seek to extend best practice with, a number of processes and audit controls to minimise opportunities for money laundering and fraud. If the Ladbrokes Group, the Coral Group and, after Completion, the Enlarged Group are unsuccessful in detecting money laundering and/or fraudulent activities, they could suffer loss directly, be subject to civil or criminal sanctions and/or lose the confidence of their customers, which could have a material adverse effect on the Ladbrokes Group's, the Coral Group's and, after Completion, the Enlarged Group's business, financial condition and results of operations.

The Fourth Money Laundering Directive ((EU) 2015/849) ("**MLD4**") entered into force on 25 June 2015 and EU member states are required to bring national implementing legislation into force by 26 June

2017. The UK Government has recently launched a consultation on the steps that it plans to take to transpose MLD4 into national law. The Ladbrokes Group's and the Coral Group's business fall, and, after Completion, the Enlarged Group's business will fall, within the scope of MLD4 and the Enlarged Group will be required to comply with the provisions of the relevant implementing legislation. Such compliance may require the Ladbrokes Group, the Coral Group and, after Completion, the Enlarged Group to expend significant capital or other resources and/or may require the Ladbrokes Group, the Coral Group and, after Completion, the Enlarged Group to modify their product offering or operations, any or a combination of which could have a material adverse effect on the Ladbrokes Group's, the Coral Group's and, after Completion, the Enlarged Group's business, financial condition and results of operations.

As licensed gambling operators, the Ladbrokes Group and the Coral Group are, and, after Completion, the Enlarged Group will be, required to comply with any licensing objectives that are applicable in the jurisdictions in which they have established operations. In particular, the Ladbrokes Group's and the Coral Group's operations in the UK mean that they are, and that, after Completion, the Enlarged Group will be, required to comply with the licensing objectives set out in the Gambling Act 2005 (the "**Gambling Act**"), which are: (i) keeping crime out of gambling; (ii) ensuring that gambling is conducted in a fair and open way; and (iii) protecting children and other vulnerable people from being harmed or exploited by gambling.

Both the Ladbrokes Group and the Coral Group have been the subjects of public statements from the Gambling Commission setting out potential issues with their respective compliance with the Gambling Act's licensing objectives. Furthermore, in April 2016, the Coral Group acknowledged that there had been serious shortcomings in its compliance with these objectives and entered into a voluntary settlement with the Gambling Commission, which included it giving an undertaking to divest itself of a customer's gross gambling yield to the sum of £846,664 and making a payment of £30,000 to cover the costs incurred by the Gambling Commission in investigating the matter.

The Ladbrokes Group and the Coral Group will seek to put in place further steps to respond to any shortcomings identified by the Gambling Commission and already have procedures in place (which the Enlarged Group intends to maintain after Completion) which seek to ensure that they comply with the Gambling Act's licensing objectives. However, if the Ladbrokes Group, the Coral Group and, after Completion, the Enlarged Group were found to be in breach of their obligation to comply with any licensing objectives that are applicable in the jurisdictions in which they have established operations, by, for example, failing to properly comply with the applicable anti-money laundering legislation or failing to meet their social responsibility obligations, then the relevant authority may impose a financial penalty on them or impose other penalties, including removing or imposing conditions on the relevant gambling licences. Such action could have a material adverse effect on the Ladbrokes Group's, the Coral Group's and, after Completion, the Enlarged Group's business, financial condition and results of operations.

2.2 Risks relating to the marketplace in which the Ladbrokes Group and the Coral Group operate and in which the Enlarged Group will, after Completion, operate

The Ladbrokes Group's, the Coral Group's and, after Completion, the Enlarged Group's business may be adversely affected by competition from other betting and gaming operators

The Ladbrokes Group and the Coral Group face, and, after Completion, the Enlarged Group will face, competition primarily from other land-based bookmakers, online betting exchanges and other online betting and gaming operators. These competitors are based both inside and outside the UK.

Online betting and gaming is characterised by intense and substantial competition between operators and by relatively low barriers to entry for new participants. Competition is expected to continue to intensify as new operators start to provide online betting and gaming products and existing operators improve and expand their product offerings. Furthermore, the Ladbrokes Group's, the Coral Group's and, after Completion, the Enlarged Group's competitors may be better positioned to take advantage of rationalisation or consolidation (as has been the trend in the betting and gaming industry recently with a number of significant mergers) and may thereby gain a competitive advantage or increase an existing competitive advantage over the Ladbrokes Group, the Coral Group and, after Completion, the Enlarged Group. In addition, the Ladbrokes Group and the Coral Group face, and, after Completion, the Enlarged Group will face, competition from market participants operating in, and benefiting from, low tax jurisdictions and those who benefit from greater liquidity as a result of accepting bets and wagers from jurisdictions from which the Ladbrokes Group and the Coral Group do not, and from which, after Completion, the Enlarged Group will not, accept bets and wagers (whether because of legal concerns or otherwise). There can be no assurance that increased competition from other bookmakers, online betting exchanges and other online operators, as well as from suppliers of other betting and gaming products, in any segment of the betting and gaming industry, including the online betting and gaming segment, will not have a material adverse effect on the Ladbrokes Group's, the Coral Group's and, after Completion, the Enlarged Group's business, financial condition and results of operations.

The illegal betting market in Italy is of a significant size, and this limits the potential profitability of legitimate and regulated betting operations

The Coral Group operates, and, following Completion, the Enlarged Group will operate, in Italy. The illegal or unregulated betting market in Italy is of a significant size, both online and offline, and by some estimates may be half the size of the regulated betting market. Illegal or unregulated betting operations do not pay tax to the Italian regulator, and hence they have a competitive advantage over the Coral Group's and, after Completion, the Enlarged Group's Italian businesses, and may be able to offer more attractive odds and other products that are not available to the Eurobet Retail businesses as a regulated and licensed tax-paying entity. The continued existence and potential growth of the illegal or unregulated betting market in Italy may therefore reduce the growth prospects of the Coral Group's and, after Completion, the Enlarged Group's Italian operations and may have a material adverse effect on the Coral Group's and, after Completion, the Enlarged Group's business, financial condition and results of operations.

Demand for the Ladbrokes Group's, Coral Group's and, after Completion, the Enlarged Group's, products and services may be adversely affected by general economic conditions and consumer trends beyond the relevant group's control

As with other industries, demand for the Ladbrokes Group's, the Coral Group's and, after Completion, the Enlarged Group's products and services is influenced by general economic conditions and consumer trends beyond the relevant group's control. There can be no assurance that the Ladbrokes Group's, the Coral Group's and, after Completion, the Enlarged Group's business, financial condition and results of operations will not be adversely affected by general economic conditions or consumer trends. In particular, the difficult global economic conditions over the last eight years are unprecedented in recent history, and if such conditions continue or worsen, there can be no assurance that they will not have a material adverse effect on the Ladbrokes Group's, the Coral Group's and, after Completion, the Enlarged Group's business, financial condition and results of operations.

Exposure to UK political developments, including the outcome of the UK referendum on membership of the EU

On 23 June 2016, a referendum was held on the UK's membership of the EU, the outcome of which was a vote in favour of leaving the EU. The result of the referendum means that the long term nature of the UK's relationship with the EU is unclear and this seems likely to result in a sustained period of political and economic uncertainty. Any such uncertainty could result in significant volatility in financial markets and could adversely affect the value of Pounds Sterling. Furthermore, depending on the terms reached as regards any exit from the EU, it is possible that there may be adverse practical and/or operational implications for the Ladbrokes Group, the Coral Group and, after Completion, the Enlarged Group. This is particularly the case because the Ladbrokes Group's and the Coral Group's online betting and gaming operations are based, and, after Completion, the Enlarged Group's online betting and gaming operations will be operated from locations outside the UK, including inter alia Gibraltar. The Ladbrokes Group's Executive Committee is monitoring, and, after Completion, the Enlarged Group will continue to monitor, political developments to identify and assess the medium to long term implications of the UK's vote to exit the EU and the impact that it may have on the business of the Ladbrokes Group or Enlarged Group, as applicable.

3. RISKS RELATING TO THE LADBROKES GROUP, THE CORAL GROUP AND, AFTER COMPLETION, THE ENLARGED GROUP

3.1 Operational and bookmaking risks

The Ladbrokes Group, the Coral Group and, after Completion, the Enlarged Group may experience significant losses with respect to individual events or betting outcomes and in respect of any failure to accurately determine the odds compilations or failure in the pricing and trading liability management processes

The Ladbrokes Group's and the Coral Group's fixed-odds betting products involve, and, after Completion, the Enlarged Group's fixed-odds betting products will involve, betting where winnings are paid on the basis of the stake placed and the odds quoted, rather than derived from a pool of stake money received from all customers. A bookmaker's odds are determined so as to provide an average return to the bookmaker over a large number of events and therefore, over the long term, the gross win percentage for both the Ladbrokes Group and the Coral Group have remained fairly constant.

However, there is an inherently high level of variation in gross win percentage event by event and day by day. The Ladbrokes Group and the Coral Group have systems and controls in place (which the Enlarged Group will maintain after Completion) which seek to manage bookmaking risks but there can be no assurance that these will be effective in reducing the Ladbrokes Group's, the Coral Group's and, after Completion, the Enlarged Group's exposure to this risk. As a result, in the short term, there is less certainty of generating a positive gross win and the Ladbrokes Group, the Coral Group and, after Completion, the Enlarged Group may experience (and the Ladbrokes Group and the Coral Group have from time to time experienced) significant losses with respect to individual events or betting outcomes (particularly if large individual bets are placed on an individual event or betting outcome by high net worth individuals or other bettors). In addition, the gross win percentage of the high rollers section of the Ladbrokes Group's and, after Completion, the Enlarged Group's business can vary significantly. Any significant losses on a gross win basis could have a material adverse effect on the Ladbrokes Group's, the Coral Group's and, after Completion, the Enlarged Group's cash flows and therefore a material adverse effect on their business, financial condition and results of operations.

The Ladbrokes Group and the Coral Group employ, and, after Completion, the Enlarged Group will employ, a team of odds compilers (who determine the odds at which they will accept bets in relation to any particular event) and trading liability managers who seek to control liabilities in relation to the relevant group's retail, telephone, digital and high rollers businesses. There can be no assurance that errors of judgement or other mistakes will not be made in relation to the compilation of odds or that the systems the Ladbrokes Group and the Coral Group have in place (which the Enlarged Group will maintain after Completion) to limit risk will be consistently successful. Any significant misjudgements or mistakes made by the Ladbrokes Group, the Coral Group and, after Completion, the Enlarged Group in relation to odds compilation and/or the failure of their pricing, trading and liability management systems could result in the Ladbrokes Group, the Coral Group and, after Completion, the Enlarged Group incurring significant losses on a gross win basis, which could have a material adverse effect on the Ladbrokes Group's, the Coral Group's and, after Completion, the Enlarged Group's business, financial condition and results of operations.

The operations of the Ladbrokes Group, the Coral Group and, after Completion, the Enlarged Group are reliant on a number of key sites

The Ladbrokes Group and the Coral Group have, and, after Completion, the Enlarged Group will have, a number of key sites, in particular Coral Retail's principal office in Stratford in London, which is expected to serve as the Enlarged Group's principal office for its retail business in the UK after Completion, the Ladbrokes Group's existing head office and main operations centre at Imperial House in Rayners Lane in Middlesex (which will remain operational for a transitional period after Completion), the Ladbrokes Group's premises in Europort in Gibraltar, where the majority of the Ladbrokes Group's online gaming operations are based, the Ladbrokes Group's premises in Tel Aviv in Israel, where the Ladbrokes Group's digital marketing operations are based, the Ladbrokes Group's premises in Brisbane, where the Ladbrokes Group's Australian online gaming operations are based, Online's premises in Gibraltar and Eurobet's central premises in Rome. Consequently, the unplanned unavailability of any of the Ladbrokes Group's, the Coral Group's and, after Completion, the Enlarged Group's key locations, whether partial or complete, and for whatever reason, including natural disasters, terrorist acts, political instability, other acts of war or hostility or outbreak of infectious diseases might have a material adverse effect on the Ladbrokes Group's, the Coral Group's and, after Completion, the Enlarged Group's business, financial condition and results of operations.

Failure of the Ladbrokes Group's the Coral Group's and, after Completion, the Enlarged Group's business continuity and IT disaster recovery plans

The Ladbrokes Group and the Coral Group have put in place business continuity and IT disaster recovery plans for key trading areas of their respective operations and, after Completion, the Enlarged Group will review, assess and develop, these existing business continuity and IT disaster recovery plans. The Ladbrokes Group has access to a business continuity site for its core UK business and has made arrangements for off-site data storage, alternate system availability and remote working for key operational and senior management. Each of the Ladbrokes Group and the Coral Group have back-up IT systems for business critical systems, generally in different geographic locations from the main system centres and all critical data is replicated in real-time. However, despite such planning, there can be no assurance that the Ladbrokes Group, the Coral Group and, after Completion, the Enlarged Group will be able to respond effectively to any significant business interruptions. Any such failure may result in loss of data or loss of business and adversely affect customers' experience, which might, in turn, have a material adverse effect on the Ladbrokes Group's, the Coral Group's and, after Completion, the Enlarged Group's business, financial condition and results of operations.

The Ladbrokes Group and the Coral Group rely, and, after Completion, the Enlarged Group will rely, on the experience and talent of key personnel, on their ability to recruit and retain qualified employees for the success of their business and the appropriateness of their succession planning

The successful management and operations of the Ladbrokes Group, the Coral Group and, after Completion, the Enlarged Group are, or will be, reliant upon the contributions of its senior management team and other key personnel, including the staff at its bet acceptance centre, who review referred bets for approval, its odds compilers and online international trading liability managers, who control the odds compilation liabilities of the relevant group, and the senior management of its online operations. In addition, the Ladbrokes Group, the Coral Group and, after Completion, the Enlarged Group's future success depends in part on their ability to continue to recruit, motivate and retain highly experienced and qualified employees as well as continue to deliver an appropriate organisational structure and succession plan to meet their objectives. There is competition in the betting and gaming industry for skilled personnel, in particular for qualified bet pricing and trading liability management personnel. Although the Ladbrokes Group and the Coral Group take steps, and, after Completion, the Enlarged Group will take steps, intended to protect themselves in relation to the loss of key personnel (such as the inclusion of restrictive covenants and/or "gardening leave" provisions in the employment contracts of such personnel), the loss of service of any of the Ladbrokes Group's, the Coral Group's and, after Completion, the Enlarged Group's senior management team or other key personnel, or an inability to attract new personnel, could have a material adverse effect on the Ladbrokes Group's, Coral Group's and, after Completion, the Enlarged Group's business, financial condition and results of operations.

The Ladbrokes Group and the Coral Group are, and, after Completion, the Enlarged Group will be, exposed to the risk of failure in their operating structure and employee disengagement

Failures in the Ladbrokes Group's, the Coral Group's and, after Completion, the Enlarged Group's operating structure as a result of employees failing to understand reporting lines and accountability procedures could lead to management effectiveness being undermined and employees becoming disengaged with an associated risk of employee underperformance. Such failures in the operating structure could materially adversely affect the Ladbrokes Group's, the Coral Group's and, after Completion, the Enlarged Group's business, financial condition and results of operations, and could also result in reputational damage to the Ladbrokes Group, the Coral Group and, after Completion, the Enlarged Group.

The Ladbrokes Group and the Coral Group are, and, after Completion, the Enlarged Group will be, exposed to the risks of expansion into new geographic regions

Each of the Ladbrokes Group and the Coral Group actively explore opportunities for international expansion of their business as part of its strategy and the Enlarged Group will continue to do so after Completion. The success of any expansion of the business into new geographic regions will depend on a number of factors, including: (i) the Ladbrokes Group's, the Coral Group's and, after Completion, the Enlarged Group's ability to achieve sufficient scale of operations, to comply with local regulations and the legal framework and enforcement environment in the target territory, and to establish and maintain relationships with key partners, suppliers and regulators; (ii) the presence of established and entrenched competitors; (iii) difficulties in developing products and services that are tailored to the needs of local customers; (iv) lack of local acceptance or knowledge of the Ladbrokes Group's, the Coral Group's and, after Completion, the Enlarged Group's products and services; and (v) lack of recognition of the Ladbrokes and Coral brands. There can be no assurance that any attempted expansion of the business into any new geographic region will not fail and consequently have a material adverse effect on the business, financial condition and results of operations of the Ladbrokes Group, the Coral Group and, after Completion, the Enlarged Group.

The business of the Ladbrokes Group and the Coral Group is, and, after Completion, the business of the Enlarged Group will be, subject to sports schedules

The Ladbrokes Group's and the Coral Group's business, financial condition and results of operations are, and, after Completion, the Enlarged Group's business, financial condition and results of operations will be, impacted by the scheduling and live broadcasting of major sporting events. Disruptions to the scheduling and broadcasting of those sports may have a material impact on the Ladbrokes Group's, the Coral Group's and, after Completion, the Enlarged Group's results of operations. For example, the scheduling of major sporting events, including the English Grand National, the Cheltenham Festival, the Premier League, the European Champions League and, at more infrequent intervals, the FIFA World Cup and UEFA European Football Championship is of key importance to the business of the Ladbrokes Group, the Coral Group and, after Completion, the Enlarged Group. The cancellation, postponement or curtailment of any of these significant sporting events, for example due to adverse weather conditions, natural disasters, terrorist acts, other acts of war or hostility or the outbreak of infectious diseases, or cancellation of, disruption to, or postponement of the live broadcasting and other coverage of such sporting events on television, online and elsewhere, for example due to contractual disputes, technological or communication problems, the insolvency of a major broadcaster or changes in the broadcaster's content selection, could materially adversely affect the operations, financial performance and prospects of the Ladbrokes Group, the Coral Group and, after Completion, the Enlarged Group.

Potential litigation may adversely affect the Ladbrokes Group's, the Coral Group's and, after Completion, the Enlarged Group's activities

The Ladbrokes Group and the Coral Group face, and, after Completion, the Enlarged Group will face, the general risk of potential litigation in connection with their business, their customers, their employees and their external service providers, suppliers and partners (including the effects of changes in the laws, regulations or policies or their respective interpretations). Such actions may result in the Ladbrokes Group, the Coral Group and, after Completion, the Enlarged Group incurring considerable legal and other costs (including fines and penalties), management's time and resources may be diverted, the provision of services may be disrupted, and there may be damage to the Ladbrokes Group's, the Coral Group's and, after Completion, the Enlarged Group's reputation and brand image or a material adverse effect on the Ladbrokes Group's, the Coral Group's and, after Completion, the Enlarged Group's business, results of operations and financial condition (in each case, whether or not the relevant actions are successful).

The Ladbrokes Group and the Coral Group have, and, after Completion, the Enlarged Group will have, a relatively high fixed cost base as a proportion of their total costs, meaning that falls in revenue could have a significant adverse effect on the Ladbrokes Group's, the Coral Group's and, after Completion, the Enlarged Group's profitability

The Ladbrokes Group and the Coral Group have, and, after Completion, the Enlarged Group will have, a relatively high fixed cost base as a proportion of their total costs, consisting primarily of staff and rental costs associated with its betting shop estate. Such costs have recently been increased by the introduction of the UK national living wage and by the commitment of the Ladbrokes Group to move to single scheduling as a voluntary only policy in the evenings. This relatively high fixed cost base means that the Ladbrokes Group's, the Coral Group's and, after Completion, the Enlarged Group's profitability is exposed to any decrease in revenue if the Ladbrokes Group, the Coral Group and, after Completion, the Enlarged Group are unable, in the short to medium term, to reduce their costs substantially to mitigate the effect of any significant falls in revenue or profit. The Ladbrokes Group's, the Coral Group's and, after Completion, the Enlarged Group's profitability therefore is likely to be more significantly and negatively affected by decreases in revenue than would be the case for a business with a more flexible cost base. Any decrease in profitability could have a material adverse effect on the Ladbrokes Group's, the Coral Group's and, after Completion, the Enlarged Group's business, financial condition and results of operations.

The franchise model operated by the Coral Group and, after Completion, the Enlarged Group in Italy and by the Ladbrokes Group and, after Completion, the Enlarged Group in Belgium and Spain may give rise to business risk and unforeseen difficulties may arise

The Coral Group is, and, after Completion, the Enlarged Group will be, licensed to conduct betting and gaming operations in Italy through Eurobet Retail and the Ladbrokes Group is, and, after Completion, the Enlarged Group will be, licensed to conduct betting and gaming operations in Belgium through Tierce Ladbroke S.A. In addition, Spanish gambling licences are held by the Ladbrokes Group's and, after Completion, the Enlarged Group's joint venture with Cirsa Gaming Corporation, Sportium Apuestas Deportivas S.A. Eurobet Retail conducts its operations using a franchise model, whereby Eurobet Retail enters into a franchise agreement with a franchisee operator, who then establishes a betting office using the Eurobet Retail licence, product and systems infrastructure. Tierce Ladbroke S.A. also makes use of franchise operators to conduct a majority of its business and a small element of Sportium's business is conducted using a franchise model.

If the franchisee operators are ineffective, or the Ladbrokes Group, the Coral Group and, after Completion, the Enlarged Group are unable to attract and retain experienced franchisee operators, or if any unforeseen circumstances arise in the operation of the franchise model, the performance of Eurobet Retail, Tierce Ladbroke S.A. and Sportium is likely to be negatively impacted and this could have a material adverse effect on the business, financial condition and results of operations of the Ladbrokes Group, the Coral Group and, after Completion, the Enlarged Group.

The Ladbrokes Group and the Coral Group each has a defined benefit pension scheme to which they and, after Completion, the Enlarged Group may be required to make increased contributions to fund any funding shortfalls

The Ladbrokes Group and the Coral Group provide retirement benefits for their respective former and current employees through a number of pension schemes, including two defined benefit pension schemes.

Ladbrokes Plan

The Ladbrokes defined benefit pension scheme (the "**Ladbrokes Plan**") was closed to new entrants from 1 August 2007 and closed to future benefit build-up from 31 August 2015. The Ladbrokes Plan's assets must be held separately from those of the Ladbrokes Group and, after Completion, the Enlarged Group. As at 30 June 2016, the estimated present value of the Ladbrokes Plan's funded obligations (on an IAS 19 accounting basis) was £316.2 million and the fair value of the Ladbrokes Plan's assets was £409.7 million, giving a net asset value of £93.5 million. Under the current agreement with the trustees of the Ladbrokes Plan, the Ladbrokes Group and, after Completion, the Enlarged Group will pay into the Ladbrokes Plan £187,500 in respect of each month from April 2016 to June 2017. Contributions of £62,500 per month towards regular expenses of maintaining the Ladbrokes Plan are payable from July 2017.

Coral Plan

The Coral defined benefit pension scheme (the "**Coral Plan**") was closed to new entrants from 1 July 2008 and closed to future benefit build-up from 28 September 2013. The Coral Plan's assets must be held separately from those of the Coral Group and, after Completion, the Enlarged Group. As at 2 July 2016, the estimated present value of the Coral Plan's funded obligations (on an IAS 19 accounting basis) was £375.8 million and the fair value of the Coral Plan assets was £418.0 million, giving a net asset value of £42.2 million. Under the current agreement with the trustees of the Coral Plan, the Coral Group has agreed to pay £2.75 million a year into the Coral Plan up until October 2016, with the final payment expected to be made on or before 31 October 2016.

As the value of the assets and liabilities of the Ladbrokes Plan and the Coral Plan can change over time, including as a result of fluctuations in financial markets (along with changes in legislative requirements and trustees' covenant assessments), there is a risk that further contributions over and above those currently agreed could be required from the Ladbrokes Group, the Coral Group and, after Completion, the Enlarged Group in the future. Such additional contributions could have an adverse impact on the Ladbrokes Group's, the Coral Group's and, after Completion, the Enlarged Group's business, financial condition and results of operations.

Any incident that raises concerns over the Ladbrokes Group's, the Coral Group's and, after Completion, the Enlarged Group's safety regime could have a material adverse reputational and financial impact on the Ladbrokes Group, the Coral Group and, after Completion, the Enlarged Group

The Ladbrokes Group and the Coral Group are subject to, and, after Completion, the Enlarged Group will be subject to, the health and safety requirements that are in place in the countries in which they operate. As a result, the Ladbrokes Group and the Coral Group operate a health and safety programme (which the Enlarged Group will maintain and develop after Completion) which aims to, among other things, safeguard employee wellbeing and ensure that employees interact safely with customers. Any failure in health and safety performance which results in a major or significant health and safety incident is likely to be costly in terms of potential liabilities incurred as a result of that incident including any potential civil or criminal claims against the Ladbrokes Group, the Coral Group, the Enlarged Group, the Directors and/or the Proposed Directors, as applicable. Such a failure could generate significant adverse publicity and have a material adverse impact on the Ladbrokes Group's, the Coral Group's and, after Completion, the Enlarged Group's reputation, which in turn could materially adversely affect the Ladbrokes Group's, the Coral Group's and, after Completion, the Enlarged Group's business, prospects, financial condition and results of operations.

Failure by the Enlarged Group, after Completion, to maintain and enhance its dual brands could have a material adverse effect on its business, financial condition and results of operations

The success of the Ladbrokes Group and the Coral Group is dependent in part on the strength of the Ladbrokes and Coral brands. The Directors and Proposed Directors believe that the Ladbrokes and Coral brands are long-established, trusted and widely recognised and that, after Completion, this will further the development of the Enlarged Group's betting and gaming activities. The Directors and Proposed Directors further believe that, as the betting and gaming industry becomes increasingly competitive, the success of the Enlarged Group will, after Completion, be in part dependent on maintaining and enhancing the strength of all of its brands. If, after Completion, the Enlarged Group's marketing strategy is ineffective or if it is, for any other reason, unable to maintain and enhance the strength of the dual Ladbrokes and Coral brands, then its ability to retain and expand its customer base and its attractiveness to existing and potential partners may be impaired, and its business, financial condition and results of operations could be adversely affected.

The copyright, trademarks, domain names, trade secrets, customer databases and similar intellectual property of the Ladbrokes Group and the Coral Group are critical to their success in enhancing their brands. The Ladbrokes Group and the Coral Group rely, and, after Completion, the Enlarged Group will rely, on a combination of copyright and trademark laws, trade secret protection, confidentiality and non-disclosure agreements and other contractual provisions in order to protect their intellectual property. There can be no assurance that these efforts will be adequate, or that third parties will not infringe upon or misappropriate proprietary rights belonging to the Ladbrokes Group, the Coral Group and, after Completion, the Enlarged Group. In addition, although the Ladbrokes Group and the Coral Group have, and, after Completion, the Enlarged Group will have, trademark and copyright protection, enforcement is limited in certain jurisdictions, and the global nature of the internet makes it impossible to control the ultimate destination of websites.

The Ladbrokes Group, the Coral Group and, after Completion, the Enlarged Group may be the subject of claims of infringement of the rights of others or party to claims to determine the scope and validity of the intellectual property rights of others. Such claims, whether or not valid, could require the Ladbrokes Group, the Coral Group and, after Completion, the Enlarged Group to spend significant sums in litigation, pay damages, re-brand or re-engineer services, acquire licences to third party intellectual property and distract management attention from the business, which may have a material adverse effect on the Ladbrokes Group's, the Coral Group's and, after Completion, the Enlarged Group's business, financial condition and results of operations.

The Enlarged Group may not be able to implement successfully its business strategy

There can be no certainty that, after Completion, the Enlarged Group will be able to implement successfully the business strategy set out in Part I (*Information about the Merger*) of this Prospectus (including in Australia where there has been a recent change of leadership). No representation is or can be made as to the future performance of the Enlarged Group, and there can be no assurance that the Enlarged Group will achieve its objectives. The Enlarged Group's ability to implement its business strategy may be adversely affected by factors that the Directors and Proposed Directors cannot currently foresee, such as unanticipated costs and expenses, technological change, a severe economic downturn, the level of interest rates, foreign exchange risks, governmental policy, inflation rates, sector conditions or other changes in economic, political, judicial, administrative, taxation, or regulatory factors (some of which are discussed in more detail in other risk factors). All of these factors may necessitate changes to the business strategy described in this Prospectus, or materially adversely affect the Enlarged Group's business, financial condition or results of operations, both in the short and long term.

A Shareholder owning 10 per cent. or more of the Ordinary Shares who is found by the Nevada Commission or Nevada Board to be unsuitable could be guilty of a criminal offence if they continue to hold Ordinary Shares and the Company could be subject to disciplinary action if it continues to interact with that Shareholder

Due to the indirect controlling ownership interest held by the Company in Stadium Technology Group, LLC, the Company is subject to the Nevada Gaming Control Act and the regulations promulgated thereunder (collectively, the "**Nevada Act**") and various local regulations. As a company registered with the Nevada Gaming Commission (the "**Nevada Commission**"), the Company is subject to the licensing and regulatory control of the Nevada Commission, the Nevada State Gaming Control Board (the "**Nevada Board**") and various county and city licensing agencies.

Stadium Technology Group, LLC, creates and supports software and technology for race books and sports pools and is licensed by the Nevada Commission as a gaming manufacturer, distributor and information service provider. The Company has been licensed or found suitable as an indirect controlling owner of the gaming licensee and has also been separately approved by the Nevada Commission as an information service provider.

Under the Nevada Act, any beneficial holder of Ordinary Shares, regardless of the number of Ordinary Shares owned, may be required to file an application, be investigated, and have his or her suitability as a beneficial holder of the Ordinary Shares determined if the Nevada Commission has reason to believe that such ownership would otherwise be inconsistent with the declared policies of the State of Nevada. The Nevada Act also requires any person who acquires more than 5 per cent. of the Ordinary Shares to report the acquisition to the Nevada Commission. Furthermore, under the Nevada Act, beneficial owners of more than 10 per cent. of the Ordinary Shares are required to apply to the Nevada Commission for a finding of suitability within 30 days after the chairman of the Nevada Board posts a written notice requiring such filing.

Any person who fails or refuses to apply for a finding of suitability or a licence within 30 days after being ordered to do so by the Nevada Commission or the chairman of the Nevada Board may be found to be unsuitable. Any Shareholder found to be unsuitable, either due to a failure to apply for a finding of suitability or otherwise, and who holds, directly or indirectly, any beneficial ownership of Ordinary Shares beyond such period of time as may be prescribed by the Nevada Commission, may be guilty of a criminal offence. In addition, the Company may be subject to disciplinary action if, after it receives notice that a person is unsuitable to be a Shareholder or to have any other relationship with the Company or Stadium Technology Group, LLC, it or Stadium Technology Group, LLC: (i) pays that person any dividend or interest upon any Ordinary Shares; (ii) allows that person to exercise, directly or indirectly, any voting right conferred through securities held by that person; (iii) pays remuneration in any form to that person for services rendered or otherwise; or (iv) fails to pursue all lawful efforts to require such unsuitable person to relinquish his or her Ordinary Shares including, if necessary, the immediate purchase of the voting securities for cash at fair market value. Such disciplinary action could include fines or suspension of the Company's or Stadium Technology Group, LLC's licences. The occurrence of any of the foregoing could have a material adverse effect on the Ladbrokes Group's and, after Completion, the Enlarged Group's business, financial condition and results of operations.

3.2 Risks relating to information technology and communications

The market for online betting and gaming products and services is in a state of technological change

The market for online and mobile betting and gaming products and services is characterised by technological developments, new product and service introductions, evolving industry standards and ever-changing consumer trends. There is a risk that the emergence of new products and services, the evolution of existing ones and changes in consumer trends could render the technology and systems used by the Ladbrokes Group, the Coral Group and, after Completion, the Enlarged Group obsolete and such developments will require them to: (i) use leading technologies effectively, to continue to develop their existing technological expertise, enhance their current products and services and develop new products and services to exploit emerging trends and product developments; and (ii) continue to improve the performance, features and reliability of their technology and advanced information systems. Furthermore, the widespread adoption of new internet technologies or standards could require substantial expenditure to replace, upgrade, modify or adapt the Ladbrokes Group's, the Coral Group's and, after Completion, the Enlarged Group's technology and systems, which could have an adverse impact on the Ladbrokes Group's, the Coral Group's and, after Completion, the Enlarged Group's business, financial condition and results of operations.

The Ladbrokes Group and the Coral Group are, and, after Completion, the Enlarged Group will be, highly dependent on technology and advanced information systems that may fail or be subject to disruption

The Ladbrokes Group's and the Coral Group's operations are, and, after Completion, the Enlarged Group's operations will be, highly dependent on technology and advanced information systems and there is a risk that such technology or systems could fail or be vulnerable to cyber-crime attacks. In addition, there can be no assurance that the technology and systems currently used by the Ladbrokes Group and the Coral Group (and which will be used by the Enlarged Group after Completion) will be successful, or that they will not be: (i) subject to damage, computer viruses or cyber-crime, (ii) rendered obsolete by new technologies and more advanced systems introduced in the industry or adopted by competitors, or (iii) disrupted for any other reason including natural disasters, terrorist acts, political instability, other acts of war or hostility or outbreak of infectious diseases. Any failure or disruption of, or damage to, the Ladbrokes Group's, the Coral Group's and, after Completion, the Enlarged Group's technology or systems could have a material adverse effect on the Ladbrokes Group's, the Coral Group's and, after Completion, the Enlarged Group's business, reputation, financial condition or results of operations. In addition, new internet or other technology-based products, services or enhancements offered by the Ladbrokes Group, the Coral Group and, after Completion, the Enlarged Group may contain design flaws or other defects and/or require costly modifications or may result in a loss of confidence in the Ladbrokes Group's, the Coral Group's and, after Completion, the Enlarged Group's products and services by its customers or loss of revenue, any or a combination of which could have a material adverse effect on the Ladbrokes Group's, the Coral Group's and, after Completion, the Enlarged Group's business, financial condition and results of operations.

The Ladbrokes Group, the Coral Group and, after Completion, the Enlarged Group may at any time be required to expend significant capital or other resources to protect against network failure and disruption. If replacements, expansions, upgrades and other maintenance are not completed efficiently or there are operational failures, the quality of the product and service experienced by the customer will decline. If, as a result, customers were to reduce or stop their use of the Ladbrokes Group's, the Coral Group's and, after Completion, the Enlarged Group's products and services, this could have a material adverse effect on the Ladbrokes Group's, the Coral Group's and, after Completion, the Enlarged Group's business, financial conditions and results of operations.

The Ladbrokes Group's, the Coral Group's and, after Completion, the Enlarged Group's systems may be vulnerable to hacker intrusion, malicious viruses and other cyber-crime attacks

As with all digital businesses, the Ladbrokes Group's, the Coral Group's and, after Completion, the Enlarged Group's businesses may be vulnerable to cyber-crime attacks. These attacks may include distributed denial of service attacks and other forms of cyber-crime, such as attempts by computer hackers to gain unauthorised access to their systems and databases for the purposes of manipulating results, misappropriation of funds or theft of data. Any such attacks may cause systems failure and/or business disruption and could have a material adverse effect on the Ladbrokes Group's, the Coral Group's and, after Completion, the Enlarged Group's business, financial condition and results of operations. Such attacks are by their nature technologically sophisticated and may be difficult or impossible to detect and defend against. If the Ladbrokes Group, the Coral Group or, after Completion, the Enlarged Group fails to implement adequate prevention measures or should any such prevention measures fail or be circumvented, their reputation may be harmed and they may face claims or investigations, which in turn could have a material adverse effect on the Ladbrokes Group's, the Coral Group's and, after Completion, the Enlarged Group's business, financial condition and results of operations.

The Ladbrokes Group and the Coral Group are, and, after Completion, the Enlarged Group will be, dependent on card payments for the success of their business

The Ladbrokes Group and the Coral Group currently accept credit and debit card payments from online and telephone customers and debit card payments in their other betting shops. The Ladbrokes Group also accepts credit card payments in its betting shops in the Republic of Ireland. Ladbrokes Australia also has a Ladbrokes branded Visa debit card through which online winnings can be withdrawn by customers holding the card. The Enlarged Group will continue to accept these payment methods and will continue to operate the Ladbrokes branded Visa debit card after Completion. Certain US based card schemes and card-issuing institutions currently restrict the use of their credit cards for online betting and gaming transactions. Should all or an additional number of the major card schemes or card issuing companies stop accepting payment transactions for betting and gaming operations (or if there are any errors or disruption in the relevant systems or any deterioration in the relevant relationships), the Ladbrokes Group's, the Coral Group's and, after Completion, the Enlarged Group's business, financial condition and results of operations could be materially adversely affected.

The Ladbrokes Group's and the Coral Group's business is, and, after Completion, the Enlarged Group's business will, be dependent on banks, credit card companies, payment processors and other financial institutions, networks and suppliers to enable funds to be paid in and withdrawn by their customers. Any disruption in those systems or relationships could have a material adverse effect on the Ladbrokes Group's, the Coral Group's and, after Completion, the Enlarged Group's business, financial condition and results of operations.

In addition, the Ladbrokes Group and the Coral Group are, and, after Completion, the Enlarged Group will be, exposed to the risk of chargebacks. Chargebacks occur when customers, card issuers or payment processors seek to void credit card or other card payment transactions. Customers occasionally seek to reverse real money losses through chargebacks. While the Ladbrokes Group and the Coral Group have, and, after Completion, the Enlarged Group will seek to maintain existing control procedures to protect against chargebacks, there can be no assurance that the Ladbrokes Group's, the Coral Group's and, after Completion, the Enlarged Group's exposure to chargebacks will not adversely affect their business, financial condition and results of operations.

The Ladbrokes Group and the Coral Group are, and, after Completion, the Enlarged Group will be, subject to regulation regarding the use of personal customer data

The Ladbrokes Group and the Coral Group process, and, after Completion, the Enlarged Group will process, large amounts of personal customer data (including name, address, age, bank details and betting and gaming history) as part of their business and therefore must comply with strict data protection and privacy laws in all jurisdictions in which they operate. Such laws restrict the Ladbrokes Group's and the Coral Group's ability to, and, after Completion, will restrict the Enlarged Group's ability to, collect and use personal information relating to players and potential players including the marketing use of that information. The Ladbrokes Group and the Coral Group have put in place both systems and procedures and cyber security mechanisms (which the Enlarged Group will maintain after Completion) which seek to ensure that personal customer data is handled appropriately and in compliance with applicable data protection and privacy laws. Notwithstanding these measures, the Ladbrokes Group, the Coral Group and, after Completion, the Enlarged Group are, and will be, exposed to the risk that, as a result of human error, cyber-crime or otherwise, personal customer data could be wrongfully appropriated, lost or disclosed, or processed in breach of data protection regulation, by or on behalf of the Ladbrokes Group, the Coral Group and, after Completion, the Enlarged Group. Such an occurrence could result in the Ladbrokes Group, the Coral Group and, after Completion, the Enlarged Group facing liability under data protection laws, the loss of their customers, the loss of goodwill of their customers and the deterrence of new customers, any or a combination of which could have a material adverse effect on the Ladbrokes Group's, the Coral Group's and, after Completion, the Enlarged Group's business, financial condition and results of operations.

Furthermore, the General Data Protection Regulation ((EU) 2016/679) ("**GDPR**") entered into force on 24 May 2016 and will apply in all EU member states from 25 May 2018. After Completion, the Enlarged Group will continue to review and develop existing processes to ensure that customer personal data is processed in compliance with the GDPR's requirements, to the extent that they are applicable to the Enlarged Group, and it may be required to expend significant capital or other resources and/or modify its operation to meet such requirements, any or a combination of which could have a material adverse effect on the Enlarged Group's business, financial condition and results of operations.

The Ladbrokes Group and the Coral Group are, and, after Completion, the Enlarged Group will be, dependent on a number of third parties for the operation of their business

The Ladbrokes Group and the Coral Group have relationships with a number of key third party suppliers who provide products and services to the Ladbrokes Group and the Coral Group, including for the supply of products and services for infrastructure, networks and telecommunications as well as products and services relating to the delivery of customer-facing content and services. Many of these suppliers are long-term suppliers of important products and services. However, the Ladbrokes Group and the Coral Group exercise, and, after Completion, the Enlarged Group will exercise, little control over many of these third party suppliers and are reliant on them to perform their services in accordance with the terms of their contracts, which increases their vulnerability to problems with the products and services they provide.

The Ladbrokes Group, the Coral Group and, after Completion, the Enlarged Group may not be successful in recovering any losses which result from the failure of third party suppliers to comply with their contractual obligations to them and third party suppliers may seek to recover losses from the Ladbrokes Group, the Coral Group and, after Completion, the Enlarged Group under indemnities or in respect of breaches of obligations or warranties under their agreements with members of the Ladbrokes Group, the Coral Group and, after Completion, the Enlarged Group. In addition, some of the services on which the Ladbrokes Group and the Coral Group rely, and on which the Enlarged Group will, after Completion, rely, are only provided by a very limited number of suppliers and there is a risk that the Ladbrokes Group, the Coral Group and, after Completion, the Enlarged Group would not be able to find alternative suppliers to provide these services if the current suppliers failed to comply with their contractual obligations. Such events and any significant disruption in the supply of products and services to the Ladbrokes Group, the Coral Group and, after Completion, the Enlarged Group or failure by these third party suppliers to handle current or higher volumes of use or any other adverse event affecting the Ladbrokes Group's, the Coral Group's and, after Completion, the Enlarged Group's relationship with them could have a material adverse effect on the Ladbrokes Group's, the Coral Group's and, after Completion, the Enlarged Group's reputation, business, financial condition and results of operations.

The Ladbrokes Group and, after Completion, the Enlarged Group is exposed to the risk of over-reliance on external consultants for the operation of the business

The Ladbrokes Group employs, and, after Completion, the Enlarged Group will employ, a significant number of external consultants to help develop and maintain its IT systems. As a result, there is a risk that the Ladbrokes Group and, after Completion, the Enlarged Group could face operational challenges resulting from a lack of embedded knowledge about its IT systems and procedures. This dependence on external consultants may increase the risk of breaches of confidence, loss of core competence in connection with IT systems and business and reputational damage if such risks materialise. This, in turn, could have a material adverse effect on the Ladbrokes Group's and, after Completion, the Enlarged Group's business, financial condition and results of operations.

3.3 Financial risks

The cost of finance could increase or financing could cease to be available

The ability of the Ladbrokes Group, the Coral Group and, after Completion, the Enlarged Group to operate their business depends in part on being able to raise funds. While the Ladbrokes Group and the Coral Group currently seek to maintain a balance between continuity of funding and flexibility through the use of borrowings with a range of maturities (and the Ladbrokes Group entered into the New Facilities Agreement in 2015), there can be no assurance that, over the longer term, the Ladbrokes Group, the Coral Group and, after Completion, the Enlarged Group will be able to find lenders who are willing to lend on no worse terms than the Ladbrokes Group's and the Coral Group's existing financing arrangements, including the New Facilities Agreement, or at all, or that existing financing arrangements of the Ladbrokes Group and the Coral Group will be able to be refinanced on no worse terms, or at all, upon maturity. In addition, a significant weakening of the financial condition and operating results of the Ladbrokes Group, the Coral Group or, after Completion, the Enlarged Group could result in the relevant group failing to comply with the covenants in its financing agreements which could, in turn, restrict its access to financing and capital. An increase in the cost, or lack of availability, of finance and capital could have a material adverse effect on the Ladbrokes Group's, the Coral Group's and, after Completion, the Enlarged Group's business, financial condition and results of operations.

As at 30 June 2016 the Enlarged Group's leverage (combining the leverage of the Ladbrokes Group and the Coral Group as at that date) was 2.7 times net debt to EBITDA. The Enlarged Group is targeting a reduction in leverage to 2.0 times net debt to EBITDA within 18 to 24 months of Completion. The Enlarged Group will, after Completion, be aiming to reduce leverage to a medium term target of 1.5-2.0 times net debt to EBITDA. However, in the event of material interruptions to cash flows, there is a risk that leverage may not decrease at the rate anticipated, or at all.

The Ladbrokes Group and the Coral Group are subject, and, after Completion, the Enlarged Group will be subject, to risks resulting from currency fluctuations and interest rate fluctuations

The Ladbrokes Group and the Coral Group prepare their respective financial statements in Pounds Sterling (and the Enlarged Group will continue to do so after Completion) and generate a proportion of their revenues in other currencies (and the Enlarged Group will continue to do so after Completion). To the extent that revenues are received in currencies other than Pounds Sterling, and currency exchange rates are unfavourable, the Ladbrokes Group, the Coral Group and, after Completion, the Enlarged Group may lose some of the economic value of its revenues in Pounds Sterling terms. If, after Completion, the Enlarged Group expands its international operations, it may receive more of its revenue in currencies other than Pounds Sterling.

The Ladbrokes Group and the Coral Group (and, in particular, Ladbrokes Group Finance plc) are subject to risks resulting from interest rate fluctuations (and this risk will continue to apply to the Enlarged Group after Completion). The Ladbrokes Group and the Coral Group (and, in particular, Ladbrokes Group Finance plc) have a substantial level of financial indebtedness and interest on this indebtedness is a significant cost for both the Ladbrokes Group and the Coral Group and will continue to be a significant cost for the Enlarged Group after Completion. To the extent that the existing or future indebtedness of the Ladbrokes Group, the Coral Group and, after Completion, the Enlarged Group bears interest at a variable rate and is unhedged, changes in interest rates may increase their cost of borrowing, increasing interest expense and reducing operating cash flows. This could have a material adverse effect on the Ladbrokes Group's, the Coral Group's and, after Completion, the Enlarged Group's business, financial condition and results of operations.

The Ladbrokes Group has, and, after Completion, the Enlarged Group will have, certain liabilities under guarantees in connection with hotel leases relating to the Ladbrokes Group's former hotels division

The Ladbrokes Group formerly operated an international chain of full service hotels and resorts through its hotels division. For the purposes of this business, the Company provided guarantees to third parties in respect of liabilities of subsidiaries under hotel leases. The Ladbrokes Group sold its hotels division to Hilton Hotels Corporation on 23 February 2006 but, since the release of each of these guarantees requires the consent of the beneficiary of that guarantee, not all liabilities under the guarantees could be discharged at that time. Therefore, the Ladbrokes Group is, and, after Completion, the Enlarged Group will be, exposed to a contingent liability should any of the disposed subsidiaries default on their obligations under the relevant leases. The Company is committed to seeking, and has received an undertaking from Hilton Hotels Corporation that efforts will be made to obtain, releases of these guarantees, which expire between 2017 and 2042.

The Company has an indemnity from Hilton Hotels Corporation in relation to any loss it may incur under these guarantees. The net financial liability recognised in the Ladbrokes Group's balance sheet at 30 June 2016 in respect of these guarantees was £3.2 million.

However, there can be no assurance that Hilton Hotels Corporation will not default on its obligations under the indemnity. Overall, the maximum exposure was assessed at £202 million as at 30 June 2016. While the Directors and Proposed Directors believe it to be extremely unlikely that claims of such magnitude will be made, if any significant claims are made under any of the guarantees and Hilton Hotels Corporation fails to meet its obligations under the indemnity, this could have a material adverse effect on the Ladbrokes Group's and, after Completion, the Enlarged Group's business, financial condition and results of operations.

4. RISKS RELATING TO THE ORDINARY SHARES (INCLUDING THE CONSIDERATION SHARES AND THE PLAYTECH SHARES)

The value of Ordinary Shares (including the Consideration Shares and the Playtech Shares) may go down as well as up and any fluctuations may be material and may not reflect the underlying asset value

The market price of the Ordinary Shares (including the Consideration Shares and the Playtech Shares) could be subject to significant fluctuations due to a change in sentiment in the market regarding such shares. The fluctuations could result from national and global economic and financial conditions, the market's response to the Merger, market perceptions of the Enlarged Group, various other factors and events, including, but not limited to, regulatory changes affecting the Enlarged Group's operations, variations in the Enlarged Group's operating results, business developments of the Enlarged Group and/or its competitors and the liquidity of the financial markets. Furthermore, the Enlarged Group's operating results and prospects may, from time to time, be below the expectations of market analysts and investors. Any of these events could result in a decline in the market price of the Ordinary Shares (including the Consideration Shares and the Playtech Shares).

The market price of the Ordinary Shares (including the Consideration Shares and the Playtech Shares) could also be negatively affected by sales of substantial amounts of Ordinary Shares in the public market, including following the expiry of the lock-up restrictions and orderly sale provisions (described in section 7 of Part V (*Information on the Consideration Shares and the Playtech Shares*) of this Prospectus), which are applicable to Coral, the Four Principal Coral Shareholders, the Coral Management Shareholders, the other Gala LuxCo shareholders and Playtech, in each case, on the basis set out in that section 7.

Admission may not occur when expected

Application for Admission will be made prior to Completion. Admission is subject to the approval (subject to satisfaction of any conditions which are attached to such approval) of the UKLA. There can be no guarantee that any conditions to which Admission is subject will be met or that the UKLA will approve Admission. See the section of this Prospectus 'Expected Timetable of Principal Events' for further information on the expected dates of these events.

Any future issue of Ordinary Shares (including the Consideration Shares and the Playtech Shares) will further dilute the holdings of current Shareholders and could adversely affect the market price of Ordinary Shares (including the Consideration Shares and the Playtech Shares)

If Admission occurs, it will result in the issue and allotment of 866,518,803 Consideration Shares and up to 42,105,263 Playtech Shares. If Completion occurs, Existing Shareholders will suffer an immediate dilution as a result of Admission, following which they will hold approximately 52.86 per cent. of the Enlarged Issued Share Capital (assuming that 42,105,263 Playtech Shares are issued and allotted).

Other than pursuant to the Merger and the Playtech Issue, the Ladbrokes Group has no current plans for an offering of Ordinary Shares. However, it is possible that, after Completion, the Enlarged Group may decide to offer additional Ordinary Shares either to raise capital or for other purposes. If Shareholders did not take up such offer of Ordinary Shares or were not eligible to participate in such offerings, their proportionate ownership and voting interests in the Enlarged Group would be reduced. An additional offering could have a material adverse effect on the market price of Ordinary Shares (including the Consideration Shares and the Playtech Shares).

Holders of Ordinary Shares (including the Consideration Shares and the Playtech Shares) in overseas jurisdictions may not be able to participate in future equity offerings of the Enlarged Group

Securities laws of certain jurisdictions may, after Completion, restrict the ability of the Enlarged Group to allow participation by certain Shareholders in any future issue of Ordinary Shares. In particular, Shareholders who are located in the United States may not be able to exercise their rights in a future issue of Ordinary Shares unless a registration statement under the Securities Act is effective with respect to such rights or an exemption from the registration requirements is available thereunder. The Directors and Proposed Directors have no current intention to seek such registration and it would be evaluated, at the time of any proposed issue, whether the offer would qualify for an exemption, as well as the indirect benefits to the Enlarged Group of enabling US Shareholders to exercise rights and any other factors it considers to be appropriate at the time, prior to making a decision on whether to utilise an exemption, if available, from the registration requirements of the Securities Act. Similar issues may arise in relation to other overseas jurisdictions.

The ability of the Enlarged Group to pay dividends is not guaranteed

The ability of a company to pay dividends is limited under English company law, which limits a company to making distributions (including paying cash dividends) only to the extent that it has distributable reserves (and, if required, cash) available for this purpose. As a holding company, the Company's ability to pay dividends in the future is affected by a number of factors, principally its ability to receive sufficient dividends, and generate sufficient cash flows, from subsidiaries. The payment of dividends to the Company by its subsidiaries is, in turn, subject to restrictions, including certain regulatory requirements, applicable tax laws, covenants in debt facilities and the existence of sufficient distributable reserves and cash in such subsidiaries. These laws and restrictions could limit the payment of future dividends and distributions by subsidiaries, which could restrict the ability of the Company to fund other operations or to pay a dividend to holders of Ordinary Shares (including the Consideration Shares and the Playtech Shares).

IMPORTANT INFORMATION

FORWARD LOOKING STATEMENTS

Certain statements are subject to a number of risks and uncertainties, many of which are beyond Ladbrokes' control and all of which are based on the Directors' and Proposed Directors' current beliefs and expectations about future events. In some cases, these forward looking statements can be identified by the use of forward looking terminology, including the terms 'targets', 'believes', 'estimates', 'plans', 'prepares', 'anticipates', 'expects', 'intends', 'may', 'will' or 'should' or, in each case, their negative or other variations or comparable terminology.

Such forward looking statements are based on numerous assumptions regarding Ladbrokes' present and future business strategies and the environment in which the Ladbrokes Group, the Coral Group and/or the Enlarged Group will operate in the future. By their nature, such forward looking statements involve known and unknown risks, uncertainties and other factors because they relate to events and depend on circumstances which may or may not occur in the future. Forward looking statements are not guarantees of future performance. The actual results, performance or achievements of the Ladbrokes Group, the Coral Group and/or the Enlarged Group, or industry results, may be materially different from any future results, performance or achievements expressed or implied by such forward looking statements. In addition, even if actual performance, results of operations, internal rate of return, financial condition, distributions to Shareholders and the development of its financing strategies are consistent with the forward looking statements contained in this Prospectus, those results or developments may not be indicative of results or developments in subsequent periods.

Key risks, uncertainties and other factors that could cause actual results to differ from those expected are set out more fully in the section of this Prospectus headed 'Risk Factors'. Investors should specifically and carefully consider these factors, which could cause actual results to differ, before making an investment decision.

These forward looking statements speak only as at the date of this Prospectus. To the extent required by the FCA, the London Stock Exchange or applicable law (including as may be required by the Prospectus Rules, the Listing Rules and the Disclosure Guidance and Transparency Rules), Ladbrokes will update or revise the information in this Prospectus. Otherwise, Ladbrokes expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any forward looking statements contained in this Prospectus to reflect any change in expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based.

The statements above relating to forward looking statements should not be construed as a qualification of the opinion as to working capital set out in section 8 of Part XIII (*Additional Information*) of this Prospectus.

FINANCIAL INFORMATION RELATING TO THE LADBROKES GROUP

All financial information relating to the Ladbrokes Group contained in this Prospectus, unless otherwise stated, has either been extracted from either the audited financial statements as of and for the financial years ended 31 December 2013, 31 December 2014 and 31 December 2015, as set out in the Annual Report and Accounts 2013, the Annual Report and Accounts 2014 and the Annual Report and Accounts 2015, respectively, which are incorporated by reference into this Prospectus, or from the unaudited interim financial statements for the six months ended 30 June 2016 contained in the Interim Results 2016, which are incorporated by reference into this Prospectus. Where information has been extracted from the Interim Results 2016 (or the comparative information for the six months ended 30 June 2015), the information is described as unaudited unless otherwise stated.

Percentages in tables have been rounded and accordingly may not add up to 100.0 per cent. Certain financial data have been rounded. As a result of this rounding, the totals of data presented in this Prospectus may vary slightly from the actual arithmetic totals of such data.

LADBROKES GROUP NON-IFRS MEASURES

The Ladbrokes Group assesses the performance of the Ladbrokes Group's business using a variety of key financial measures. Some of these measures are termed "non-IFRS measures" because they exclude amounts that are included in, or include amounts that are excluded from, the most directly comparable measure calculated and presented in accordance with IFRS, or are calculated using financial measures that are not calculated in accordance with IFRS. A summary of the key non-IFRS measures discussed in this Prospectus, and of how such measures are used by the Ladbrokes Group, is presented below. The Ladbrokes Group does not regard these non-IFRS measures as a substitute for the equivalent measures calculated and presented in accordance with IFRS or those calculated financial measures that are calculated in accordance with IFRS. The non-IFRS measures presented below may not be directly comparable to similarly-titled measures used by other companies including competitors of the Ladbrokes Group.

Gross Win

Gross win is a non-IFRS revenue measure which is defined as amounts wagered less customer winnings and before the deduction of free bets, promotion and bonuses. The Ladbrokes Group uses this measure as one of its assessments of revenue. Certain taxes and duties, including betting duty and the horserace betting levy, are levied based on gross win. The IFRS financial measure most directly comparable to gross win is revenue.

EBITDA

EBITDA is a non-IFRS profit measure which is defined as earnings before exceptional items, interest income and expenses, taxation, depreciation and amortisation. Each of the constituent parts of EBITDA appears in the Ladbrokes Group's IFRS income statement.

Since all entities do not calculate EBITDA in the same way, the presentation of EBITDA may not be consistent with similar measures used in other companies.

The Ladbrokes Group believes that the presentation of EBITDA provides useful information to enable investors to compare the performance of the business from period to period. Measures broadly similar to EBITDA are used by analysts, ratings agencies and investors in assessing the Ladbrokes Group's performance. The IFRS financial measure most directly comparable to EBITDA is operating profit pre-exceptional items.

Net Debt

Net debt is a non-IFRS financial position measure defined as interest bearing loans and borrowings, obligations under finance leases and bank overdrafts less cash (excluding customer funds) and short term deposits. Each of the components of net debt appears in the Ladbrokes Group's IFRS balance sheet. The Ladbrokes Group believes that the presentation of net debt provides useful information to investors as it provides information about liquidity, financial flexibility, capital structure and leverage. Furthermore, certain debt rating agencies, creditors and credit analysts monitor the Ladbrokes Group's net debt as part of their assessments of the Ladbrokes Group.

Net Revenue

Net revenue is calculated by deducting vending income (the sale of food and beverages and recorded net of VAT) from revenue.

FINANCIAL INFORMATION RELATING TO THE CORAL GROUP

The Coral Group prepares its combined financial statements in accordance with IFRS and, unless otherwise stated, all financial information relating to the Coral Group contained or incorporated by reference in this Prospectus has been prepared in accordance with IFRS.

All financial information relating to the Coral Group contained in this Prospectus, unless otherwise stated, has been extracted from the combined financial information relating to the Coral Group set out in Part IX (*Historical Financial Information relating the Coral Group*) of this Prospectus. Where information has been extracted from the unaudited comparative information for the 40 weeks ended 4 July 2015, the information is described as unaudited unless otherwise stated.

Percentages in tables have been rounded and accordingly may not add up to 100.0 per cent. Certain financial data have been rounded. As a result of this rounding, the totals of data presented in this Prospectus may vary slightly from the actual arithmetic totals of such data.

CORAL GROUP NON-IFRS MEASURES

The Coral Group assesses the performance of the Coral Group's business using a variety of key financial measures. Some of these measures are termed "non-IFRS measures" because they exclude amounts that are included in, or include amounts that are excluded from, the most directly comparable measure calculated and presented in accordance with IFRS, or are calculated using financial measures that are not calculated in accordance with IFRS. A summary of the key non-IFRS measures discussed in this Prospectus, and of how such measures are used by the Coral Group, is presented below. The Coral Group does not regard these non-IFRS measures as a substitute for the equivalent measures calculated and presented in accordance with IFRS or those calculated financial measures that are calculated in accordance with IFRS. The non-IFRS measures presented below may not be directly comparable to similarly-titled measures used by other companies including competitors of the Coral Group.

Gross Win

Gross win is a non-IFRS revenue measure which is defined as amounts wagered less customer winnings and before the deduction of free bets, promotion and bonuses. The Coral Group uses this measure as one of its assessments of revenue. Certain taxes and duties, including betting duty and the horserace betting levy, are levied based on gross win. The IFRS measure most directly comparable to gross win is revenue.

Gross Win Margin

Gross win margin is a non-IFRS measure defined as gross win divided by amounts wagered and represents the percentage of amounts wagered that is retained by the Coral Group. The Coral Group believes that gross win margin is useful in assessing the Coral Group's ability to generate revenues from the amounts wagered by customers and that it provides a basis for assessing the profitability of certain activities of the Coral Group. Gross win margin is used to evaluate performance of the Coral Group's product base particularly the sportsbook.

EBITDA

EBITDA is a non-IFRS profit measure which is defined as earnings before exceptional items, interest income and expenses, taxation, depreciation and amortisation. Each of the constituent parts of EBITDA appears in the Coral Group's IFRS income statement.

Since all entities do not calculate EBITDA in the same way, the presentation of EBITDA may not be consistent with similar measures used in other companies.

The Coral Group believes that the presentation of EBITDA provides useful information to enable investors to compare the performance of the business from period to period. Measures broadly similar to EBITDA are used by analysts, ratings agencies and investors in assessing the Coral Group's performance. The IFRS financial measure most directly comparable to EBITDA is operating profit pre-exceptional items.

Net Debt

Net debt is a non-IFRS measure that has been derived from the line items "Cash and cash equivalents" and "Interest bearing loans and other borrowings" in the combined financial statements of the Coral Group. It is calculated by deducting the financial statements' line item "Cash and cash equivalents" from the financial statements' line item "Interest bearing loans and other borrowings".

Net Revenue

Net revenue is calculated by deducting vending income (the sale of food and beverages and recorded net of VAT) from revenue.

LADBROKES GROUP AND CORAL GROUP LBO FIGURES

Except where expressly stated otherwise, all references in this Prospectus to the number of LBOs and/or other property interests that are held by the Ladbrokes Group and/or the Coral Group include the 185 Ladbrokes Group LBOs and the 174 Coral Group LBOs that are to be transferred to the Purchasers after Completion under the terms of the Business Transfer Agreements.

INFORMATION INCORPORATED BY REFERENCE

The table below sets out the documents of which certain parts are incorporated by reference into this Prospectus and which are available for inspection as set out in section 16 of Part XIII (*Additional Information*) of this Prospectus. This Prospectus should be read and construed in conjunction with the following documents, which have been previously published and filed with the FCA.

Documents containing information incorporated by reference	Information incorporated by reference	Page number in reference document
Annual Report and Accounts 2013	Chairman's statement	1
	Our strategic priorities	10-11
	Chief Executive's review	14-15
	UK retail	16
	European retail	17
	Digital	18-19
	Telephone and high rollers	19
	Financial review	20-21
	Risks and how we manage them	22-24
	Consolidated income statement	57
	Consolidated statement of comprehensive income	58
	Consolidated balance sheet	59
	Consolidated statement of changes in equity	60
	Consolidated statement of cash flows	61
	Notes to the consolidated financial statements	62-97
	Independent auditors' report to members of Ladbrokes plc on consolidated financial statements	99-100
Annual Report and Accounts 2014	Chairman's statement	4-5
	Our strategic priorities	14-15
	Chief Executive's review	16-19
	UK retail	22-23
	Digital	24-26
	European retail	27-28
	Telephone and high rollers	29
	Financial review	30-31
	Risks and how we manage them	34-37
	Independent auditors' report to members of Ladbrokes plc	72-77
	Consolidated income statement	78
	Consolidated statement of comprehensive income	79
	Consolidated balance sheet	80
	Consolidated statement of changes in equity	81
	Consolidated statement of cash flows	82
	Notes to the consolidated financial statements	83-118
Annual Report and Accounts 2015	Chairman's statement	2-3
	Strategic priorities: Building a better Ladbrokes	10-11
	Chief Executive's review	12-15
	UK retail	18-19
	Digital	20-21
	European retail	22-23
	Telephone and high rollers	23
	Financial review	24-25
	Risks and how we manage them	26-30
	Independent auditors' report to members of Ladbrokes plc	76-83
	Consolidated income statement	84
	Consolidated statement of comprehensive income	85
	Consolidated balance sheet	86

Documents containing information incorporated by reference	Information incorporated by reference	Page number in reference document
	Consolidated statement of changes in equity	87
	Consolidated statement of cash flows	88
	Notes to the consolidated financial statements	89-128
Interim Results 2016	Chief Executive's review	4-7
	UK retail	9-10
	Digital	10-11
	European retail	12-13
	Telephone and high rollers	13
	Financial review	15-17
	Principal risks and uncertainties	18-19
	Independent review report to Ladbrokes plc	21-22
	Interim consolidated income statement	23
	Interim consolidated statement of comprehensive income	24
	Interim consolidated balance sheet	25
	Interim consolidated statement of changes in equity	26
	Interim consolidated statement of cash flows	27
	Notes to the interim financial information	28-37
Circular	Part I – Letter from the Chairman (excluding section 4 (financial effects of the Merger))	6-22
	Part V – Principal terms of the Merger Agreement and other related documentation	86-90
Q3 Trading Update	Current trading and prospects	1-3

To the extent that any document or information incorporated by reference or attached to this Prospectus itself incorporates any information by reference, either expressly or by implication, such information will not form part of this Prospectus for the purposes of the Prospectus Rules, except where such information or documents are stated within this Prospectus as specifically being incorporated by reference or where this Prospectus is specifically defined as including such information.

Except as set out above, no other portion of these documents is incorporated by reference into this Prospectus and those portions which are not specifically incorporated by reference in this Prospectus are either not relevant for prospective investors and/or Shareholders or the relevant information is included elsewhere in this Prospectus.

Any statement contained in a document which is deemed to be incorporated by reference into this Prospectus shall be deemed to be modified or superseded for the purpose of this Prospectus to the extent that a statement contained in this Prospectus (or in a later document which is incorporated by reference into this Prospectus) modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Prospectus.

These documents are available on the Ladbrokes website, www.ladbrokesplc.com. Ladbrokes will provide, without charge, to each person to whom a copy of this Prospectus has been delivered, upon the oral or written request of such person, a copy of all or any of the documents which are incorporated by reference herein. Written or oral requests for such documents should be directed to Ladbrokes at its registered office as set out in section 16 of Part XIII (*Additional Information*) of this Prospectus.

EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Each of the times and dates in the table below is indicative only and may be subject to change.

Publication of the Prospectus by Ladbrokes	27 October 2016
Completion	1 November 2016
Cancellation of the current listing of the Existing Ordinary Shares and Admission	8:00 a.m. on 1 November 2016

Notes:

(1) The times and dates set out in the expected timetable of principal events above and mentioned throughout this Prospectus are based on the Directors' and Proposed Directors' current expectations and will depend, among other things, on the dates upon which conditions to the Merger are satisfied. The times and dates set out above may be adjusted by Ladbrokes in which event details of the new times and dates will be notified to the UKLA, the London Stock Exchange and, where appropriate, Shareholders. An announcement by Ladbrokes will also be made on a Regulatory Information Service. Notwithstanding the foregoing, Shareholders may not receive any further written communication.

(2) All references to times in this Prospectus are to London times unless otherwise stated.

INDICATIVE STATISTICS

Merger

Number of Ordinary Shares in issue as at the Latest Practicable Date	1,050,455,117 of which 31,760,568 are held in treasury
Number of Ordinary Shares in issue as at the Latest Practicable Date, excluding treasury shares	1,018,694,549
Number of Consideration Shares to be issued	866,518,803
Number of Playtech Shares to be issued	Up to 42,105,263
Enlarged Issued Share Capital	Up to 1,927,318,615
Enlarged Issued Share Capital, including treasury shares	Up to 1,959,079,183
Estimated total expenses of the Merger (inclusive of VAT)	£76.1 million

Total

Consideration Shares as a percentage of the Enlarged Issued Share Capital immediately following Admission	44.96%
Consideration Shares as a percentage of the Enlarged Issued Share Capital immediately following Admission, including treasury shares	44.23%
Playtech Shares as a percentage of the Enlarged Issued Share Capital immediately following Admission(1)	2.18%
Playtech Shares as a percentage of the Enlarged Issued Share Capital immediately following Admission, including treasury shares(1)	2.15%

Note:

(1) In addition to the Playtech Shares that are to be issued to it upon Completion, Playtech plc held 98,589,095 Ordinary Shares as at the Latest Practicable Date.

These figures are calculated assuming that the number of Ordinary Shares in issue and to be issued as at close of business on the Latest Practicable Date does not change and that no issues of Ordinary Shares, other than those described above, occur between the Latest Practicable Date and Admission.

The calculations of the Consideration Shares and Playtech Shares as a percentage of the Enlarged Issued Share Capital have been made on the assumption that 42,105,263 Playtech Shares are issued to Playtech.

DIRECTORS, PROPOSED DIRECTORS, COMPANY SECRETARY, REGISTERED OFFICE AND ADVISERS

Current Board	John Kelly – Chairman Jim Mullen – Chief Executive Mark Clare – Senior Independent Non-Executive Director Christine Hodgson – Non-Executive Director Mark Pain – Non-Executive Director Stevie Spring – Non-Executive Director
Enlarged Board	John Kelly – Chairman Jim Mullen – Chief Executive Carl Leaver (current Gala Coral Chief Executive Officer) – Executive Deputy Chairman Paul Bowtell (current Gala Coral Chief Financial Officer) – Chief Financial Officer Mark Clare – Senior Independent Non-Executive Director Christine Hodgson – Non-Executive Director Mark Pain – Non-Executive Director Stevie Spring – Non-Executive Director Rob Templeman (current Gala Coral Non-Executive Chairman) – Non-Executive Director

The business address of each of the Directors is the registered office of Ladbrokes at Imperial House, Imperial Drive, Rayners Lane, Harrow, Middlesex HA2 7JW and, immediately after Completion, the business address of each of the Proposed Directors will be the same.

Company Secretary and Registered Office	Geoff Mason Ladbrokes plc Imperial House Imperial Drive Rayners Lane Harrow Middlesex HA2 7JW
Website	www.ladbrokesplc.com
Joint Sponsor	Greenhill & Co. International LLP Lansdowne House 57 Berkeley Square London W1J 6ER
Joint Sponsor	UBS Limited 5 Broadgate London EC2M 2QS
Auditor and Reporting Accountant	PricewaterhouseCoopers LLP 1 Embankment Place London WC2N 6RH

Reporting Accountant for the Coral Group	KPMG LLP 15 Canada Square Canary Wharf London E14 5GL
Legal adviser to Ladbrokes as to English law	Slaughter and May One Bunhill Row London EC1Y 8YY
Legal adviser to the Joint Sponsors as to English law	Davis Polk & Wardwell London LLP 5 Aldermanbury Square London EC2V 7HR
Legal adviser to the Coral Group as to English law	Ashurst LLP Broadwalk House 5 Appold Street London EC2A 2HA
Registrar	Computershare Investor Services plc The Pavilions Bristol BS99 6AH

PART I
INFORMATION ABOUT THE MERGER

1. Introduction and summary of the Merger

General

On 24 July 2015, Ladbrokes and Gala Coral Group Limited ("**Gala Coral**") announced that they had agreed the terms of a recommended merger (the "**Merger**") of Ladbrokes with certain businesses of Gala Coral, including Coral Retail, Eurobet Retail and Online (the "**Coral Group**") to create Ladbrokes Coral Group plc and the Enlarged Group.

To effect the Merger, Ladbrokes will acquire the Coral Group in consideration for the issue of 866,518,803 Ordinary Shares to Gala Coral Group Finance Limited ("**Coral**") representing 45.96 per cent. of the issued share capital of the Company, excluding treasury shares, post the equity placing announced on 24 July 2015 but pre the Playtech Issue (which is explained in section 3 of this Part I (*Information About The Merger*) of the Prospectus). Following the Playtech Issue, Coral will hold 44.96 per cent. of the Enlarged Issued Share Capital and Existing Shareholders will hold 52.86 per cent. of the Enlarged Issued Share Capital, excluding treasury shares.

In the period between Completion and the completion of the Distribution (which is explained in section 10.1 of Part I (Letter from the Chairman) of the Circular, which is incorporated by reference into this Prospectus), each member of the Gala Group involved in the Distribution, being GCG Manager S.A. Luxco SCA, Gala Coral Group Limited, Gala Electric Casinos Limited and Coral (each a "**Coral Party**" and together, the "**Coral Parties**"), will, at the time it holds the Consideration Shares, hold more than 30 per cent. of the shares of the Enlarged Group and may, therefore, be a controlling shareholder for the purposes of the Listing Rules. As a result, Ladbrokes will enter into a relationship agreement prior to Completion (but conditional on Completion) with the Coral Parties (the "**Relationship Agreement**").

The Relationship Agreement will take effect on Completion and will continue in force until the earlier of: (i) the Ordinary Shares ceasing to be admitted to the premium segment of the Official List and admitted to trading to the London Stock Exchange's main market for listed securities; or (ii) the Coral Parties ceasing to own 30 per cent. or more of the Ordinary Shares or the voting rights attaching to the Ordinary Shares.

Under the Relationship Agreement, until the agreement terminates, each Coral Party undertakes that it shall (and shall procure that each of its Associates shall):

(A) conduct all transactions and arrangements with any member of the Enlarged Group at arm's length and on normal commercial terms;

(B) not take any action that would have the effect of preventing Ladbrokes from complying with its obligations under the Listing Rules; and

(C) not propose or procure the proposal of a shareholder resolution of Ladbrokes which is intended or appears to be intended to circumvent the proper application of the Listing Rules.

The Consideration Shares issued to Coral at Completion will be transferred from Coral to the ultimate shareholders of GCG Manager S.A. Luxco SCA, the parent entity of the Gala Group ("**Gala LuxCo**"), as soon as reasonably practicable after, and in any event within 10 Business Days from, Completion pursuant to the terms of the Conduct Agreement. This means that the Coral Parties will cease to hold over 30 per cent. of the shares of the Enlarged Group shortly after Completion.

The precise mechanics for the transfer of the Consideration Shares from Coral to the ultimate shareholders of Gala LuxCo (through the chain of companies, being Gala Coral Group Limited and Gala Electric Casinos Limited) are complex as a result of legal, accounting and tax considerations in the UK and Luxembourg. The transfer of the Consideration Shares (from Coral through the chain of companies to Gala LuxCo and then to the ultimate shareholders of Gala LuxCo) shall be effected by a range of different steps including by consecutive distributions in specie through these companies to Gala LuxCo, repayment of loan notes and, after Gala LuxCo is placed into liquidation, by a distribution in specie (together with a cash distribution) to the ultimate shareholders of Gala LuxCo. Coral shall be permitted to withhold documents of title in respect of 5 per cent. of the Consideration Shares to which each of the ultimate shareholders of Gala LuxCo is entitled for a 180 day period post-Completion. In addition, Coral shall, as agent for the ultimate shareholders of Gala LuxCo, be permitted to sell such number of any Consideration Shares so retained as is necessary to enable Coral to meet any claims from Ladbrokes under the Merger Agreement.

The principal terms of the Merger are described in more detail in section 8 of Part I (Letter from the Chairman of Ladbrokes) and Part V (Principal Terms of the Merger Agreement and other Related Documentation) of the Circular, which are incorporated by reference into this Prospectus.

The value of the consideration for the Merger is £1,167,200,827, based on the number of Ordinary Shares to be issued to Coral (as described above) and the share price of 134.7 pence per Ordinary Share as at the Latest Practicable Date.

Application of the Listing Rules

Due to the size of the Merger relative to the size of Ladbrokes, the Merger is classified as a reverse takeover of Ladbrokes pursuant to the Listing Rules. As a result of the Merger's classification as a reverse takeover pursuant to the Listing Rules, Ladbrokes will, through the Joint Sponsors, apply to the UKLA and to the London Stock Exchange for:

(A) the current listing of the Existing Ordinary Shares to be cancelled and the Existing Ordinary Shares to be readmitted upon Completion to the premium listing segment of the Official List and to trading on the main market for listed securities of the London Stock Exchange;

(B) the Consideration Shares to be admitted upon Completion to the premium listing segment of the Official List and to trading on the main market for listed securities of the London Stock Exchange; and

(C) the Playtech Shares to be admitted upon Completion to the premium listing segment of the Official List and to trading on the main market for listed securities of the London Stock Exchange.

Given that Completion is conditional on Merger Admission, if Merger Admission does not occur, Completion will not take place and the Merger Agreement will terminate.

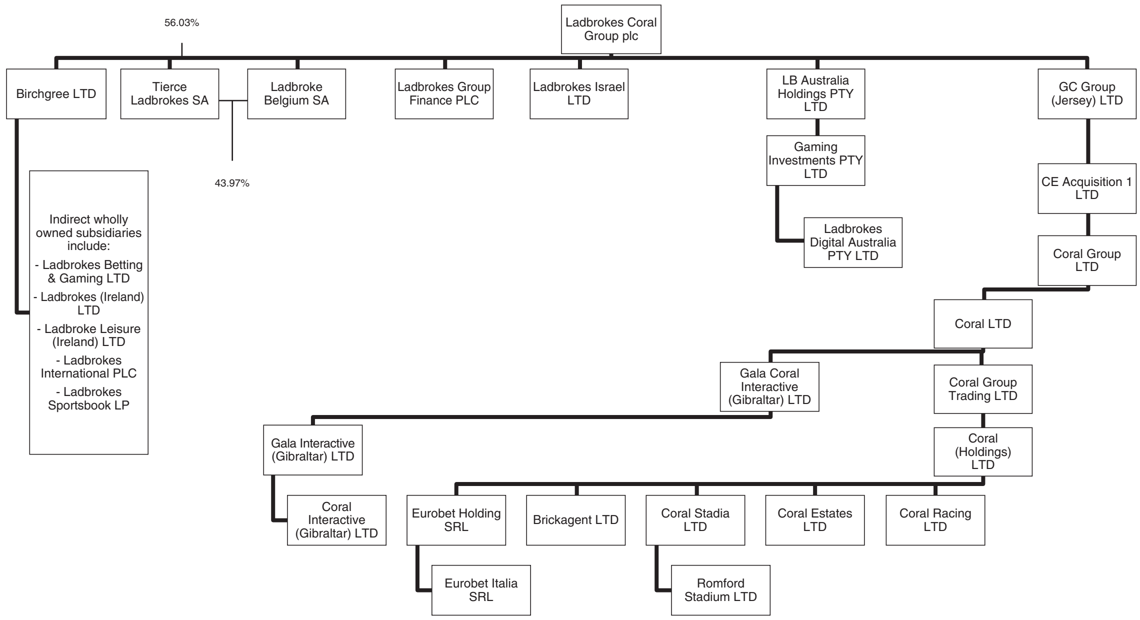
The Playtech Issue is conditional on Completion and so if Completion does not take place the Playtech Shares will not be issued and Playtech Shares Admission will not occur.

The Merger, due to its classification as a reverse takeover of Ladbrokes pursuant to the Listing Rules, required the approval of Shareholders. The General Meeting to approve the resolutions required to implement the Merger was convened on 24 November 2015 and all necessary resolutions were passed at the General Meeting.

For the avoidance of doubt, it is expected that the Merger will be accounted for as an acquisition of the Coral Group by the Company in its next financial statements.

2. Structure of the Enlarged Group

The organisational chart below provides a simplified illustration of the legal structure of the Enlarged Group as at Completion.



3. Background to and reasons for the Merger

3.1 The Merger

Following Completion, the Enlarged Group will be one of the leading European betting and gaming groups providing its customers with a wide choice of products and flexibility across channels.

The combination of Ladbrokes and the Coral Group is compelling strategically and is attractive as a platform for long-term growth. The Directors and Proposed Directors believe that there are five opportunities that have been identified and will be central to the overall strategy of the Enlarged Group, which are: (i) the creation of an Enlarged Group with the potential to deliver faster online growth; (ii) the creation of an Enlarged Group with the UK's largest LBO estate; (iii) the creation of an Enlarged Group with an extensive international portfolio of regulated businesses; (iv) the delivery of significant synergies underpinning Shareholder returns; and (v) the creation of an Enlarged Group with an enhanced and integrated technology platform.

The potential to deliver faster online growth

The Directors and Proposed Directors believe that, on a combined basis, the online business of the Enlarged Group will generate approximately 25 per cent. of revenues and would be a substantially increased player in the UK online market as a result of the Merger.

Digital sports betting and gaming remain the key growth opportunities in the market and the Merger enables the Enlarged Group to drive further online growth. This will be delivered through enhanced multi-channel and marketing capabilities, and the ability to deploy shared innovation across multiple brands.

An effective multi-channel offering delivers higher value customers at lower cost and enhances customer experience, driving loyalty. The Coral Group has already deployed market leading multi-channel technology across its estate. Ladbrokes' multi-channel programme launched in July 2015 has now delivered over 130,000 signups. Metrics such as player value and retention associated with these players continue to look strong compared to core digital players. Following Completion, the Enlarged Group intends to take the best from both the Ladbrokes Group's and the Coral Group's multi-channel technology to enhance its overall omni-channel offer.

The Enlarged Group intends to operate a dual-brand strategy in the UK across both its retail and its digital businesses. The Enlarged Board believes that this is the optimal route to maximising the value of the Enlarged Group's customer bases. The intention is to continue to offer customers distinctive products and promotions. Where appropriate, the Enlarged Group will leverage product innovation and technology across both brands, in particular in multi-channel, which will be central to generating digital growth. In digital, where customers typically have multiple betting applications on their smartphone, the Enlarged Group will aim to be two of these applications rather than one. The Enlarged Group also is expected to be able to use its sophisticated customer analytical tools to anticipate the actions of players, thereby allowing it to present attractive personalised offers from the second brand to online customers who are expected to be about to churn.

The use of dual brands does not limit the delivery of synergies – the Enlarged Group expects to combine its core trading platforms, IT systems and retail governance teams, and through dual-brand sourcing deliver procurement synergies in certain key categories of marketing spend. IT integration planning is well advanced and a plan has been put in place for the integration of the Ladbrokes Group's and the Coral Group's IT systems.

Ladbrokes and the Coral Group also intend to pool their digital innovation teams in order to strengthen the product pipelines of the Enlarged Group. The Enlarged Group will continue to focus on delivering innovation across its multiple brands, with the view to enhancing returns.

The Enlarged Group will have market leading technology supporting its online operations. Ladbrokes and the Coral Group currently use similar technology platforms, including partnerships with suppliers such as Playtech, OpenBet and Scientific Games. This commonality is expected to accelerate integration without causing any material disruption to the customers of the Enlarged Group.

The UK's largest LBO estate – strongly cash generative, more efficient and sustainable in the long term

The Enlarged Group's dual-brand strategy will ensure that its customers can retain their brand preference. The combined retail estate of the Enlarged Group will continue to build on its track record of product innovation.

The Merger also represents an opportunity to improve further shop efficiency through the reduction of central overheads and through joint procurement. This will make the Enlarged Group's UK retail estate more resilient in the face of recent taxation increases.

An extensive international portfolio of regulated businesses

The Directors and Proposed Directors believe that the international operations will represent approximately 13 per cent. of the Enlarged Group's revenue.

The Enlarged Group will have strong retail and online operations in Italy (number two online), Belgium (number one in retail) and Spain (number one in retail) and an attractive and rapidly growing online operation in Australia (number three corporate bookmaker).

The Enlarged Group will review and seek opportunities in international markets both to enhance its existing international portfolio but also to manage the risk of an over reliance on its core UK market.

Significant synergies underpinning Shareholder returns

The Directors and Proposed Directors believe that the Enlarged Group will be able to achieve recurring annual pre-tax cost synergies of at least £65 million as a result of the Merger. Ladbrokes expects these synergies to be phased in over the three years after Completion. For further detail on the significant synergies underpinning Shareholder returns, please refer to section 3.4 of this Part I (*Information about the Merger*) of this Prospectus.

An enhanced and integrated technology platform

To assist in providing the flexibility for the Enlarged Group to achieve integration and realise synergies from the combination of the Coral Group's and the Ladbrokes Group's digital businesses, Playtech has agreed with Ladbrokes to amend, conditional upon Completion, the existing Marketing Services Agreement with Ladbrokes.

As part of this arrangement, Playtech and Ladbrokes have agreed to accelerate the determination of amounts due to Playtech under the Marketing Services Agreement. The sum agreed is £75 million, of which £40 million will be satisfied by way of the issue of shares in the Enlarged Group on Completion (the "**Playtech Issue**") and with a further guaranteed £35 million in cash paid upon delivery by Playtech of key operational milestones but, in any event, within 42 months following Completion.

This will accelerate the integration of the two companies' digital platforms and therefore the delivery of cost synergies. The additional benefits of this agreement are not reflected in the synergy estimate and would reflect incremental value generation for the Enlarged Group.

3.2 Retail Disposals

On 26 July 2016, the CMA published its final conclusions in relation to the Merger in which it stated that the Merger could proceed subject to the divestment of 350 to 400 LBOs, and that Completion of the Merger could occur when the LBO divestment process was substantially complete.

On 15 October 2016:

(a) Ladbrokes Betting & Gaming Limited entered into: (i) a business transfer agreement to sell 168 LBOs to Done Brothers (Cash Betting) Limited (trading as Betfred) ("**Betfred**"); and (ii) a business transfer agreement to sell 17 LBOs to StanJames (Abingdon) Limited (trading as Stan James) ("**Stan James**" and together with Betfred, the "**Purchasers**") (together the "**Ladbrokes Business Transfer Agreements**"); and

(b) Coral Racing Limited entered into: (i) a business transfer agreement to sell 154 LBOs to Betfred; and (ii) a business transfer agreement to sell 20 LBOs to Stan James (together the "**Coral Business Transfer Agreements**"),

(the Ladbrokes Business Transfer Agreements and the Coral Business Transfer Agreements, together being, the "**Business Transfer Agreements**").

The aggregate number of LBOs being sold to Betfred is 322 for a cash consideration of £55.0 million. The aggregate number of LBOs being sold to Stan James is 37 for a cash consideration of £0.5 million. The Business Transfer Agreements were entered into on substantially similar terms. The Business Transfer Agreements contain certain customary warranties and indemnities in relation to the business and assets transferring to the Purchasers, including an indemnity in respect of all matters arising in connection with the operation of the relevant business prior to completion of the relevant Business Transfer Agreement.

On 21 October 2016, Ladbrokes Betting & Gaming Limited entered into a further business transfer agreement, on substantially the same terms as the Business Transfer Agreements, with Bet 21 Limited in respect of the sale of 1 LBO to Bet 21 Limited (the "**Additional Transfer Agreement**").

On 26 October 2016, the CMA approved the purchasers, LBO disposal packages and the terms of the Business Transfer Agreements and the Additional Transfer Agreement. Descriptions of the Business Transfer Agreements have been included in sections 6 and 7 of Part XIII (*Additional Information*) of this Prospectus.

3.3 Integration review

At the time of the Circular, the directors of Ladbrokes and the directors of Gala Coral recognised that, to achieve some of the expected benefits of the Merger, it would be necessary to undertake a review of how best to integrate the Ladbrokes Group and the Coral Group (the "**Integration Review**"). The Integration Review has now commenced and a steering committee has been established to coordinate integration planning. However, the Ladbrokes Group and the Coral Group remain separate and data sharing is subject to certain restrictions for commercial and competition law reasons.

The Integration Review has started to put together plans to integrate the Ladbrokes Group's and the Coral Group's operations and resources to ensure that the optimal combination is achieved post-Completion. In addition, the Integration Review has resulted in some proposed changes to the locations of the Enlarged Group's places of business and work is currently being done to determine whether any fixed assets of the Enlarged Group will be required to be redeployed. The analysis carried out to date has indicated the potential to generate cost synergies for the Enlarged Group in areas where there is an overlap of functions. Although the number of employees actually affected by the Merger will depend on the outcome of the Integration Review, it is estimated that there will be a decrease of approximately 3 per cent. of the Enlarged Group's full-time equivalent employees.

The existing contractual and statutory employment rights of all employees of the Coral Group and the Ladbrokes Group will be fully respected following Completion save to the extent that the location of the places of business of the Enlarged Group are impacted by the Integration Review.

It is not envisaged that contributions into the Ladbrokes pension schemes, the accrual of benefits for existing members or the admission of new members will be impacted by the Merger.

3.4 Financial effects of the Merger

The Directors and Proposed Directors, having reviewed and analysed the potential benefits of the Merger, based on their experience of operating in the sector and taking into account the factors that the Ladbrokes Group and the Coral Group can influence, believe that the Enlarged Group, comprising both the Ladbrokes Group and the Coral Group in their entirety, will be able to achieve recurring annual pre-tax cost synergies of at least £65 million as a result of the Merger. Ladbrokes expects these synergies to be phased in over the three years after Completion with approximately 35 per cent. delivered in year one, 85 per cent. in year two and 100 per cent. by the end of year three, post-Completion.

The principal sources of quantified cost synergies are as follows:

(A) approximately £7 million from reduced corporate costs; and

(B) approximately £58 million through combining the retail and digital operations, by eliminating duplicated activities where appropriate and by streamlining general and administration costs across the two operations. It is expected that these savings will be realised approximately 60 per cent. in retail and approximately 40 per cent. in digital operations, respectively.

It is expected that the realisation of the quantified cost synergies will result in non-recurring costs of approximately 1.25 times annual quantified synergies, predominantly in the first year after Completion. Aside from these costs, no material cost dis-synergies are expected in connection with the Merger.

In addition to the quantified cost synergies outlined above, the Enlarged Group expects further upside from cross-brand marketing, exchange of expertise relating to product innovation and the transfer of operational best practices (the "**Incremental Synergies**").

The Retail Disposals are not expected to impact the quantified cost synergies or non-recurring costs of implementation. The associated revenue and EBITDA for the LBOs that are being transferred for the most recent full financial year for both the Ladbrokes Group and the Coral Group is £12.8 million and £13 million, respectively.

The quantified cost synergies are contingent on Completion of the Merger and the Enlarged Board believes the financial benefits will accrue as a direct result of the Merger and could not be achieved independently. The estimated synergies reflect both the beneficial elements and the relevant costs.

4. Current trading and prospects

Ladbrokes

Ladbrokes issued its trading update for the three months ended 30 September 2016 (the "**Q3 Trading Update**") on 18 October 2016. The Q3 Trading Update is incorporated by reference into this Prospectus. Trading for the period from 30 September 2016 to the date of this Prospectus has been and is in line with the expectations of the Directors and there has been no material change to the financial position of the Ladbrokes Group since that date.

Coral Group

The period post 2 July 2016 represents the 15-week period to 16 October 2016 incorporating the 12 week period to 25 September 2016 (fourth quarter of the financial year ended 25 September 2016) and the subsequent 3 week period to 16 October 2016.

12 week period to 25 September 2016 (fourth quarter of 2016 financial year):

Trading in the 12 week period to 25 September 2016 (fourth quarter of 2016 financial year) was positive with Coral Group net revenue 8.9 per cent. ahead of last year (year to date +11.3 per cent.)

Coral Retail total net revenue grew 0.3 per cent., driven by an improvement in OTC gross win margin and machines growth.

Eurobet Retail net revenue was 31.2 per cent. ahead of last year, with strong growth in sports stakes.

Online saw continued strong growth with net revenue 23.7 per cent. ahead of last year (year to date +28.3 per cent.) with Coral.co.uk net revenue 31.7 per cent. ahead driven by strong sports stakes growth.

3 week period to 16 October 2016:

Coral Group net revenue was ahead of last year, with growth in all divisions, except Coral Retail which was marginally behind.

5. Strategy of the Enlarged Group

The Enlarged Group's strategy will seek to exploit the combined strengths of the Ladbrokes Group and the Coral Group, and will initially focus on the following strategic opportunities.

Trading for the period from 16 October 2016 to the date of this Prospectus has been in and is in line with the expectations of the Coral Board and there has been no material change to the financial position of the Coral Group since that date.

Developing multi-channel

Digital sports betting and gaming remain the key growth opportunities in the market. The Enlarged Group will seek to leverage its strong positions in the OTC sports betting markets of the UK, Belgium, Ireland, Italy and Spain to drive further online growth.

The Enlarged Group's combined multi-channel experience of the "Grid" and "Coral Connect" will allow it to provide the market leading omni-channel offering in the sector. The Enlarged Group intends to take the best from both of these products to enhance its overall omni-channel offer.

Maintaining dual brands in the UK

The Enlarged Group intends to operate a dual-brand strategy in the UK across both its retail and its digital businesses. The Directors and Proposed Directors believe that this is the optimal route to maximising the value of the Enlarged Group's customer bases. The intention is to continue to offer customers distinctive products and promotions. Where appropriate, the Enlarged Group will leverage product innovation and technology across both brands, in particular in multi-channel, which will be central to generating digital growth. In digital, where customers typically have multiple betting applications on their smartphone, the Enlarged Group will aim to be two of these applications rather than one. The Enlarged Group also expects to be able to use its sophisticated customer analytical tools to anticipate the actions of players, thereby allowing it to present attractive and personalised offers from the second brand to online customers who are expected to be about to churn.

Pursuing international opportunities

The Enlarged Group will review and seek opportunities in international markets both to enhance its existing international portfolio but also to manage the risk of an over reliance on its core UK market. Opportunities that allow the Enlarged Group to leverage its sports betting expertise and cross sell into its gaming knowledge will be the basis for its review of international opportunities. However, international markets with a strong gaming customer base in which the Enlarged Board believes the Enlarged Group can grow market share shall continue to be front of mind.

The Ladbrokes Group's and the Coral Group's combined expertise in working with regulators and the development of the Enlarged Group's regulatory and compliance experience will prepare the Enlarged

Group for working with international partners if the opportunity appears and with the Enlarged Group's scale, brands and product innovation the Enlarged Group will have much to offer international partners if such a partnership is of benefit to the Enlarged Group and its Shareholders.

6. Dividend policy

Ladbrokes announced on 24 July 2015 a total dividend of 3p per Ordinary Share for the full year in 2015 (consisting of 1p paid as an interim dividend and 2p paid as a final dividend) with dividends remaining at this level until underlying earnings per share cover exceeds two times underlying earnings per share, at which time a two times dividend cover policy would be adopted. Consistent with this policy, Ladbrokes announced an interim dividend of 1p on 4 August 2016. The Enlarged Group's dividend policy will in all likelihood initially consist of a dividend of a minimum of 3p per Ordinary Share per annum (consisting of 1p paid as an interim dividend and 2p paid as a final dividend) before increasing progressively in the medium term to a 2 times dividend cover policy.

7. Outline of the Merger

This section summarises the principal terms and conditions of the Merger, further details of which are set out in Part V (Principal Terms of the Merger Agreement and Other Related Documentation) of the Circular, which is incorporated by reference into this Prospectus.

7.1 Merger Agreement

The Merger Agreement was entered into on 24 July 2015 among Ladbrokes, Coral and the Coral Management Shareholders to give effect to the Merger. Pursuant to the Merger Agreement, Coral agreed conditionally to sell the entire issued share capital of the holding company of the Coral Group to Ladbrokes in consideration for the issue by Ladbrokes of the Consideration Shares to Coral.

Conditions

Certain of the Conditions to Completion have been satisfied prior to the date of this Prospectus. However, Completion remains subject to Merger Admission having occurred.

Consideration

In consideration for the transfer of the Coral Group to Ladbrokes, Coral will receive Consideration Shares in Ladbrokes such that Coral will own 45.96 per cent. of Ladbrokes share capital excluding treasury shares (post the equity placing announced on 24 July 2015 and pre the Playtech Issue) and Existing Shareholders will own 54.04 per cent. on the same basis.

Ladbrokes and Coral have agreed that the equity placing which was announced on 24 July 2015 and the Playtech Issue will result in a dilution of the shareholding of Coral in the Enlarged Group.

Ladbrokes and Coral agreed anti-dilution protections for Coral such that, if Ladbrokes made certain issuances of Ordinary Shares prior to Completion (including bonus issues, capitalisations, issuances for cash or non-cash consideration and certain issuances under the Ladbrokes Share Schemes), then the number of Consideration Shares to be issued to Coral at Completion would be adjusted (and the percentage shareholding of Coral may change) so as to ensure that the implied economic value of Coral's proposed shareholding in Ladbrokes is not changed.

The value of the consideration for the Merger is £1,167,200,827, based on the number of Ordinary Shares to be issued to Coral (as described above) and the share price of 134.7 pence per Ordinary Share as at the Latest Practicable Date.

Governance

The Merger Agreement sets out the structure for the board of the Company post-Completion. The board of the Company post-Completion will comprise three Executive Directors and six Non-Executive Directors.

The three Executive Directors will be: Jim Mullen (Chief Executive Officer), Carl Leaver (Executive Deputy Chairman with a one year fixed term) and Paul Bowtell (Chief Financial Officer). The Non-Executive Directors will be: John Kelly (Chairman), Mark Clare, Christine Hodgson, Mark Pain, Stevie Spring and Rob Templeman.

7.2 Conduct Agreement

Ladbrokes, Coral, the Four Principal Coral Shareholders and the Coral Management Shareholders entered into the Conduct Agreement on 24 July 2015 pursuant to which the Four Principal Coral Shareholders and the Coral Management Shareholders agreed certain restrictions in relation to the Consideration Shares.

Pursuant to the Conduct Agreement, the parties have agreed that the Consideration Shares issued to Coral at Completion will be transferred from Coral to the ultimate shareholders of Gala LuxCo as soon as reasonably practicable after, and in any event within 10 Business Days from, Completion. However, Coral shall be permitted to withhold documents of title in respect of 5 per cent. of the Consideration Shares to which each of the ultimate shareholders of Gala LuxCo is entitled for a 180 day period post-Completion. In addition, Coral shall, as agent for the ultimate shareholders of Gala LuxCo, be permitted to sell such number of any Consideration Shares so retained as is necessary to enable Coral to meet any claims from Ladbrokes under the Merger Agreement.

Standstill and lock-up

The Conduct Agreement provides that, during the period from signing of the Conduct Agreement until six months post-Completion, Coral, the Four Principal Coral Shareholders and Coral Management Shareholders will not buy Ordinary Shares or announce any offer to acquire Ladbrokes.

In addition, for a period of 180 days post-Completion, Coral, the Four Principal Coral Shareholders and Coral Management Shareholders are prohibited (subject to certain customary exceptions) from selling, transferring or disposing of any of the Consideration Shares. However, Coral is entitled to sell up to £40 million of Consideration Shares post-Completion. Under one of the exceptions to the lock-up provisions, the Coral Management Shareholders are permitted to sell their Consideration Shares to raise cash to discharge tax liabilities arising in respect of or in relation to the acquisition of their Consideration Shares and/or their acquisition, disposal or holding of any shares in Gala LuxCo and/or any of its current or former subsidiaries.

Orderly sale provisions apply (subject to certain customary exceptions) to the Consideration Shares held by the Four Principal Coral Shareholders (subject to each continuing to hold a minimum percentage of Ordinary Shares) and the Coral Management Shareholders (subject to the relevant individual being a PDMR of Ladbrokes) for a period of 180 days following the initial lock-up period so as to ensure the maintenance of an orderly market for Ordinary Shares. The tax liability related exception to the lock-up provisions, referred to in the paragraph above, also applies to the Coral Management Shareholders in relation to the orderly sale restrictions.

The Conduct Agreement obliges Coral, the Four Principal Coral Shareholders and the Coral Management Shareholders to make it a condition of the Distribution that each other Gala LuxCo shareholder agrees to be bound by the same lock-up restrictions and, to the extent that such Gala LuxCo shareholder is interested (directly or indirectly) in 2 per cent. or more of the Ordinary Shares, the same orderly sale restrictions.

8. New financing

The Ladbrokes Group has the following funding in place:

(A) the 2017 Notes;

(B) the 2022 Notes; and

(C) the 2019 Bilateral Senior Credit Facilities.

The intention is for the 2017 Notes and the 2022 Notes to remain in place following Completion. In addition, the Ladbrokes Group signed a c.£1.35 billion senior credit facilities agreement on 8 October 2015 (the "**New Facilities Agreement**"). This new facility is made up of three tranches:

- Facility A – a £600,000,000 sterling term loan facility, which is due to mature one year after the date of the New Facilities Agreement, subject to three extension options, which would, if all three were exercised, extend the maturity of this facility to July 2018;
- Facility B – a £400,000,000 multi-currency revolving loan facility, which is due to mature on the fifth anniversary of the date of the New Facilities Agreement; and
- Facility C – a £350,000,000 multi-currency revolving loan facility, which is due to mature on 13 June 2019. This Tranche C requires the 2019 Bilateral Senior Credit Facilities to be cancelled as a condition precedent to drawdown.

The first of the Facility A extension options was exercised on 19 September 2016.

Drawdown under the New Facilities Agreement is generally conditional upon, among other things: (i) evidence that Completion (including Merger Admission) has taken place; (ii) evidence that all fees, costs and expenses have been or will be paid on or before the date of first utilisation; and (iii) delivery of certain customary conditions precedent, such as corporate authorisations from Ladbrokes and Ladbrokes Group Finance plc, and a structure chart of the Enlarged Group following Completion.

As a result of the New Facilities Agreement, in respect of the financing of the Coral Group, it is not envisaged that the Coral Senior Facilities Agreement, the Coral 2018 Notes, or the Coral 2019 Notes will transfer into the Enlarged Group on Completion. Consequently, it is intended that certain of the proceeds of the New Facilities Agreement will be used to repay the Coral Senior Facilities Agreement, the Coral 2018 Notes and the Coral 2019 Notes. It is anticipated that, subject to market conditions, some or all of Facility A of the New Facilities Agreement may be refinanced by way of issuance in the debt capital markets, and this could take place around the time of Completion of the Merger.

PART II
INFORMATION ON THE BETTING AND GAMING INDUSTRY

1. Industry overview

The betting and gaming industry includes activities such as bookmaking, on-course and off-course betting and gaming (through retail, online and mobile channels), gaming machines, local and national lotteries, casinos, bingo and football pools. The Ladbrokes Group currently operates in the betting and gaming industry in the UK, Australia, Belgium, Ireland and Spain. The Coral Group currently operates in the betting and gaming industry in the UK and Italy. Both the Ladbrokes Group and the Coral Group are also active in the online betting and gaming market in other international territories and to a lesser extent the UK telephone betting market.

The Ladbrokes Group and the Coral Group face competition primarily from other bookmakers, other online gaming operators and online betting exchanges.

1.1 UK retail

The betting and gaming industry in the UK comprises a range of activities, including bookmaking, casinos, bingo, gaming machines, the National Lottery as well as other lotteries and football pools.

The off-course betting market was established in 1961 in the UK, when the UK Government legalised off-course betting shops in the UK. The number of shops grew rapidly, and by 1987 there were approximately 10,300 LBOs in the UK.[1] Since then, the sector has experienced consolidation and a reduction in the number of LBOs. By 1994, there were 9,670 LBOs in the UK and by 31 March 2016 there were estimated to be 8,809 LBOs.[2] It is estimated that as at 31 March 2016 William Hill had approximately 26 per cent., Ladbrokes had approximately 24 per cent., Coral had approximately, 21 per cent., Betfred had approximately 16 per cent. and other operators had approximately 13 per cent. of LBOs in the UK.[3] The Ladbrokes Group's and Coral Group's UK retail businesses face competition from these operators and from a number of other smaller competitors.

Traditionally the core betting products in LBOs were UK horse racing, greyhound racing and multiple event accumulator bets. However, there have been significant legislative changes over the years which have enabled bookmakers to improve the quality of their customer offering in the shops and the environment in which they deliver it.

At the start of this century, there were a number of positive regulatory developments, including a move to a more favourable gross profits-based tax regime, the introduction of gaming machines and winter evening opening and the legalisation of advertising, including on television. As a result, LBOs now provide customers with greater flexibility and offer a far wider range of betting and gaming products. In recent years, the implementation of the Gambling Act 2005 and Gambling (Licensing & Advertising) Act 2014 have introduced more formal regulation designed to keep crime out of gambling, make sure that gambling operators conduct their business in a fair and open way and protect the young and the vulnerable from being harmed or exploited by gambling. This has led to the development of a number of regulations which apply to UK licensed operators, which are documented in the Gambling Commission's Licence Conditions and Codes of Practice. This has included changes to self-exclusion arrangements in both retail and digital and requirements to offer customers more responsible gambling tools, such as time-outs and reality checks, and to operate with greater auto-play restrictions and improved customer information regarding how customer funds are held and protected. Other changes in regulation have brought about the introduction of time and spend limit functionality on gaming machines and the requirement to allow only account based play for stakes of over £50 in any one spin and an industry code for socially responsible advertising.

While online betting and gaming has been the main factor contributing towards growth in the sector, retail gross gambling yield (i.e. stakes less customer winnings) has remained stable, totalling £3.2 billion during the period April 2014 to March 2015, which represents growth of approximately 2 per cent. per year between 2011 and 2015.[4] Additionally, the introduction of the National Lottery in 1994

1 Association of British Bookmakers' submission to the DCMS Triennial Review (April 2013), p.14
2 Gambling Commission – Industry statistics – April 2011 to March 2015, p.9
3 Gambling Commission – Industry statistics – April 2011 to March 2015, p.9
4 Gambling Commission – Industry statistics – April 2011 to March 2015, p.5

has contributed to changing social attitudes towards betting and gaming. This, combined with the increased variety of betting and gaming products offered (football, for instance, has become an increasing proportion of the Ladbrokes Group's and Coral Group's UK OTC gross win), has led to growth in the market. Overall gross gambling yield totalled approximately £11.2 billion during the period April 2014 to March 2015, and has grown by approximately 8 per cent. per year between 2011 and 2015, driven primarily by online development.[5]

New entrants to the UK betting and gaming market face certain practical issues. Applicants are required to satisfy the Gambling Commission that they are capable of operating in an industry which is highly regulated in order to be granted the necessary operating licence. Furthermore, the industry remains competitive with a number of operators.

1.2 European retail – Ireland, Belgium, Spain and Italy

Regulated under the Betting Act 1931, the number of LBOs in the Republic of Ireland has increased from approximately 700 in 2000 to approximately 900 in 2016. Sports and horse betting is allowed in registered premises throughout the week (including during evenings all year round, even when no Irish horse racing is taking place). However, gaming machines are not available. Estimates suggest off-course betting grew by approximately 32 per cent. between 2003 and 2013 and in 2013 accounted for in excess of approximately 95 per cent. of the land-based horseracing gambling revenue.[6] It is a highly fragmented market; at the end of 2014 approximately 79 per cent. of LBOs were controlled by Ladbrokes, Paddy Power Betfair and Boylesports with the remainder comprising smaller chains (each with less than 7 per cent. share) and independent shops.[7]

In Belgium, companies may operate sports betting operations under the jurisdiction of the Ministry of Justice and are liable to pay taxes and levies in Belgium. As at 14 September 2016, there were approximately 675 Belgian shops and 1,700 Belgian newsagents that held licences to provide betting and gaming services. The licensed shops and newsagents are restricted to offering bets on horses, dogs and sports. In Belgium, the current competition to the Ladbrokes Group's retail operations includes Tipico, Betcenter, Betfirst and Stanleybet.

In Spain, off-course betting is regulated at the regional level. Each 'autonomous community', as they are known, regulates gambling activity independently of the approach adopted by neighbouring communities. This results in regional variances in restrictions on the products that can be offered, for example, the Basque country does not permit betting on horse racing in retail outlets. To date, 15 out of 17 of the autonomous regions have regulated gambling, with the two remaining communities expected to regulate soon. Remote gambling in Spain, on the other hand, has been regulated nationally by the DGOJ since 2011. In Spain, the current competition to the Ladbrokes Group's retail operations includes Codere and Kirol.

Italy is the largest regulated betting and gaming market in Europe based on gross win, and has experienced growth in recent years due to improvements in the regulatory environment allowing operators to introduce new product categories such as virtual racing and bet-in-play. Operating licences awarded both in the Italian retail and online markets are granted for fixed periods, after which a further bid must be accepted by ADM through a competitive public bidding process in order to renew them. There is currently little clarity in relation to the renewal processes for the Italian sports and horserace betting licences held by Eurobet Retail (for more detail, see the *There is currently little clarity in relation to the renewal processes for the Italian sports and horserace betting licences held by Eurobet Retail* in the section of this Prospectus headed 'Risk Factors'). The current licences held by Eurobet Retail, which govern its Italian sports and horserace betting operations, were due to expire in June 2016, but ADM has permitted existing operators, such as Eurobet Retail, to continue operating under their current licences in exchange for them extending the expiry date of their guarantees to ADM. In spite of the Italian market becoming legal and regulated at the end of 2006, there remains an

5 Gambling Commission – Industry statistics – April 2011 to March 2015, p.5. Much of this increase is attributable to the fact that overseas based operators providing online services to UK customers have been included in the Gambling Commissions statistics from 1 November 2014 (the date from which such operators have had to be licensed by the Gambling Commission).

6 Global Betting and Gaming Consultancy, Global Gambling Report 11th Edition (2016): Ireland, p.6

7 Global Betting and Gaming Consultancy, Global Gambling Report 11th Edition (2016): Ireland, p.10

active illegal market. Eurobet Retail's principal competitors in Italy are Snai, Intralot, GTECH and Sisal. Eurobet Online's principal competitors in Italy are Bet365, Snai, Sisal, GTECH, William Hill and Paddy Power Betfair.

1.3 Online betting and gaming

Online betting and gaming has grown rapidly since it was established in the late 1990s, and increased broadband penetration and an increase in the usage of mobile devices are widely expected to continue to drive growth in the market. In the year to June 2016, it was estimated that 16 per cent. of adults in the UK had participated in online betting and gaming at least once, while 11 per cent. had done so during the past four weeks.[8] Between November 2014 and September 2015 online activity represented approximately 30 per cent. of gross gambling yield in the total betting and gaming market in the UK. According to H2 Gaming Capital, between 2015 and 2021, the global gross win online will increase at a compounded annual growth rate of 7.2 per cent. for sportsbook, 10.2 per cent. for casino products, 9.3 per cent. for poker products and 9.4 per cent. for bingo products.[9]

The Ladbrokes Group and the Coral Group face competition in their online operations from a number of bookmakers (such as William Hill and Paddy Power Betfair), exchanges such as Smarkets and other online operators based elsewhere in the UK and overseas (including PartyGaming, 888.com and bwin) that are specifically targeting the UK and Europe. In Australia, the Ladbrokes Group's main competitors are William Hill, Paddy Power, Betfair, Tabcorp Tatts, Crownbet and Bet365. Competition in the online marketplace has intensified and is expected to continue to do so as new operators enter the market and existing operators improve and expand their product offerings. The competitive environment remains subject to change depending on regulatory and technological developments.

2. Regulatory environment

The Ladbrokes Group and the Coral Group operate in a heavily regulated industry across multiple geographical jurisdictions. The Ladbrokes Group and the Coral Group between them hold (or have held on their behalf) licences to operate in the UK, Australia, Belgium, Ireland, Italy and Spain, as well as a number of other less material jurisdictions under their Gibraltarian remote licences. The licences and approvals held by or on behalf of members of each of the Ladbrokes Group and the Coral Group are subject to a number of terms and conditions, breach of which could result in fines, termination or non-renewal of the licence or approval in question or other regulatory sanctions. The relevant regulatory bodies in many of these markets have also issued various codes of practice with which the Ladbrokes Group and the Coral Group must comply. For instance, in the UK, the Ladbrokes Group and the Coral Group are required to comply with the Gambling Commission's Licence Conditions and Codes of Practice.

As a regulated sector, the betting and gaming industry is subject to anti-money laundering legislation, such as national legislation implementing the third EU Money Laundering Directive (no. 2005/60/EC) and, in the UK, the Proceeds of Crime Act 2002. The Ladbrokes Group and the Coral Group have in place a number of processes to detect and report suspicious activity, and to handle requests for assistance from law enforcement agencies and regulators. This is overseen by dedicated anti-money laundering teams.

2.1 Retail operations

There are three licence types that have been issued to members of the Ladbrokes Group and the Coral Group and their directors and employees to enable them to operate in the UK. The first is an operating licence issued to the relevant trading company by the Gambling Commission. Two members of the Ladbrokes Group hold the Ladbrokes Group's UK operating licences. Three members of the Coral Group hold the Coral Group's UK operating licences. The second licence type is a personal management licence. The Gambling Commission specifies certain senior roles within the organisations that must be undertaken by a personal management licence holder. The Ladbrokes Group as at the Latest Practicable Date has 42 personal management licence holders. The Coral Group as at the Latest Practicable Date has 34 personal management licences. The third licence type is a premises licence, which is issued by the relevant local authority. The Ladbrokes Group and the Coral Group hold separate premises licences for each of their LBOs.

8 Gambling Commission Survey Data on Gambling Participation, July 2016
9 H2 Gambling Capital "Global Gambling Data", 22 September 2016

Each Ladbrokes Group and Coral Group LBO in the UK is licensed to provide up to four gaming machines offering B2 Content (jackpot slot content with a maximum stake of £100[10] and a maximum jackpot of £500) and/or B3 Content (jackpot slot content with a maximum stake of £2 and a maximum jackpot of £500). The operation of gaming machines is subject to both the Gaming Machine (Circumstance of Use) Regulations 2007 and the Gambling Commission's Gaming Machine Technical Standards requirements.

Other jurisdictions in which the Enlarged Group will have retail operations include:

(A) Northern Ireland, where the Ladbrokes Group is regulated under the provisions of the Lotteries and Amusements (Northern Ireland) Order 1985 (as amended) with the betting shops estate in Northern Ireland licensed by the local magistrates' courts;

(B) the Republic of Ireland, where the Ladbrokes Group is regulated under the Betting Act 1931. Bookmaker's licences and betting shop licences are required to operate betting shops in the Republic of Ireland. Licences must be renewed annually and must be approved by the police and the Office of the Revenue Commissioners in the Republic of Ireland. Licences cannot be held by corporations and the requisite licences for the betting shop estate in the Republic of Ireland are held by individuals on behalf of Ladbrokes;

(C) Belgium, where sports betting is licensed by the Ministry of Justice;

(D) Spain, where the Ladbrokes Group has a retail presence via its joint venture operations, which are appropriately licensed by the applicable regional regulatory authorities; and

(E) Italy, where Eurobet Retail and Eurobet Online trade under the Eurobet brand. Operating licences awarded both in the Italian retail and online markets are granted for fixed periods, after which a further bid must be accepted by ADM through a competitive public bidding process in order to renew them.

2.2 Online operations

Remote gambling licences for the provision of their online betting and gaming products into the UK are held by or on behalf of the relevant members of each of the Ladbrokes Group and the Coral Group.

Other than its Australian, Belgian, Irish (betting and intermediary), Spanish, and UK online operations, where separate licences are held by the relevant entities or persons, the provision of the Ladbrokes Group's online betting and gaming products is regulated in Gibraltar and gambling licences for these operations issued by the Gibraltar Regulatory Authority are held by or on behalf of the relevant members of Ladbrokes Group. Gibraltarian gambling licences for its online operations are also held by or on behalf of the relevant members of Coral Group. The Ladbrokes Group and the Coral Group use their Gibraltarian gambling licences for regulated territories where licences are not already held and they are legally permitted to provide remote gambling facilities into that territory under their Gibraltarian licences. The Betdaq business, as regards business to business activities, is regulated in Alderney.

In Australia, interactive and internet gambling is regulated by each individual state, in each case applicable to gaming and sports betting activities conducted within such a state, and the Interactive Gambling Act 2001 (Cth), which purports to regulate certain types of interactive and internet gambling occurring both within and outside Australia. A gambling licence issued by the Northern Territory Racing Commission is currently held by or on behalf of the relevant members of the Ladbrokes Group and although each state has its own form of gambling regulation, that licence permits Ladbrokes to offer gambling facilities throughout Australia, but taking into account any specific individual state's regulation.

In addition, Ladbrokes' Australian subsidiary, Ladbrokes Digital Australia Pty Ltd, is regulated by the Australian Securities and Investments Commission under chapter 7 of the Corporations Act 2001 (Cth). Ladbrokes Digital Australia Pty Ltd is required to be licensed in Australia, because it arranges non-cash payment products and in doing so, is taken to be providing general financial product advice in Australia. Specifically, the non-cash payment products concerned are the Ladbrokes Visa Debit Card and Ladbrokes EFTPOS Card. Ladbrokes Digital Australia Pty Ltd has an Australian Financial Services Licence authorising it to engage in these activities.

10 Following the introduction, on 6 April 2015, of the Gaming Machine (Circumstances of Use) (Amendment) Regulations 2015, players wishing to stake more than £50 are required to use pre-paid loyalty cards or pay over the counter.

The Ladbrokes Group's and the Coral Group's online businesses accept bets and wagers in each territory where they are licensed to do so. However, people accessing the Ladbrokes Group's or the Coral Group's websites in respect of gambling transactions under the Ladbrokes Group's or the Coral Group's Gibraltarian licences may be located in any country and, whilst each of the Ladbrokes Group and the Coral Group has measures in place to prevent customers gambling on their websites from territories where it is known they are not legally permitted to do so, it is the customer's responsibility to ensure that transacting with the Ladbrokes Group or the Coral Group is legal in the jurisdiction in which they are located, which is made clear in the terms and conditions of each the Ladbrokes Group's and the Coral Group's websites.

Regulation of online betting, in particular, is still an evolving area in many jurisdictions. The Ladbrokes Group's and the Coral Group's legal and regulatory teams actively monitor developments in respect of all jurisdictions in which they believe there are material risks to their respective groups. The Ladbrokes Group and the Coral Group have taken the decision that they will not accept online business from customers located in certain jurisdictions, such as the United States and many others. The list of restricted territories for which the Ladbrokes Group and the Coral Group will not accept online business is kept under review and the situation monitored by specific working groups to make sure that each of the Ladbrokes and Coral Groups continues to operate only in territories where it believes it is legally entitled to do so.

Where considered necessary, the Ladbrokes Group obtains independent legal advice concerning the scope and applicability of gambling laws and regulations in respect of particular jurisdictions. This advice is used to modify the Ladbrokes Group's approach in relation to doing business in that jurisdiction on a case-by-case basis and, based on the relevant jurisdiction, the Ladbrokes Group undertakes procedures in order to mitigate any such risks. The Ladbrokes Group and the Coral Group have systems and controls in place which seek to ensure that neither the Ladbrokes Group nor the Coral Group offers gambling products via the internet into jurisdictions from which it has determined it does not wish to accept transactions. The systems and controls include monitoring and analysing information provided by potential customers' registered addresses and IP addresses.

2.3 Costs of content

UK Horserace Betting Levy

The British betting industry supports the British horse racing industry via the Horserace Betting Levy, a subsidy based on the gross win from bets struck in the UK on horse races held in the UK. This levy arrangement has been established on a statutory basis since off-course betting was legalised in 1961. The Horserace Betting Levy is an annual scheme with representatives of all classes of bookmakers (comprising the Bookmakers Committee) responsible to the Horserace Betting Levy Board for recommending the basis of each year's scheme. When the Horserace Betting Levy Board and the Bookmakers Committee cannot agree a basis, the Secretary of State for Culture, Media and Sport determines the outcome. For the 2016/17 scheme, the Secretary of State directed that the Horserace Betting Levy continue to be set at 10.75 per cent. of gross win from betting on UK horse racing.

In March 2016, the UK Government announced proposals to reform the Horserace Betting Levy so that it will apply to all bookmakers who take bets on UK horse racing (including remote betting operators, to whom the Levy does not currently apply). The proposed reforms are currently expected to take effect from April 2017. Recent correspondence from the UK's Department of Culture, Media and Sport, suggests that the new fee, for both UK retail and online operators, is likely to be set at 10 per cent. of gross profits from betting on UK horse racing.

UK Greyhound levy

Ladbrokes and Coral contribute voluntarily to the British Greyhound Racing Fund, which is the official funding body for greyhound racing in Great Britain as licensed by the Greyhound Board of Great Britain: www.bgrf.org.uk.

Grants from the British Greyhound Racing Fund cover all aspects of welfare, integrity, development and promotion of the sport and the British Greyhound Racing Fund works closely with the Greyhound Board of Great Britain. In the financial year 2015-2016, bookmakers were requested to pay 0.6 per cent. of their greyhound turnover to the British Greyhound Racing Fund.

Other sports

Whilst the Ladbrokes Group and the Coral Group pay licence fees to content suppliers for their established intellectual property rights, the Ladbrokes Group and the Coral Group do not pay for the right to bet on other sports.

3. Responsible gambling

The Ladbrokes Group has always placed great emphasis on being a responsible business, advocating and maintaining high standards across its sector, particularly with respect to its understanding of responsible gambling behaviours and the options for harm minimisation. The Ladbrokes Group and the Coral Group are active participants of the Association of British Bookmakers' and Remote Gambling Association's responsible gambling committees. In addition, the Ladbrokes Group was a key instigator in setting up the Industry Group on Responsible Gambling and the Ladbrokes Group and the Coral Group are founder members of the Senet Group.

The Ladbrokes Group has a dedicated Social Responsibility Committee to oversee delivery against the Ladbrokes Group's responsible gambling objectives. The Committee will continue to fulfil this function in respect of the Enlarged Group following Completion.

Responsible gambling is also a key focus of the Coral Group and this responsibility is taken extremely seriously. A gambling committee chaired by the Gala Coral CEO involves all operating divisions and reports to the board of Gala Coral on progress at every meeting. While the vast majority of customers play within their limits, the Coral Group recognises its responsibility to potentially vulnerable gamblers.

PART III
INFORMATION ON THE LADBROKES GROUP

1. Introduction and history

1.1 Introduction

Ladbrokes is a bookmaker that primarily operates in the UK, Australia, Belgium, Ireland and Spain and which enjoys strong brand recognition in its key markets. The Ladbrokes Group provides betting and gaming services across multiple channels with £1.2 billion of net revenue for the year ended 31 December 2015.

As at the Latest Practicable Date, Ladbrokes had 2,140 LBOs in Great Britain. These outlets provide betting opportunities on a wide range of sporting and non-sporting events. In addition, as at the Latest Practicable Date, Ladbrokes had approximately 218 LBOs in Ireland (including Northern Ireland) and 453 LBOs in Belgium and approximately 1,721 outlets situated in Spain, where betting services are available through the Sportium brand (the joint venture with Cirsa Gaming Corporation, S.A.). Ladbrokes also operates an online betting and gaming business, offering innovative products through Ladbrokes.com and Ladbrokes Australia.

1.2 History and development

Ladbrokes was incorporated in England and Wales on 16 May 1956 under the Companies Act 1948 and was floated on the London Stock Exchange in 1967.

Ladbrokes' experience in wagering and betting extends back to 1886 when Mr Schwind and Mr Pennington went into partnership as commission agents, principally with the objective of backing horses trained by Pennington at Ladbrokes Hall in Worcestershire. Ladbrokes gained its name in 1902 when Arthur Bendir joined the partnership and changed the emphasis of the business from backing horses to laying them as a bookmaker. The business experienced a further step-change when Cyril Stein and his uncle, Max Parker, purchased the firm in 1956. Immediately following the acquisition, the firm introduced 'no limit' and 'ante post' betting and sponsored its first horse race. The Ladbrokes Group diversified into other businesses in the 1970s, including the hotel business. In 1987, the Ladbrokes Group acquired the Hilton International hotels division.

In 2006, the Ladbrokes Group sold its hotel business and returned to its traditional core betting business. The Ladbrokes Group has focused on expanding this business in recent years, launching its online betting and gaming business in 2000 and entering the Spanish market through a retail joint venture under the Sportium brand with Cirsa Gaming Corporation, S.A. in 2008. In 2013, this was expanded to include a digital offering under the Sportium brand. Also in 2013, the Ladbrokes Group expanded into Australia with the purchase of Gaming Investments Pty Ltd. This transaction was accompanied by the launch of Ladbrokes.com.au.

In 2013 Ladbrokes established a product and marketing services partnership with Playtech, designed to drive growth in digital products, and, in December 2013, a new mobile service was launched on Playtech's Mobenga platform. By April 2014, the migration of products to Playtech's gaming software was largely complete.

In July 2015, Ladbrokes undertook a placing of 92,378,680 Ordinary Shares, which as at 24 July 2015 represented approximately 9.99 per cent. of Ladbrokes' existing Ordinary Shares (excluding treasury shares (the "**2015 Placing**"). The 2015 Placing raised proceeds of £115.5 million (net of expenses), which has been used to strengthen the balance sheet of the Ladbrokes Group, which will provide additional financial flexibility to manage and grow the Enlarged Group's business.

2. Business overview

2.1 Products

The Ladbrokes Group's business consists of offering a variety of betting and gaming products to retail and online customers and a variety of betting products to telephone customers.

Betting

Betting products are products where the Ladbrokes Group offers odds on an event occurring, which give rise to either a liability to make a certain payment to a customer or the retention by the Ladbrokes Group of the stake placed by such customer. The odds offered by the Ladbrokes Group in such cases vary depending on the nature of the event. The Ladbrokes Group makes money where the amounts staked by customers and retained by it are more than the Ladbrokes Group's liability to make payments to customers. In fixed-odds betting, the liability to make payment is in principle unlimited, but the Ladbrokes Group is not obliged to accept any bets, or may accept bets on certain conditions only (for example, to limit maximum exposure), in order to manage its overall liabilities. In pool betting products, there is no liability to make payment greater than the total percentage of the amount of money staked by customers that the operator has promised to offer in prizes.

Sports betting is provided through all of the Ladbrokes Group's business channels. The most popular sport on which the Ladbrokes Group offers odds is horse racing, followed by football. The Ladbrokes Group also offers odds on many other sports including rugby, cricket, tennis, golf, motor racing, greyhound racing, darts, snooker, American football, baseball, basketball and ice hockey. The Ladbrokes Group accepts a range of different types of bets from simple bets on the outcome of a single event to more complex bets, such as accumulator bets on the outcome of a number of different races or sporting events.

The Ladbrokes Group also accepts bets on non-sporting events through all of the Ladbrokes Group's business channels, such as bets on the outcome of political elections, television competitions, popular music chart results and high profile novelty bets. The Ladbrokes Group also takes bets on events the outcome of which is based on chance. For example, numbers betting is a type of fixed-odds bet in which customers place bets on the odds of one or more numbers being drawn from a pool of numbers. It is presented in a variety of formats such as the Irish Lottery and is the basis of computer-generated virtual horse or greyhound racing.

Gaming

The Ladbrokes Group also offers a number of gaming products such as slots, casino games, bingo, poker and other skill games. Gaming products are games the outcome of which is dependent on chance, such as roulette, pontoon, blackjack and other table games or slot machine games. Skill games are games where, though partly based on chance, it is argued that the odds can be changed over the long run based on the application of skill. This applies in games between customers, such as poker.

With gaming products, the customer bets against the house and the Ladbrokes Group makes its profit based on probabilities in the long run of different events occurring and uses "house" rules and procedures to apply risk limits. In skill games, the Ladbrokes Group acts as the host or facilitator for customers who play against one another. Accordingly, the Ladbrokes Group takes no principal gaming risk. In return for facilitating these games, the Ladbrokes Group charges its customers a type of commission, in poker known as a 'rake', except in tournaments where a one-off entry fee is charged. Customers for skill games can compete online against each other either on individual tables or in tournaments.

2.2 Principal channels of product delivery

The Ladbrokes Group delivers its betting and gaming products to customers through retail betting outlets and its online channel. The Ladbrokes Group is organised into five business divisions:

UK retail

The Ladbrokes Group is the second largest operator in the UK retail betting and gaming market based on number of LBOs and at the Latest Practicable Date had 2,140 LBOs in Great Britain with a market share of approximately 24.4 per cent. as at 31 March 2016. The Ladbrokes Group's British LBOs typically consist of a high street storefront which contains one or more OTC betting positions where customers place their bets and settle their winnings, television screens and seating to follow live sporting events, up to four FOBTs and at least one SSBT with as many as 11 in some shops. The standard opening hours for the Ladbrokes Group's British LBOs are 8 a.m. to 10 p.m.

The Ladbrokes Group's British LBOs had 8,507 gaming machines at the Latest Practicable Date. These gaming machines offer B2 Content (jackpot slot content with a maximum stake of £100[11] and a maximum jackpot of £500) and B3 Content (jackpot slot content with a maximum stake of £2 and a maximum jackpot of £500). B2 Content is largely made up of roulette, blackjack and other casino table games whereas B3 Content comes in the form of jackpot slots and video poker.

The UK retail business also includes the Ladbrokes Group's greyhound stadia and the Ladbrokes Group's holding in Satellite Information Services (Holdings) Limited, a data and content provider to the betting and gaming industry. The UK retail business had net revenues of £827.4 million for the year ended 31 December 2015 and accounted for 69.2 per cent. of the Ladbrokes Group's net revenue (excluding high rollers) for the year ended 31 December 2015. For the half year ended 30 June 2016 (unaudited), the UK retail business had net revenues of £436.6 million and accounted for 66.0 per cent. of the Ladbrokes Group's net revenue (excluding high rollers).

Digital

The digital segment comprises all of the Ladbrokes Group's digital operations including Ladbrokes.com and digital exchanges, Ladbrokes Australia and other regulated operations in Belgium and Sportium.es (a joint venture with Cirsa Gaming Corporation, S.A.). The digital business had net revenues of £242.8 million for the year ended 31 December 2015 and accounted for 20.3 per cent. of the Ladbrokes Group's net revenue (excluding high rollers) for the year ended 31 December 2015. For the half year ended 30 June 2016 (unaudited), the digital business had net revenues of £158.1 million and accounted for 23.9 per cent. of the Ladbrokes Group's net revenue (excluding high rollers).

Ladbrokes.com and exchanges

This section of the digital business includes Ladbrokes.com, Betdaq and the Ladbrokes Exchange. In July 2015, the Ladbrokes Group launched its new desktop product, powered by the Mobenga platform, which gives customers a consistent experience with strong mobile and tablet offers. Bringing the digital sportsbook front-ends onto the same platform not only improved the customer experience, but also increased speed to market, and reduced development and support costs.

Ladbrokes.com offers pre-event and in-play betting on a huge number of sporting events, over 20,000 of which are streamed per year, as well as betting on political, entertainment and other newsworthy events. The gaming offering includes casino, slots, poker, bingo and virtual sports, and the exchanges offer the ability for customers to 'become the bookmaker' and lay outcomes as well as back them.

Ladbrokes.com's multi-channel proposition, 'The Grid', encourages loyalty through:

- offering promotions and rewards;
- creating digital experiences for retail customers, such as being able to scan, track and cash out retail bets; and
- enabling in-shop cash deposits and withdrawals of online funds via a single wallet across retail and digital.

As at 30 June 2016, Ladbrokes.com had 1,033,716 unique active digital players. Ladbrokes.com and exchanges had net revenues of £119.6 million for the half year ended 30 June 2016 (unaudited). Gambling Compliance Research Services estimates that as at 31 December 2015 Ladbrokes.com was the seventh largest operation in the UK online market with a 4 per cent. market share.[12]

Australia

The Ladbrokes Group's Australian business operates under the Ladbrokes, Bookmaker and Betstar brands. Since its launch in 2013, Ladbrokes Australia has successfully pursued a challenger strategy building market share

11 Following the introduction, on 6 April 2015, of the Gaming Machine (Circumstances of Use) (Amendment) Regulations 2015, players wishing to stake more than £50 are required to use pre-paid loyalty cards or pay over the counter.

12 Gambling Compliance Research Services, UK Online Gambling: Data Forecasting & Market Shares – October 2016, p.34

through effective use of affiliates and product innovation such as Ladbrokes Card, Oddsboost and the cash in option via a network of newsagents. Ladbrokes card was launched in March 2014 and was the first to product to come to the market which allowed customers to withdraw at any ATM machine or EFTPOS directly from their bookmaker account. Oddsboost was launched in March 2016 initially on racing products giving clients the best odds. The 'cash in' system which allows customers to make deposits in cash was launched in August 2015. The system allows customers to deposit and withdraw cash through the Ladbrokes card. 'Cash in' is currently available through over 1,000 retail newsagents throughout Australia, all of which are required to carry Ladbrokes merchandising inside and outside their shops. The Ladbrokes Group is now the third largest corporate bookmaker in Australia on the basis of revenue. Ladbrokes Australia had net revenues for the year ended 31 December 2015 of £53.2 million. For the half year ended 30 June 2016 (unaudited), Ladbrokes Australia had net revenues of £35.5 million.

Other regulated operations

Other regulated operations include the Ladbrokes Group's digital activities in Belgium and Spain. The Belgian digital business was launched in the second quarter of 2014 to capitalise on the Ladbrokes Group's significant and long-standing retail presence in Belgium. Over the last year, the Ladbrokes Group's digital joint venture in Spain, Sportium.es, has invested heavily in La Liga sponsorship and associated La Liga promotional campaigns as it looks to acquire customers and increase scale. In the second quarter of 2015, the Ladbrokes Group closed its Danish online business, which had been loss making for some time. The other regulated operations segment of the digital business had net revenues of £4.1 million for the year ended 31 December 2015. For the half year ended 30 June 2016 (unaudited), the other regulated operations segment of the digital business had net revenues of £3.0 million.

European retail

The Ladbrokes Group's European retail division comprises its operations in Northern Ireland, the Republic of Ireland, Belgium and Spain. The European retail business had net revenues of £119.8 million for the year ended 31 December 2015 and accounted for 10.0 per cent. of the Ladbrokes Group's net revenue (excluding high rollers) for the year ended 31 December 2015. For the half year ended 30 June 2016 (unaudited), the European retail business had net revenues of £64.4 million and accounted for 9.7 per cent. of the Ladbrokes Group's net revenue (excluding high rollers).

Ireland (including Northern Ireland)

The Ladbrokes Group's LBOs in Ireland (including Northern Ireland) typically contain one or more OTC betting positions where customers place their bets and settle their winnings, television screens and seating to follow live sporting events and at least one SSBT. Some of the Ladbrokes Group's LBOs in the Republic of Ireland also offer an OTC roulette product.

The Ladbrokes Group's business in the Republic of Ireland went through an examinership process in 2015. This process led to a substantial reduction in the Ladbrokes Group's Irish estate and nearly 90 people left the business (almost all of these opted to do so under the voluntary redundancy scheme). As at the Latest Practicable Date, the Ladbrokes Group had 141 outlets in the Republic of Ireland and 77 in Northern Ireland. The Irish retail business had net revenues of £64.2 million for the year ended 31 December 2015. For the half year ended 30 June 2016 (unaudited), the Irish retail business had net revenues of £32.4 million.

Belgium

As at the Latest Practicable Date, the Ladbrokes Group had a total of 453 Belgian outlets, including both Ladbrokes shops and newsagent outlets. The Ladbrokes Group is the largest retail betting and gaming operator in Belgium based on gross gaming revenue. A majority of Ladbrokes' operations in Belgium are conducted using a franchise model, whereby Ladbrokes enters into a franchise agreement with a franchisee operator, who then operates a Ladbrokes Group betting office using the Ladbrokes Group's leasehold retail betting licence, brand product and systems infrastructure. Franchisees receive a share of the retail net revenue they generate, plus a commission for the online activity of customers they recruit.

The Ladbrokes Group has recently introduced SSBTs and virtual betting, which have improved the competitiveness of its retail betting product offering. Since the introduction of virtual betting, the Belgian regulator has been reviewing the manner in which virtual betting can be offered to customers in betting shops and potential requirements for further regulation. This process is ongoing. The Belgian retail business had net revenues of £55.6 million for the year ended 31 December 2015. For the half year ended 30 June 2016 (unaudited), the Belgian retail business had net revenues of £32.0 million.

Spain

The Ladbrokes Group has a significant retail presence in Spain through its joint venture with Cirsa Gaming Corporation, Sportium Apuestas Deportivas S.A., which is Spain's largest retail bookmaker on the basis of gross win. As at the Latest Practicable Date, Sportium services are available from a total of 1,721 outlets. A majority of the outlets in Spain are locations where Sportium has acquired the right to provide its betting and gaming services (for example, "bars" or "corners"), rather than being locations operated directly by Sportium or a Sportium franchisee. A "bar" is simply a SSBT situated in a bar, and Sportium pays a commission to the bar owners. A "corner" is an area within an arcade or other outlet where Sportium has SSBTs, in addition to a manned counter that Sportium customers have access to. The arcades will be owned by a third party and the person manning the counter may be an employee of the third party or a contractor for Sportium. As at the Latest Practicable Date, approximately 87 of the outlets at which Sportium services are available operate under a franchise model, whereby Sportium enters into a franchise agreement with a franchisee operator, who then establishes a betting office using Sportium's retail licence, product and systems infrastructure.

In 2015, Sportium launched in Castilla y Leon and the Canary Islands and now operates in fifteen Spanish regions, having entered Catalonia, Castilla-La Mancha, La Rioja and Extremadura in 2014. The Sportium retail joint venture produced an operating loss of £1.8 million (Ladbrokes' share) for the year ended 31 December 2015. For the half year ended 30 June 2016 (unaudited), the Sportium retail joint venture produced an operating loss of £0.2 million (Ladbrokes' share).

Core telephone betting

Traditional telephone betting continues to decline as the Ladbrokes Group actively migrates customers to digital products and platforms. The telephone business had net revenues of £5.5 million for the year ended 31 December 2015 and accounted for 0.5 per cent. of the Ladbrokes Group's net revenue (excluding high rollers) for the year ended 31 December 2015. For the half year ended 30 June 2016 (unaudited), the telephone business had net revenues of £2.7 million and accounted for 0.4 per cent. of the Ladbrokes Group's net revenue (excluding high rollers).

High rollers

The high rollers business provides a personalised telephone betting service for certain high net worth individuals who have been invited to join the service based on their staking sizes and activity levels. The high rollers business had net revenues of £4.0 million and accounted for 0.3 per cent. of the Ladbrokes Group's net revenue for the year ended 31 December 2015. For the half year ended 30 June 2016 (unaudited), the high rollers business generated an operating loss of £0.1 million.

3. Sources of revenue

For the 6 months ended 30 June 2016, the Ladbrokes Group generated revenues and operating profit of £661.8 million and £52.2 million, respectively, and an operating profit margin of 7.9 per cent. For the same period, 86.5 per cent. of the Ladbrokes Group's revenue was generated from customers in the UK, with the remainder generated primarily from customers in Australia and Belgium.

The following chart sets out key information for the key Ladbrokes Group's businesses for the 6 months ended 30 June 2016.

	UK retail	**Digital (including Australia)**	**European Retail**
% Net Revenue	66.0	23.9	9.7
% EBITDA	83.2	5.4	12.3
% Gross Win	61.4	29.2	9.0

4. Key strengths

The Ladbrokes Group believes that the following strengths will enable it to continue to compete effectively and contribute to the Enlarged Group's achievement of its strategic objectives.

Strong brand recognition in key markets

The Ladbrokes Group believes that its heritage and strong brand presence in the UK provide a competitive advantage in an industry where attracting and maintaining customers is crucial to developing the business.

Outside the UK, the Ladbrokes Group has developed a reputation in some key markets as a leading betting and gaming company. In Australia, Ladbrokes ranks second for brand awareness among corporate bookmakers.

The Ladbrokes Group believes that Ladbrokes' brands provide a strong foundation for protecting the Ladbrokes Group's market share in the UK, the Republic of Ireland and Belgium, growing the digital business and maximising the opportunities in Australia and Spain. The Ladbrokes Group believes that its brands are a key asset in retaining loyal customers and attracting new ones. The Ladbrokes Group is making significant investment in marketing activities to build awareness and engages in market research to monitor performance.

Leading and consistently cash generative UK retail business

The Ladbrokes Group is the second largest operator in the UK retail betting and gaming market based on number of LBOs[13] and at the Latest Practicable Date had 2,140 outlets in Great Britain.

For the years ended 31 December 2013, 2014 and 2015, the UK retail business produced net revenues of £800.9 million, £811.5 million and £827.4 million, respectively, and profit before tax, net finance expense and exceptional items of £133.9 million, £119.3 million and £116.1 million, respectively. For the half year ended 30 June 2016 (unaudited), the UK retail business produced net revenues of £436.6 million and profit before tax, net finance expense and exceptional items of £63.5 million.

Significantly improved digital offer

In recent years, the Ladbrokes Group has invested in its digital products and platforms and delivered improving customer metrics. Ladbrokes.com is delivering growth in recreational customer numbers and amounts staked in its mobile and tablet services. This is a result of its transition in December 2013 to the Playtech Mobenga platform along with its partnership with Chelsea Apps Factory to deliver a more effective, innovative and competitive product. In July 2015, the Ladbrokes Group launched its new desktop product, powered by the Mobenga platform, which gives customers a consistent experience with strong mobile and tablet offers. In addition, other enhancements such as cash-out and single wallet were launched. As a result of the Ladbrokes Group's improved customer offer and the benefits of Ladbrokes Israel's CRM capabilities, gaming net revenues for the half year ended 30 June 2016 (unaudited) increased by 26.8 per cent. from the previous half year.

Strongly growing Australian business

Following the formation of Ladbrokes Australia in 2013 and the subsequent acquisitions of bookmaker.com.au and betstar.com.au, Ladbrokes Australia's financial performance and, in particular, revenue growth has been strong. Ladbrokes Australia has developed into a proven and effective market challenger. As at 30 June 2015, it had a 7.3 per cent. market share (with an upward trend) and was the third largest corporate bookmaker in Australia on the basis of revenue. The Enlarged Group intends to continue Ladbrokes Australia's challenger strategy led by a strong pipeline of new and enhanced products and effective marketing across all media.

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13 Gambling Commission – Industry Statistics – April 2011 to September 2015, p.5

5. Selected financial information

This summary of historical financial information includes a selection of information for the years ended 31 December 2013, 31 December 2014 and 31 December 2015 and the six months ended 30 June 2015 and 30 June 2016 and has, unless otherwise stated, been extracted without material adjustment from the consolidated financial information referred to in Part VIII (*Historical Financial Information relating to the Ladbrokes Group*) of this Prospectus and which is incorporated by reference into this Prospectus as set out therein, which should be read alongside this summary. The historical financial information for the year ended 30 June 2016 has been calculated on the basis set out in the notes below.

Consolidated income statement

	Six months ended 30 June 2016	Six months ended 30 June 2015	Year ended 31 December 2015	Year ended 31 December 2014	Year ended 31 December 2013
	£m Unaudited	£m Unaudited	£m Audited	£m Audited	£m Audited
Revenue	661.8	588.8	1,199.5	1,174.6	1,117.7
Operating expenses before depreciation and amortisation	(583.4)	(519.4)	(1,070.1)	(973.3)	(935.0)
Share of results from joint ventures and associates	2.1	1.2	4.0	(0.2)	2.5
Depreciation, amortisation and write off non current assets	(42.8)	(107.8)	(148.8)	(134.9)	(92.6)
Profit/(loss) before tax and finance expense	**37.7**	**(37.2)**	**(15.4)**	**66.2**	**92.6**
Finance expense	(13.3)	(14.2)	(28.3)	(28.6)	(25.0)
Finance income	0.8	0.0	0.5	0.1	0.0
Income tax (expense)/credit	(4.5)	10.0	48.3	3.3	(0.6)
Profit / (loss) for the period/ year	**20.7**	**(41.4)**	**5.1**	**41.0**	**67.0**

Note:

The Ladbrokes Group's revenue for the 12 months ended 30 June 2016 was £1,272.5 million (unaudited).(1)

The Ladbrokes Group's operating profit for the 12 months ended 30 June 2016 was £94.4 million (unaudited).(1)(2)

The Ladbrokes Group's EBITDA for the 12 months ended 30 June 2016 was £172.3 million (unaudited).(1)(3)

The Ladbrokes Group's EBITDA for the financial year ended 31 December 2013 was £209.0 million (unaudited).

The Ladbrokes Group's EBITDA for the financial year ended 31 December 2014 was £217.3 million (unaudited).

The Ladbrokes Group's EBITDA for the financial year ended 31 December 2015 was £161.3 million (unaudited).

(1) The historical financial information for the Ladbrokes Group for the 12 months ended 30 June 2016 is based on the unaudited income statement of the Ladbrokes Group for the six months ended 30 June 2016, combined with the audited year ended 31 December 2015, after eliminating the unaudited six months ended 30 June 2015.

(2) Operating profit is defined as profit before interest and tax, and where specified, before the charge or credit for exceptional items. Exceptional items before finance expense and taxation were zero.

(3) This represents the total EBITDA of the Ladbrokes Group including the Ladbrokes Group LBOs that are to be transferred under the Ladbrokes Business Transfer Agreements.

Consolidated balance sheet

	Six months ended 30 June 2016 £m Unaudited	Six months ended 30 June 2015 £m Unaudited	Year ended 31 December 2015 £m Audited	Year ended 31 December 2014 £m Audited	Year ended 31 December 2013 £m Audited
Assets					
Goodwill and Intangibles	682.5	665.2	674.3	742.0	770.7
Property, plant and equipment	173.6	182.0	177.9	187.4	224.5
Interest in joint venture	13.9	9.8	11.5	9.1	6.5
Interest in associates and other investments	24.1	19.3	21.3	18.0	17.5
Other financial assets	8.0	6.8	11.4	7.2	5.5
Deferred tax assets	8.0	0.0	0.7	0.0	0.0
Retirement benefit assets	93.5	74.5	76.3	69.5	53.1
	1,003.6	**957.6**	**973.4**	**1,033.2**	**1,077.8**
Current assets					
Trade and other payables	61.9	59.0	53.5	57.2	53.0
Corporation tax recoverable	4.8	29.5	47.1	12.0	5.8
Derivative financial instruments	0.0	0.0	0.2	0.0	0.0
Cash and short term deposits	149.5	64.3	68.4	62.0	63.3
	216.2	**152.8**	**169.2**	**131.2**	**122.1**
Total assets	**1,219.8**	**1,110.4**	**1,142.6**	**1,164.4**	**1,199.9**
Liabilities					
Interest bearing loans and borrowings	(224.6)	0.0	0.0	0.0	0.0
Bank overdraft	0.0	(3.0)	0.0	(1.0)	(0.6)
Trade payables	(293.5)	(240.5)	(242.4)	(205.9)	(220.6)
Corporation tax liabilities	(4.8)	(7.9)	(4.2)	(7.4)	(5.9)
Other financial liabilities	0.0	0.0	0.0	(1.1)	(1.5)
Lease liabilities	(1.5)	0.0	(4.9)	0.0	0.0
Provisions	(11.1)	(6.4)	(9.2)	(6.4)	(1.3)
	(535.5)	**(257.8)**	**(260.7)**	**(221.8)**	**(229.9)**
Non current liabilities					
Interest bearing loans and borrowings	(99.0)	(435.3)	(323.1)	(439.3)	(422.0)
Other financial liabilities	(35.4)	(37.8)	(35.6)	(42.5)	(61.9)
Deferred tax liabilities	(59.6)	(63.6)	(52.7)	(64.1)	(55.3)
Lease liabilities	(3.1)	0.0	(4.4)	0.0	0.0
Provisions	(3.5)	(11.1)	(9.6)	(5.0)	(2.5)
	(200.6)	**(547.8)**	**(425.4)**	**(550.9)**	**(541.7)**
Total liabilities	**(736.1)**	**(805.6)**	**(686.1)**	**(772.7)**	**(771.6)**
Net assets	**483.7**	**304.8**	**456.5**	**391.7**	**428.3**

Note:
As at 30 June 2016, the Ladbrokes Group had £227.2 million of net debt, the debt element of which comprised interest bearing loans and lease liabilities.

Consolidated statement of cash flows

	Six months ended 30 June 2016	Six months ended 30 June 2015	Year ended 31 December 2015	Year ended 31 December 2014	Year ended 31 December 2013
	£m Unaudited	£m Unaudited	£m Audited	£m Audited	£m Audited
Net cash flows from operating activities	**137.5**	**76.2**	**136.2**	**130.5**	**197.4**
Cash flows from investing activities					
Interest received	0.0	0.0	0.1	0.1	0.0
Dividends received from associates	0.0	0.0	0.0	1.2	2.3
Purchase of intangibles	(16.9)	(13.8)	(37.9)	(39.8)	(45.3)
Purchase of property, plant and equipment	(14.9)	(13.6)	(28.2)	(20.1)	(44.3)
Proceeds from sale of property, plant and equipment	0.0	0.5	0.0	5.2	9.5
Acquisition of businesses net of cash acquired	0.0	0.0	0.0	(10.4)	(33.4)
Purchase of interest in joint venture	(0.4)	(1.9)	(2.8)	(4.1)	(3.1)
Net cash used in investing activities	**(32.2)**	**(28.8)**	**(68.8)**	**(67.9)**	**(114.3)**
Cash flows from financing activities					
Proceeds from issue of Ordinary Shares	0.3	0.1	113.4	0.8	1.1
Purchase of ESOP shares	(0.6)	0.0	(0.6)	(0.6)	(3.2)
Proceeds from borrowings, net of issue costs	0.0	0.0	0.0	98.7	15.2
Finance lease payment	(4.8)	0.0	(3.1)	0.0	0.0
Repayment of borrowings	0.0	(4.5)	(117.0)	(82.0)	0.0
Dividends paid	(20.3)	(42.1)	(52.3)	(81.4)	(81.2)
Net cash used in financing activities	**(25.4)**	**(46.5)**	**(59.6)**	**(64.5)**	**(68.1)**
Net (decrease) / increase in cash and cash equivalents	79.9	0.9	7.8	(1.9)	15.0
Effect of changes in foreign exchange rates	1.2	(0.6)	(0.4)	0.2	0.2
Cash and cash equivalents at beginning of the year	68.4	61.0	61.0	62.7	47.5
Cash and cash equivalents at the end of the year	**149.5**	**61.3**	**68.4**	**61.0**	**62.7**

6. Dividends and dividend policy

Ladbrokes announced on 24 July 2015 a total dividend of 3p per Ordinary Share for the full year in 2015 (consisting of 1p paid as an interim dividend and 2p paid as a final dividend) with dividends remaining at this level until earnings per share cover exceeds two times underlying earnings per share, at which time a two times dividend cover policy would be adopted. Consistent with this policy, Ladbrokes announced an interim dividend of 1p on 4 August 2016. The Enlarged Group's dividend policy will in all likelihood initially consist of a dividend of a minimum of 3p per Ordinary Share (consisting of 1p paid as an interim dividend and 2p paid as a final dividend) before increasing progressively in the medium term to a 2 times dividend cover policy.

The dividends paid on the Ordinary Shares in respect of the period covered by the historical financial information were as follows:

	Dividend per Ordinary Share (pence)
Interim dividend declared during the year ended 31 December 2016	1.0
Final dividend in respect of the year ended 31 December 2015	2.0
Interim dividend declared during the year ended 31 December 2015	1.0
Final dividend in respect of the year ended 31 December 2014	4.6
Interim dividend declared during the year ended 31 December 2014	4.3
Final dividend in respect of the year ended 31 December 2013	4.6
Interim dividend declared during the year ended 31 December 2013	4.3

7. Current trading and prospects

Ladbrokes issued its Q3 Trading Update on 18 October 2016. The Q3 Trading Update is incorporated by reference into this Prospectus. Trading for the period from 30 September 2016 to the date of this Prospectus has been and is in line with the expectations of the Directors and there has been no material change to the financial position of the Ladbrokes Group since that date.

8. Principal investments

A description of the Ladbrokes Group's principal investments for the year ended 31 December 2013 is given on pages 78-79 of the Annual Report and Accounts 2013 (which is incorporated by reference into this Prospectus). Capital expenditure for the year ended 31 December 2013 was £101.7 million.

A description of the Ladbrokes Group's principal investments for the year ended 31 December 2014 is given on pages 99-100 of the Annual Report and Accounts 2014 (which is incorporated by reference into this Prospectus). Capital expenditure for the year ended 31 December 2014 was £59.0 million.

A description of the Ladbrokes Group's principal investments for the year ended 31 December 2015 is given on pages 106-107 of the Annual Report and Accounts 2015 (which is incorporated by reference into this Prospectus). Capital expenditure for the year ended 31 December 2015 was £74.5 million.

The Directors and Proposed Directors believe the Ladbrokes Group's capital expenditure for the year ended 31 December 2016 will be in the range of £90-95 million.

9. Organisational structure

The following table contains a list of the significant subsidiaries of Ladbrokes as at the date of this Prospectus (each of which is considered to be likely to have a significant effect on the assessment of the assets, liabilities, financial position and/or profits and losses of the Ladbrokes Group). Each significant subsidiary, other than Ladbrokes Group Finance plc, which is a financing company, operates in the field of the provision of betting services as part of the Ladbrokes Group.

Name	Country of incorporation	Percentage ownership of shares (%)
Ladbrokes Digital Australia Pty Ltd	Australia	100.0
Tierce Ladbroke S.A.	Belgium	100.0
Ladbrokes International plc	Gibraltar	100.0
Ladbrokes Sportsbook Limited Partnership	Gibraltar	100.0
Ladbrokes (Ireland) Limited	Ireland	100.0
Ladbroke Leisure (Ireland) Limited	Ireland	100.0
Ladbrokes Israel Limited	Israel	100.0
Ladbrokes Betting & Gaming Limited	UK	100.0
Ladbrokes Group Finance plc	UK	100.0

As at the date of this Prospectus, none of the joint ventures in which the Ladbrokes Group participates or any of the associated companies of the Ladbrokes Group are considered to be likely to have a significant effect on the assessment of the assets, liabilities, financial position and/or profits and losses of the Ladbrokes Group.

10. Property, plant and equipment

The majority of the Ladbrokes Group's properties are occupied under lease and constitute the premises from which its betting shops operate. Of the Ladbrokes Group's 2,791 property interests as at the Latest Practicable Date, 2,708 were leasehold and 83 freehold.

Details of the principal properties of the Ladbrokes Group are set out below:

Address	Description	Size	Freehold or Leasehold
Imperial House Imperial Drive Rayners Lane Harrow Middlesex HA2 7JW UK	Head office	88,000 square feet	Leasehold
Suite 851 Fifth Floor Europort Gibraltar	Offices related to various operational and administrative functions of the Ladbrokes Group's eGaming business	7,029 square feet	Leasehold

Other than land and buildings, the remainder of the Ladbrokes Group's property, plant and equipment comprises fixtures, fittings and equipment with a net book value of £141.3 million as at 31 December 2015.

There are currently no environmental issues which will materially affect the Ladbrokes Group's use of the assets described above or the Ladbrokes Group's use of its betting shop estate.

11. Intellectual property

The Ladbrokes Group's copyright, trademarks, domain names, trade secrets, customer databases and other intellectual property are important to its success. The Ladbrokes Group owns or has a licence to use the intellectual property rights in the key software used in its operations.

The Ladbrokes Group's registered UK and European Community trademarks which are material to its business include "Ladbrokes". These names are also either registered or pending in appropriate worldwide jurisdictions. The Ladbrokes Group has registered a portfolio of domain names and takes active measures to protect its trademarks.

The Ladbrokes Group uses a mixture of software under licence and internally developed software for which it owns the copyright and retains rights of ownership. Ladbrokes relies on the protection of trademark and copyright law, trade secret protection, contractual protection and licence agreements with its employees, customers and others to protect its proprietary rights.

12. Risk management

Risk management is highly important to all of the Ladbrokes Group's operational businesses.

Trading risk is tightly controlled through a four-stage risk management process, which relies on: (i) the compilation of odds by a team of expert odds compilers and bookmaking risk managers; (ii) access to market information before odds are compiled and after odds are published; (iii) tightly controlled bet acceptance limits under which the Ladbrokes Group is under no obligation to accept any bet; and (iv) effective hedging.

Unlike the Ladbrokes Group's bookmaking products, gaming machine and online gaming products have a theoretical likelihood of success for the customer which is transparent. While it is possible for the Ladbrokes Group to incur losses in the short term, over time the margin reverts to predetermined averages and hedging is not required.

There is also no trading risk on the Ladbrokes Group's pari-mutuel products. Poker income generally comprises a percentage of the total pot in each game known as a 'rake'.

The Ladbrokes Group also has systems and controls in place which seek to ensure that the Ladbrokes Group does not accept bets or wagers via the internet from jurisdictions from which it has determined that it does not wish to accept bets, whether because it is or may be unlawful to do so and the Ladbrokes Group has decided not to take any risk in such regard or for any other reason. The systems and controls include monitoring and analysing information provided by potential customers' registered addresses and of customers' payment methods.

13. Information technology systems

The Ladbrokes Group operates a number of IT systems to support its various businesses. The Ladbrokes Group's information technology is managed by in-house teams of IT personnel and through partners such as Playtech, who host the Ladbrokes Group's online information management system. Due to the importance of IT to its business, the Ladbrokes Group's systems are hosted in secure data centres in Swindon, Rayners Lane and Gibraltar, with disaster recovery facilities based in a further data centre in Leeds. All critical data is replicated in real-time.

The Ladbrokes Group's primary IT support requirements consist of betting risk management, site hosting, games and sportsbetting delivery and management, payment processing, and customer support. In order to ensure business continuity, the Ladbrokes Group's key systems have appropriate redundancy and data replication across data centres. Fully documented and tested data recovery and systems recovery plans are in place with business continuity strongly emphasised. These arrangements are inspected and audited regularly.

14. Marketing

The Ladbrokes Group enjoys strong brand recognition in its key markets and the Directors believe that the Ladbrokes brand is long-established, trusted and widely recognised. Since its launch in 2013, Ladbrokes Australia has successfully pursued a challenger strategy and, as at May 2016, Ladbrokes ranks second for brand awareness among corporate bookmakers in Australia. In recent years, the Ladbrokes Group has invested in its digital products and platforms to help ensure that the quality of the Ladbrokes Group's digital offering matches its strong brand recognition.

The Ladbrokes Group is currently increasing its marketing intensity as part of its strategy to grow its recreational sportsbetting customer base. The Ladbrokes Group has recently entered into some high profile sponsorship agreements, including a title sponsorship deal with the Scottish Professional Football League, an agreement with the Football Association to become its official betting partner and FA Cup betting partner, title sponsorship deals with the Rugby Football League for the Challenge Cup and Four Nations competitions and a title sponsorship deal with World Snooker for the 2016 World Grand Prix and Players Championship. In addition to this increased marketing intensity, the Ladbrokes Group has relaunched its advertising strategy by targeting media that recreational customers use and making use of well-known ambassadors, such as Frankie Dettori, Chris Kamara and Ally McCoist, to highlight its brand. Furthermore, the Ladbrokes Group has given more marketing capacity to Ladbrokes Israel to use its digital marketing expertise to help grow the Ladbrokes Group's digital appeal.

15. Supplier relationships

The Ladbrokes Group has a number of key suppliers who provide it with products and services. The Ladbrokes Group has a supplier relationship management programme under which it pro-actively manages its relationships with its top tier of suppliers, currently around 50.

In the online channel, the Openbet technology platform is used for the Ladbrokes Group's sportsbook. Playtech supplies the Ladbrokes Group with casino gaming and poker software, while Virtue Fusion (which is a division of Gaming Technology Solutions Limited, owned by Playtech) provides bingo software.

In the retail channel, the most significant relationships are with Satellite Information Series (Holdings) Limited, in which Ladbrokes has a shareholding, and Turf TV who are the main providers of television pictures, audio and data into the Ladbrokes Group's LBOs. The Ladbrokes Group has a contract with

Global Draw to provide FOBT machines across the British retail estate. Global Draw also is important in supplying gaming machine content to the majority of the Ladbrokes Group's LBOs in Great Britain. The Ladbrokes Group's contract for the provision of self service betting terminal control is with Best Gaming Technology GmbH (recently acquired by Playtech). In addition, Inspired Gaming supplies virtual racing content to the majority of the Ladbrokes Group's LBOs in Great Britain.

16. Employees

16.1 Employee statistics

The table below sets out the average weekly number of employees, including Executive Directors, of the Ladbrokes Group for the years ended 31 December 2013, 2014 and 2015.

	Year ending 31 December 2015	**Year ending 31 December 2014**	**Year ending 31 December 2013**
UK retail	11,955	11,823	12,213
European retail	1,276	1,404	1,441
Digital	766	696	747
Telephone	134	123	274
Central services	100	95	88
Total	**14,231**	**14,141**	**14,763**

16.2 Arrangements involving the employees in the capital of Ladbrokes

Details of employee share plans by which employees may be involved in the capital of Ladbrokes are set out in section 14 of Part XII (*Directors and Employees*) of this Prospectus.

PART IV
INFORMATION ON THE CORAL GROUP

1. The Coral Group

The Coral Group can trace its origins to 1926 when Joe Coral started offering bets to customers from a billiards club in Stoke Newington.

The Coral Group is now one of Europe's largest betting and gaming groups based on annual gross win, with an established presence in the UK and Italy, the two largest regulated betting and gaming markets in Europe. The Coral Group comprises three main trading divisions: Coral Retail, Eurobet Retail and Online. The Coral Group operates Telebet, a telephone betting business, and a central support division.

1.1 Coral Retail

Coral Retail is the third largest operator in the retail market in the UK where it directly owns and operates 1,806 LBOs under the 'Coral' brand as at the Latest Practicable Date, with an estimated market share of approximately 20.8 per cent. as at 31 March 2016 based on number of LBOs. LBOs operated by Coral Retail offer both OTC betting and gaming machines. The OTC betting services of Coral Retail offer customers a wide range of betting opportunities, including all mainstream domestic and international sporting events, such as football, horse and greyhound racing, golf, rugby and cricket. The gaming machines operated by Coral Retail are FOBTs, which offer a variety of simulated slot machine games, roulette, blackjack and quiz games to customers.

Coral Retail's LBOs typically consist of a high street storefront which contains one or more betting positions where customers place their bets and settle their winnings, television screens and seating to follow live sporting events, and up to four FOBTs. The standard opening hours for Coral Retail's LBOs are from 8:30 a.m. to 10:00 p.m.

Coral Retail advertises its LBOs through print media, online and other channels such as sponsorship of sporting events. Its promotions include offering free bets, enhanced odds, limited-time offerings of certain gaming machine games and customer loyalty promotions.

Coral Retail also operates two greyhound stadia, in Hove and Romford, which allows the Coral Group direct access to greyhound racing content.

Coral Retail's LBOs accept bets on a wide variety of sporting events. Football and horse and greyhound racing make up the largest part of OTC betting operations.

Coral Retail's LBOs also accept bets on non-sporting events, such as the outcomes of elections, national talent contests and reality television programmes. Numbers betting, which involves betting on various games based on a random number generator, and betting on foreign and in-house lotteries also make up part of Coral Retail's OTC betting business.

1.2 Eurobet Retail

Eurobet Retail was created in 2006 and opened its first shop in June 2007. It is number three in the market for OTC betting in Italy based on annual gross win, which is primarily generated from football betting operations, with a smaller share in the horse race betting market. Eurobet Retail operates in the Italian retail market under the 'Eurobet' brand through LBOs run on a franchise model. Under that model, franchisees provide the premises and incur the running costs, and Eurobet Retail provides the product, trading and brand marketing. Franchisees receive a share of the retail net revenue they generate, plus a commission for the online activity of customers they recruit.

Retail betting licences in Italy are supply-constrained. The last auction for Italian licences took place in 2013, when Eurobet won 500 new licences, which comprised 25 per cent. of those made available in the auction. Following the roll-out of these shops and as at 2 July 2016, Eurobet operated 834 licences, generated over €450 million in annual gross win and had a 15.7 per cent. share (by turnover) of the Italian retail sports betting market.

The Coral Group understands that ADM, the Italian betting and gaming regulator, is currently in the process of preparing for the next auction of Italian licences. The current licences held by Eurobet Retail, which govern its Italian sports and horserace betting operations, were due to expire in June 2016, but ADM has permitted existing operators, such as Eurobet Retail, to continue operating under their current licences in exchange for them extending the expiry date of their guarantees to ADM. The new tender documentation for Italian sports and horserace betting licences is expected to be issued by ADM towards the end of 2016 or early 2017, with the completion of the process and assignment of the new licences likely to take place in 2017.

1.3 Online

The Coral Group operates Coral UK Online and Eurobet Online.

Coral UK Online

Coral UK Online was completely relaunched in 2012. This involved a relocation to Gibraltar, a substantial replacement of the management team and the development of a brand new technology architecture. The Coral Group operates in the UK through three key brands: 'Coral', 'Gala Bingo' and 'Gala Casino'. The back office operations are fully integrated, with each brand being marketed to different customer segments. Coral UK Online is the sixth largest operation in the UK market with an 8.1 per cent. market share as at 31 December 2015.

www.coral.co.uk

www.coral.co.uk has demonstrated strong growth since its relaunch in autumn 2012. Customers can place bets on the outcome of various sporting events, including in play betting or play online slots or casino games. The multi-channel offering 'Coral Connect' allows customers to access a single wallet across all platforms as well as the ability to deposit and withdraw funds in shop directly from the online wallet.

www.galabingo.com

www.galabingo.com is the second largest player in the online bingo market in the UK. Customers can participate in scheduled bingo sessions or play slots games and roulette (including live roulette). While bingo is the driver of visits, a substantial proportion of turnover is generated from online games.

www.galacasino.com

www.galacasino.com offers a full range of casino and live casino products including a full suite of proprietary and third party online games.

Eurobet Online business

Eurobet Online operates through the website www.eurobet.it and is available to Italian residents. It delivers a full range of sports betting, casino and games products, including virtual racing and bet-in-play products.

The operation is based in Rome, alongside its retail counterpart, with secure servers also hosted in Rome.

Eurobet Online runs its own in-house software platform for sports betting and casino games, which also integrates with software providers for poker, bingo, casino and virtual racing products.

Eurobet Online is the number two online sports operator in Italy, with its growth underpinned by multi-channel acquisitions through the retail estate.

1.4 Telebet

Telebet is the Coral Group's telephone-based betting operation. It is based in Barking, UK, alongside the Coral UK Online business customer service operation. It is open seven days per week between 8:30 a.m. and 10:45 p.m.

2. Sources of revenue

For the 52 weeks ended 26 September 2015, the Coral Group generated revenue and EBITDA of £1,006.6 million and £204.0 million, respectively, and a total EBITDA margin of 20.3 per cent. For the same period, 88.7 per cent. of the Coral Group's turnover was generated from customers in the UK, with the remainder generated primarily from customers in Italy.

The following chart sets out key information for each of the Coral Group's businesses for the 40 weeks ended 2 July 2016.

Division	Coral Retail	Eurobet Retail	Online
% Revenue	63.0	8.8	27.9
% EBITDA	61.0	9.4	32.2
% Gross Win	58.2	8.0	33.5

3. Key strengths

The Coral Board believes that the Coral Group has the following key strengths:

- dynamic technology platforms;
- multi-channel capability;
- innovative and exclusive content; and
- use of business intelligence.

3.1 Dynamic technology platforms

The Coral Group's technology uses the best of in-house software and third party providers often with ring-fenced development teams. The Coral Group's technology platform was fully rebuilt in 2011-12, and was relaunched in the second half of 2012. This was the first fully integrated use of Playtech's Information Management System as a single wallet and enables the Coral Group to manage customers across all sports and gaming products. The 'Coral Connect' card was launched in March 2014 and was the first multi-channel offering in the UK retail betting and gaming market.

The Coral Group also operates a single proprietary native app, delivering a full range of products to a customer with a single download and removing the need for multiple log-ins as a customer moves between betting and gaming products.

Eurobet's technology platform is integrated across online, mobile and retail, with multi-channel functionality including a single wallet.

3.2 Multi-channel capability

The 'Coral Connect' card was launched in March 2014 and was the first seamless multi-channel offering in the UK retail betting and gaming market. Coral Connect allows a shared wallet to be used across online and retail, which delivers greater convenience to customers, permits easy player supervision and allows targeted incentives to further responsible play.

Coral Connect customers are around double the value online of non-Coral Connect customers and the ability to deposit and withdraw funds in shop directly from the online wallet has proved very popular. This facility is a key differentiator for www.coral.co.uk and is a major contributor to the significantly lower churn rates of Coral Connect customers.

3.3 Innovative and exclusive content

The Coral Board believes that innovation is critical to maintaining and growing market share in a highly competitive market and the Coral Group has launched a number of new products in recent years including the Football Jackpot, the Health Lottery, enhanced numbers products and scratch cards.

The online betting market has been characterised by a greater degree of innovation in recent years with all major operators, including the Coral Group, now providing "cash out" or "partial cash out" facilities, better visualisations, better scoreboards and many more live streamed events.

Exclusive gaming content generated by Coral Group's in-house development team has proven to be profitable and sustainable with a strong pipeline to develop further new internal and multi-channel games.

3.4 Use of business intelligence

The UK online operation includes highly developed data capture architecture, with all player activity being collated in a strategic data warehouse in Gibraltar. The Coral Group is able to target campaigns on the basis of this data, through dedicated teams in Gibraltar and Israel. The strong capabilities in business intelligence drives decision making across the business such as using lifetime value and churn modelling, which has enabled the Coral Group to optimise acquisition spend and effective intervention to prevent churn.

The Coral Group's ultimate goal is to interact with all customers on a one-to-one basis, providing each customer with a unique experience tailored to their own preferences, and recent betting and gaming patterns.

4. Selected financial information

This summary of historical financial information includes a selection of information for the 52 weeks ended 28 September 2013, 27 September 2014 and 26 September 2015 and the 40 weeks ended 4 July 2015 and 2 July 2016 and has, unless otherwise stated, been extracted without material adjustment from the consolidated financial information set out in Part IX (*Historical Financial Information relating to the Coral Group*) of this Prospectus, which should be read alongside this summary. The historical financial information for the 52 weeks ended 2 July 2016 has been calculated on the basis set out in the notes below.

Combined income statement

	40 weeks ended 2 July 2016	**40 weeks ended 4 July 2015**	**52 weeks ended 26 September 2015**	**52 weeks ended 27 September 2014**	**52 weeks ended 28 September 2013**
	£m Audited	**£m Unaudited**	**£m Audited**	**£m Audited**	**£m Audited**
Revenue	870.4	777.2	1,006.6	948.1	801.0
Operating expenses	(755.9)	(666.6)	(872.5)	(917.9)	(684.3)
EBITDA	182.3	158.6	204.0	200.3	175.0
Exceptional items	(9.2)	(4.4)	(4.8)	(13.8)	(13.0)
EBITDA (post exceptional items)	**173.1**	**154.2**	**199.2**	**186.5**	**162.0**
Depreciation, amortisation and impairment	(58.6)	(43.6)	(65.1)	(156.3)	(45.3)
Coral Group operating profit/(loss)	**114.5**	**110.6**	**134.1**	**30.2**	**116.7**
Financing costs	(64.7)	(68.3)	(85.0)	(87.5)	(90.0)
Financing income	1.6	0.7	0.9	0.8	1.4
Profit/(loss) before tax	**51.4**	**43.0**	**50.0**	**(56.5)**	**28.1**
Income tax	7.7	(9.4)	(16.0)	9.2	10.9
Profit / (loss) for the period/year	**59.1**	**33.6**	**34.0**	**(47.3)**	**39.0**

Note:

The Coral Group's revenue for the 12 months ended 2 July 2016 was £1,099.8 million (unaudited).(1)

The Coral Group's operating profit for the 12 months ended 2 July 2016 was £138.0 million (unaudited).(1)(2)

The Coral Group's adjusted operating profit for the 12 months ended 2 July 2016 was £176.7 million (unaudited).(1)(3)

The Coral Group's EBITDA for the 12 months ended 2 July 2016 was £227.7 million (unaudited).(1)(4)

(1) The unaudited income statement line items of the Coral Group for the 52 weeks ended 2 July 2016 are based on the audited income statement of the Coral Group for the 40 weeks ended 2 July 2016, combined with the audited year ended 26 September 2015, after eliminating the unaudited 40 weeks ended 4 July 2015.
(2) Operating profit is defined as profit before net finance income/expense and tax.
(3) Adjusted operating profit is defined as profit before net finance income/expense, tax and exceptional items.
(4) This represents the total EBITDA of the Coral Group, before exceptional items, including the Coral Group LBOs that are to be transferred under the Coral Business Transfer Agreements.

Combined balance sheet

	40 weeks ended 2 July 2016	40 weeks ended 4 July 2015	52 weeks ended 26 September 2015	52 weeks ended 27 September 2014	52 weeks ended 28 September 2013
	£m Audited	£m Unaudited	£m Audited	£m Audited	£m Audited
Assets					
Non-current assets					
Goodwill and Intangible assets	1,453.5	1,478.0	1,467.7	1,487.3	1,589.3
Property, plant and equipment	90.1	83.6	95.0	87.9	87.3
Deferred tax assets	17.7	29.1	23.3	30.5	30.8
Retirement benefit assets	42.2	24.8	35.7	20.7	18.3
	1,603.5	**1,615.5**	**1,621.7**	**1,626.4**	**1,725.7**
Current assets					
Inventories	0.4	0.5	0.5	0.7	2.5
Trade and other receivables	39.1	44.0	33.6	30.4	26.0
Cash and cash equivalents	134.5	34.1	37.1	42.7	24.7
	174.0	**78.6**	**71.2**	**73.8**	**53.2**
Total assets	**1,777.5**	**1,694.1**	**1,692.9**	**1,700.2**	**1,778.9**
Liabilities					
Current Liabilities					
Trade and other payables	(168.0)	(145.7)	(161.9)	(137.0)	(110.8)
Current income taxation	(2.0)	(0.8)	(0.5)	(2.9)	(2.3)
Other financial liabilities	(6.1)	(2.6)	(5.7)	(4.5)	(4.8)
Interest bearing loans and borrowings with the rest of the Gala Coral Group	(985.0)	(860.7)	(831.1)	(895.3)	(949.0)
Provisions	(2.9)	(1.3)	(2.4)	(2.7)	(7.9)
	(1,164.0)	**(1,011.1)**	**(1,001.6)**	**(1,042.4)**	**(1,074.8)**
Non current liabilities					
Other payables	(4.6)	(6.9)	(7.2)	(6.7)	(5.3)
Deferred tax liabilities	(185.8)	(203.9)	(205.9)	(203.0)	(220.4)
Provisions	(8.4)	(15.4)	(14.7)	(18.4)	(7.1)
	(198.8)	**(226.2)**	**(227.8)**	**(228.1)**	**(232.8)**
Total liabilities	**(1,362.8)**	**(1,237.3)**	**(1,229.4)**	**(1,270.5)**	**(1,307.6)**
Net assets	**414.7**	**456.8**	**463.5**	**429.7**	**471.3**

Note:
As at 2 July 2016, the Coral Group had £850.5 million of net debt, the debt element of which comprised interest bearing loans and borrowings with the rest of the Gala Coral Group. This figure includes £20.4 million of cash held in trust by the Gala Coral Group in relation to customer balances.

Combined statement of cash flows

	40 weeks ended 2 July 2016	40 weeks ended 4 July 2015	52 weeks ended 26 September 2015	52 weeks ended 27 September 2014	52 weeks ended 28 September 2013
	£m Audited	£m Unaudited	£m Audited	£m Audited	£m Audited
Cash generated from operations	162.0	136.8	209.0	222.3	192.2
Income tax paid	(2.0)	(4.1)	(5.3)	(3.5)	(2.2)
Net cash inflow from operations	**160.0**	**132.7**	**203.7**	**218.8**	**190.0**
Cash inflows/(outflow) from investing activities					
Acquisitions (net of cash acquired)	(0.5)	(1.1)	(1.3)	(6.5)	(5.2)
Purchase of intangible assets	(18.6)	(13.0)	(16.3)	(14.8)	(31.7)
Purchase of property, plant and equipment	(22.0)	(21.9)	(35.4)	(36.1)	(26.4)
Proceeds from sale of property, plant and equipment and intangible assets	—	—	—	—	—
Net cash outflow from investing activities	**(41.1)**	**(36.0)**	**(53.0)**	**(57.4)**	**(63.3)**
Cash inflows/(outflow) from financing activities					
Interest paid	(0.9)	(0.6)	(0.9)	(0.4)	(0.5)
Interest charged on balances with the rest of the Gala Coral Group	(63.6)	(67.4)	(83.4)	(86.8)	(89.1)
Net cash funding payments to the rest of the Gala Coral Group	58.2	(35.8)	(71.1)	(55.5)	(36.1)
Equity Dividends Paid	(17.3)	—	—	—	—
Net cash outflow from financing activities	**(23.6)**	**(103.8)**	**(155.4)**	**(142.7)**	**(125.7)**
Net increase / (decrease) in cash and cash equivalents	**95.3**	**(7.1)**	**(4.7)**	**18.7**	**1.0**
Cash and cash equivalents at beginning of the year	37.1	42.7	42.7	24.7	23.1
Exchange gains/(losses)	2.1	(1.5)	(0.9)	(0.7)	0.6
Cash and cash equivalents at the end of the year	**134.5**	**34.1**	**37.1**	**42.7**	**24.7**

5. Current trading and prospects

The period post 2 July 2016 represents the 15-week period to 16 October 2016 incorporating the 12 week period to 25 September 2016 (fourth quarter of the financial year ended 25 September 2016) and the subsequent 3 week period to 16 October 2016.

12 week period to 25 September 2016 (fourth quarter of 2016 financial year):

Trading in the 12 week period to 25 September 2016 (fourth quarter of 2016 financial year) was positive with Coral Group net revenue 8.9 per cent. ahead of last year (year to date +11.3 per cent.)

Coral Retail total net revenue grew 0.3 per cent., driven by an improvement in OTC gross win margin and machines growth.

Eurobet Retail net revenue was 31.2 per cent. ahead of last year, with strong growth in sports stakes.

Online saw continued strong growth with net revenue 23.7 per cent. ahead of last year (year to date +28.3 per cent.) with Coral.co.uk net revenue 31.7 per cent. ahead driven by strong sports stakes growth.

3 week period to 16 October 2016:

Coral Group net revenue was ahead of last year, with growth in all divisions, except Coral Retail which was marginally behind.

Trading for the period from 16 October 2016 to the date of this Prospectus has been in and is in line with the expectations of the Coral Board and there has been no material change to the financial position of the Coral Group since that date.

6. Principal investments

The Coral Group does not have any principal investments other than its significant subsidiaries, all of which are wholly owned by GC Group (Jersey) Limited.

7. Organisational structure

The following table contains a list of the significant subsidiaries of GC Group (Jersey) Limited as at the date of this Prospectus. Each significant subsidiary operates in the field of the provision of betting and gaming services as part of the Coral Group.

Name	Country of incorporation	Percentage ownership of shares (%)
Coral Racing Limited	UK	100.0
Coral Estates Limited	UK	100.0
Coral Stadia Limited	UK	100.0
Romford Stadium Limited	UK	100.0
Brickagent Limited	UK	100.0
Coral Group Trading Limited	UK	100.0
Eurobet Italia Srl	Italy	100.0
Gala Coral Interactive (Gibraltar) Limited	Gibraltar	100.0
Gala Interactive (Gibraltar) Limited	Gibraltar	100.0
Coral Interactive (Gibraltar) Limited	Gibraltar	100.0

As at the date of this Prospectus, none of the joint ventures in which the Coral Group participates or any of the associated companies of the Coral Group are considered to be likely to have a significant effect on the assessment of the assets, liabilities, financial position and/or profits and losses of the Coral Group.

8. Property, plant and equipment

The Coral Group leases its principal executive office, which is located in central London. Coral Retail is located in Stratford, London. Eurobet is based in the Coral Group's offices in Rome, Italy. Online is managed in Gibraltar, and the division has a customer support centre in Woking, UK and a centre for customer analytics in Tel Aviv, Israel. The Coral Group's Telebet operations are based in Barking, UK.

In addition to the Coral Group's executive and other administrative offices, as at the Latest Practicable Date, the Coral Group operated approximately 1,806 LBOs and 2 greyhound stadia. Of the Coral Group's 1,818 property interests (excluding non-operational properties) as at the Latest Practicable Date, 1,812 were leasehold and 6 freehold. The Eurobet Retail business operates through franchised 'shops' and 'corners' which are owned or leased by franchisees who incur the running costs associated with such premises.

Details of the principal properties of the Coral Group are set out below:

Address	Description	Size	Freehold or Leasehold
2nd Floor 34 St. James's Street London SW1A 1HD	Coral Group Executive Offices	1,712 square foot	Leasehold
One Stratford Place Montfichet Road London E20 1EJ	Coral Retail's main office	41,519 square foot	Leasehold

There are currently no environmental issues which will materially affect the Coral Group's use of the assets described above or the Coral Group's use of its betting shop estate.

9. Intellectual property

The Coral Group has a number of brands, logos, websites and other intellectual property that it seeks to protect from third party infringement through the registration of trademarks, domain names in the UK and other jurisdictions and through certain other means of trade secret protection, licences, confidentiality and non-disclosure agreements, as well as through other contractual provisions.

The Coral Group has trademarks registered over its core brands, as well as each of its divisional brands, including Coral and Eurobet, and certain of its online brands, including www.coral.co.uk, www.galacasino.com and www.galabingo.com. Like the 'Coral' and 'Eurobet' brands, the 'Gala' brand is owned by the Coral Group though it and other bingo trademarks are licensed to Caledonia Investments, the operator of the bingo retail business, under a trademark licence agreement.

10. Risk management

Risk management is highly important to all of the Coral Group's operational businesses.

Trading risk is tightly controlled through a four-stage risk management process, which relies on: (i) the compilation of odds by a team of expert odds compilers and bookmaking risk managers; (ii) access to market information before odds are compiled and after odds are published; (iii) tightly controlled bet acceptance limits under which the Coral Group is under no obligation to accept any bet; and (iv) effective hedging.

Unlike the Coral Group's bookmaking products, gaming machine and online gaming products have a theoretical likelihood of success for the customer which is transparent. While it is possible for the Coral Group to incur losses in the short term, over time the margin reverts to predetermined averages and hedging is not required.

There is also no trading risk on the Coral Group's pari-mutuel products. Poker income generally comprises a percentage of the total pot in each game known as a 'rake'. Similarly, the Coral Group's bingo income is derived from a fee charged to participants.

The Coral Group also has systems and controls in place which seek to ensure that the Coral Group does not accept bets or wagers via the internet from jurisdictions from which it has determined that it does not wish to accept bets, whether because it is or may be unlawful to do so and the Coral Group has decided not to take any risk in such regard or for any other reason. The systems and controls include monitoring and analysing information provided by potential customers' registered addresses and of customers' payment methods.

11. Information technology systems

The Coral Group operates a number of IT systems to support its various businesses. The Coral Group's information technology is managed by in-house teams of IT personnel and through partners such as Playtech, who host the Coral Group's online information management system. Due to the importance of IT to its business, the Coral Group's systems are hosted in modern, secure data centres in Gibraltar and Woking. As part of its technology diversity and ongoing in-house development strategy, the Coral Group also leverages cloud based services from Tier1 providers such as Google to help deliver the front end experience to customers. All critical data is replicated in real-time between the Coral Group's data centres for back-up purposes and data held with key suppliers is also backed up within the Coral Group's own IT systems.

The Coral Group's primary IT support requirements consist of betting risk management, site hosting, games and sportsbetting delivery and management, payment processing and customer support. In order to ensure business continuity, the Coral Group's key systems have appropriate redundancy and data replication across data centres and enterprise grade, high availability systems within the data centre. Fully documented and tested data recovery and systems recovery plans are in place with business continuity strongly emphasised. These arrangements are inspected and externally audited regularly.

12. Supplier relationships

The Coral Group has contractual arrangements with third parties for the supply of certain of the large variety of products and services it uses in its businesses. The Coral Board believes that the most significant of these arrangements are for the supply of Playtech's systems to Online, the supply by Satellite Information Services of video and audio content for LBOs operated by Coral Retail, the supply by Global Draw of FOBTs and related games and other content for LBOs operated by Coral Retail, and the supply by Openbet of other software platforms to Online.

From time-to-time, in a number of cases, the Coral Group has elected to use a single supplier for all of or a substantial proportion of a specific category of products or services utilised by one or more of its businesses. The Coral Board believes that, in virtually all cases, these suppliers can be replaced, but replacement may result in incurring costs and experiencing disruptions.

13. Marketing

The Coral Group advertises its LBOs through print media, online, and through other channels, such as sponsorship of sporting events. The Coral Group's promotions include offering free bets, enhanced odds, limited-time offerings of certain FOBT games and customer loyalty promotions.

The Coral Group undertakes both online and offline marketing to promote its brand and products to customers. Offline marketing typically involves print, event and radio advertising. Online marketing involves a number of internet-based marketing tools, including natural and paid search, TV, press and event advertising and promotions. The marketing investment made by Online increased by 35 per cent. in the first three quarters of the 2016 financial year to £59.2 million, which equates to 24 per cent. of Online's net revenue.

14. Employees

The following table sets out the breakdown of the monthly average of the Coral Group's employees in each of its businesses for the period indicated:

	52 weeks ended 28 September 2013	52 weeks ended 27 September 2014	52 weeks ended 26 September 2015	40 weeks ended 2 July 2016
Coral Retail	10,915	10,244	9,884	9,895
Eurobet Retail	115	159	179	206
Online	320	546	629	792
Central Support Division	37	44	39	33
Total	**11,387**	**10,993**	**10,731**	**10,926**

PART V
INFORMATION ON THE CONSIDERATION SHARES AND THE PLAYTECH SHARES

1. Description of the type and class of securities admitted

The Consideration Shares and the Playtech Shares will be ordinary shares with a nominal value of 28 1/3 pence each. The ISIN of both the Consideration Shares and the Playtech Shares will be GB00B0ZSH635. The Consideration Shares and the Playtech Shares will be created under the Act and the Articles of Association. Following Admission, Ladbrokes will have one class of ordinary shares, the rights of which are set out in the Articles of Association.

The Consideration Shares and the Playtech Shares will be credited as fully paid and free from all liens, equities, charges, encumbrances and other interests, and will rank in full for all dividends and distributions on the ordinary share capital of Ladbrokes declared, made or paid after their allotment and issue.

2. Listing

An application will be made to the UKLA and to the London Stock Exchange for Admission. It is expected that dealings in the Existing Ordinary Shares will recommence and that dealings in the Consideration Shares and the Playtech Shares will commence on the London Stock Exchange, by no later than 8:00 a.m. on the date of Completion, which is expected to be on 1 November 2016.

Listing of the Consideration Shares and the Playtech Shares is not being sought on any stock exchange other than the London Stock Exchange.

3. Form and currency of the Consideration Shares and the Playtech Shares

The Consideration Shares and the Playtech Shares will be issued in registered form and will be capable of being held in certificated and uncertificated form.

Title to the certificated Consideration Shares and Playtech Shares will be evidenced by entry in the register of members of Ladbrokes and title to uncertificated Consideration Shares and Playtech Shares will be evidenced by entry in the operator register maintained by Euroclear (which forms part of the register of members of Ladbrokes). The registrars of Ladbrokes are Computershare Investor Services PLC.

No share certificates will be issued in respect of the Consideration Shares or Playtech Shares in uncertificated form. If any such shares are converted to be held in certificated form, share certificates will be issued in respect of those shares in accordance with the Articles of Association and applicable legislation.

The Consideration Shares and the Playtech Shares will be denominated in Pounds Sterling.

4. Rights attached to the Consideration Shares and the Playtech Shares

Each Consideration Share or Playtech Share will rank pari passu in all respects with each Existing Ordinary Share and will have the same rights (including voting and dividend rights, and rights on a return of capital) and restrictions as each Existing Ordinary Share, as set out in the Articles of Association.

Due to the indirect controlling ownership interest held by the Company in Stadium Technology Group, LLC, the Company is subject to the Nevada Act. Under the Nevada Act, any beneficial holder of Ordinary Shares, regardless of the number of Ordinary Shares owned, may be required to file an application, be investigated, and have his or her suitability as a beneficial holder of the Ordinary Shares determined if the Nevada Commission has reason to believe that such ownership would otherwise be inconsistent with the declared policies of the State of Nevada. The Nevada Act also requires any person who acquires more than 5 per cent. of the Ordinary Shares to report the acquisition to the Nevada Commission. Furthermore, under the Nevada Act, beneficial owners of more than 10 per cent. of the Ordinary Shares are required to apply to the Nevada Commission for a finding of suitability within 30 days after the chairman of the Nevada Board posts a written notice requiring such filing.

Any person who fails or refuses to apply for a finding of suitability or a licence within 30 days after being ordered to do so by the Nevada Commission or the Chairman of the Nevada Board may be found to be unsuitable. Any Shareholder found to be unsuitable, either due to a failure to apply for a finding of suitability or otherwise, and who holds, directly or indirectly, any beneficial ownership of Ordinary Shares beyond such period of time as may be prescribed by the Nevada Commission may be guilty of a criminal offence.

Under the terms of the Conduct Agreement, each of the Four Principal Coral Shareholders has undertaken not to, for 365 days post-Completion, requisition a general meeting of Ladbrokes for the purposes of removing or changing the role of a director of Ladbrokes. There are no provisions in the Conduct Agreement which would prevent or restrict a third party from requisitioning or voting at a general meeting of Ladbrokes. Further, if a third party requisitions a general meeting of Ladbrokes, there is nothing in the Conduct Agreement which would prevent the Four Principal Coral Shareholders from voting in relation to the appointment or re-election of any director of Ladbrokes.

Please refer to section 5 of Part XIII (*Additional Information*) of this Prospectus for further information about the rights attaching to Ordinary Shares.

5. Resolutions, authorisations and approvals relating to the Consideration Shares and the Playtech Shares

See section 3.3 of Part XIII (*Additional Information*) of this Prospectus for details of the resolutions, authorisations and approvals relating to the Consideration Shares and the Playtech Shares.

6. Dates of issue and settlement

The Consideration Shares and the Playtech Shares are expected to be issued and allotted on the date of Completion, which is expected to be on 1 November 2016.

7. Description of restrictions on free transferability

Save as set out in this section, the Consideration Shares and the Playtech Shares will be freely transferable.

Ladbrokes may, under the Articles of Association and the Act, send out statutory notices to those it knows or has reasonable cause to believe have an interest in its shares, asking for details of those who have an interest and the extent of their interest in a particular holding of shares. When a person receives a statutory notice and fails to provide any information required by the notice within the time specified in it, Ladbrokes can apply to the court for an order directing, among other things, that any transfer of the shares which are the subject of the statutory notice is void.

The directors of the Company may also, without giving any reason, refuse to register the transfer of any Ordinary Shares which are not fully paid.

The Conduct Agreement provides that, during the period from signing of the Conduct Agreement until 180 days post-Completion, Coral, the Four Principal Coral Shareholders and Coral Management Shareholders will not buy Ordinary Shares or announce any offer to acquire Ladbrokes.

In addition, for a period of 180 days post-Completion, Coral, the Four Principal Coral Shareholders and Coral Management Shareholders are prohibited (subject to certain customary exceptions) from selling, transferring or disposing of any of the Consideration Shares. However, Coral is entitled to sell up to £40 million of Consideration Shares post-Completion. Under one of the exceptions to the lock-up provisions, the Coral Management Shareholders are permitted to sell their Consideration Shares to raise cash to discharge tax liabilities arising in respect of or in relation to the acquisition of their Consideration Shares and/or their acquisition, disposal or holding of any shares in Gala LuxCo and/or any of its current or former subsidiaries.

Orderly sale provisions apply (subject to certain customary exceptions) to the Consideration Shares held by the Four Principal Coral Shareholders (subject to each continuing to hold a minimum percentage of Ordinary Shares) and the Coral Management Shareholders (subject to the relevant individual being a PDMR of Ladbrokes) for a period of 180 days following the initial lock-up period so as to ensure the maintenance of an orderly market for Ordinary Shares. The tax liability related exception to the lock-up provisions, referred to in the paragraph above, also applies to the Coral Management Shareholders in relation to the orderly sale restrictions.

The Conduct Agreement obliges Coral, the Four Principal Coral Shareholders and the Coral Management Shareholders to make it a condition of the Distribution that each other Gala LuxCo Shareholder agrees to be bound by the same lock-up restrictions and, to the extent that such Gala LuxCo shareholder is interested (directly or indirectly) in 2 per cent. or more of the Ordinary Shares, the same orderly sale restrictions.

The Conduct Agreement also provides that, in order to prevent potential City Code issues, if one of the members of the Concert Party between the date of the Conduct Agreement and the end of the lock-up period: (i) buys shares in Ladbrokes such that an obligation to make a mandatory offer is triggered under the City Code, then that shareholder's shares in Gala LuxCo may be transferred away from that shareholder immediately under a power of attorney; and (ii) does not cooperate for the purposes of shareholder approval of a Panel waiver, then that shareholder's shares in Gala LuxCo may be transferred away from that shareholder under a power of attorney following the expiry of a 10 Business Day cure period (which period commences upon notification from Ladbrokes or Coral of the breach of the cooperation provisions).

Furthermore, under the terms of the Marketing Services Agreement and the Marketing Amendment Agreement, orderly sale provisions will apply to any Playtech Shares held by Playtech for a period of 12 months following their allotment and issue.

8. Mandatory bids, squeeze-out and sell-out rules relating to the Consideration Shares and the Playtech Shares

Please see section 11 of Part XIII (*Additional Information*) of this Prospectus for a summary of the mandatory bids, squeeze-out and sell-out rules relating to the Consideration Shares and the Playtech Shares.

9. Taxation

Please see Part XI (*Taxation*) of this Prospectus for a general summary of certain consequences of holding or disposing of Ordinary Shares (including a discussion of UK stamp duty and SDRT which is relevant to holders of Consideration Shares or Playtech Shares, irrespective of their tax residence).

PART VI
OPERATING AND FINANCIAL REVIEW RELATING TO THE LADBROKES GROUP

The following discussion of the Ladbrokes Group's financial condition and results of operations should be read in conjunction with the historical financial information on the Ladbrokes Group and the notes related thereto referred to in Part VIII (*Historical Financial Information relating to the Ladbrokes Group*), which is incorporated into this Prospectus by reference and the information relating to the business of the Ladbrokes Group contained elsewhere in this Prospectus. Except as otherwise stated, the financial information included in this Part VI (*Operating and Financial Review relating to the Ladbrokes Group*) has been extracted without material adjustment from the financial information referred to in Part VIII (*Historical Financial Information relating to the Ladbrokes Group*), which has been incorporated into this Prospectus by reference. The historical financial information referred to in this Part VI (*Operating and Financial Review relating to the Ladbrokes Group*) has been prepared in accordance with IFRS as explained in Part VIII (*Historical Financial Information relating to the Ladbrokes Group*).

The following discussion contains forward looking statements. The Ladbrokes Group's actual results could differ materially from those contained in any forward looking statements as a result of factors discussed below and elsewhere in this Prospectus, particularly in the Parts of this Prospectus headed 'Risk Factors' and 'Important Information'.

1. Documents incorporated by reference

Certain sections, as set out below, of the Annual Report and Accounts 2013, the Annual Report and Accounts 2014, the Annual Report and Accounts 2015 and the Interim Results 2016 are incorporated by reference into this Prospectus.

The following cross-reference list is intended to enable investors to identify easily specific items of information which have been incorporated by reference into this Prospectus.

1.1 Annual Report and Accounts 2013

The page numbers below refer to the relevant pages of the Annual Report and Accounts 2013:

- Chairman's statement – page 1;
- Our strategic priorities – pages 10 and 11;
- Chief Executive's review – pages 14 to 15;
- UK retail – page 16;
- European retail – page 17;
- Digital – pages 18 and 19;
- Telephone and high rollers – page 19;
- Financial review – pages 20 and 21;
- Risks and how we manage them – pages 22 to 24;
- Consolidated income statement – page 57;
- Consolidated statement of comprehensive income – page 58;
- Consolidated balance sheet – page 59;
- Consolidated statement of changes in equity – page 60;
- Consolidated statement of cash flows – page 61;
- Notes to the consolidated financial statements – pages 62 to 97; and
- Independent auditors' report to the members of Ladbrokes plc on the consolidated financial statements – pages 99 to 100.

1.2 Annual Report and Accounts 2014

The page numbers below refer to the relevant pages of the Annual Report and Accounts 2014:

- Chairman's statement – pages 4 and 5;
- Our strategic priorities – pages 14 and 15;

- Chief Executive's review – pages 16 to 19;
- UK retail – pages 22 and 23;
- Digital – pages 24 to 26;
- European retail – pages 27 to 28;
- Telephone and high rollers – page 29;
- Financial review – pages 30 and 31;
- Risks and how we manage them – pages 34 to 37;
- Independent auditors' report to the members of Ladbrokes plc – pages 72 to 77;
- Consolidated income statement – page 78;
- Consolidated statement of comprehensive income – page 79;
- Consolidated balance sheet – page 80;
- Consolidated statement of changes in equity – page 81;
- Consolidated statement of cash flows – page 82; and
- Notes to the consolidated financial statements – pages 83 to 118.

1.3 Annual Report and Accounts 2015

The page numbers below refer to the relevant pages of the Annual Report and Accounts 2015:

- Chairman's statement – pages 2 and 3;
- Strategic priorities: Building a better Ladbrokes – pages 10 and 11;
- Chief Executive's review – pages 12 to 15;
- UK retail – pages 18 and 19;
- Digital – pages 20 and 21;
- European retail – pages 22 and 23;
- Telephone and high rollers – page 23;
- Financial review – pages 24 and 25;
- Risks and how we manage them – pages 26 to 30;
- Independent auditors' report to the members of Ladbrokes plc – pages 76 to 83;
- Consolidated income statement – page 84;
- Consolidated statement of comprehensive income – page 85;
- Consolidated balance sheet – page 86;
- Consolidated statement of changes in equity – page 87;
- Consolidated statement of cash flows – page 88; and
- Notes to the consolidated financial statements – pages 89 to 128.

1.4 Interim Results 2016

The page numbers below refer to the relevant pages of the Interim Results 2016. The financial information referred to in this paragraph has not been audited:

- Chief Executive's review – pages 4 to 7;
- UK retail – pages 9 and 10;
- Digital – pages 10 and 11;
- European retail – pages 12 and 13;

- Telephone and high rollers – page 13;
- Financial review – pages 15 to 17;
- Principal risks and uncertainties – pages 18 and 19;
- Independent review report to Ladbrokes plc – pages 21 and 22;
- Interim consolidated income statement – page 23;
- Interim consolidated statement of comprehensive income – page 24;
- Interim consolidated balance sheet – page 25;
- Interim consolidated statement of changes in equity – page 26;
- Interim consolidated statement of cash flows – page 27; and
- Notes to the interim financial information – pages 28-37.

2. Taxation

The Ladbrokes Group is subject to significant taxation and levies in each of the geographies in which it operates and changes in levels of taxation or levies or changes in tax or levy policy therefore have a material effect on the Ladbrokes Group's results of operations and financial condition. For example, the UK licensing and taxation regime on remote gambling changed to a point of consumption basis from 1 December 2014. This resulted in UK POCT charges of £26 million in the year ended 31 December 2015. MGD, which was introduced on 1 February 2013, was increased from 20 per cent. to 25 per cent. of machines net revenue effective 1 March 2015, the impact of this increase for the year ended 31 December 2015 was £24.4 million. The Ladbrokes Group deducts this as a cost of sales.

3. Capitalisation and indebtedness

The following tables show the capitalisation of the Ladbrokes Group as at 30 June 2016 and the indebtedness of the Ladbrokes Group as at 31 July 2016:

Capitalisation and indebtedness (1) (2) (3)	£ millions
Total current debt	
Guaranteed	—
Secured	(0.9)
Unguaranteed / unsecured	(274.6)
	(275.5)
Total non-current debt (excluding current portion of the long term debt)	
Guaranteed	—
Secured	(3.7)
Unguaranteed / unsecured	(99.0)
	(102.7)
Shareholders' equity	
Share capital	297.6
Legal reserves	—
Other reserves	191.8
	489.4

Notes:

(1) Shareholders' equity does not include the profit and loss account reserve.

(2) This statement of indebtedness has been prepared under IFRS using policies which are consistent with those used in the preparing the Ladbrokes Group's financial statements for the year ended 31 December 2015.

(3) The information is based on unaudited management accounts information.

The following table sets out the net consolidated financial funds of the Ladbrokes Group as at 31 July 2016 [1].

Net indebtedness	£000's
Cash	90.5
Cash equivalents	20.0
Trading securities	—
Total liquidity	**110.5**
Current bank debt	—
Current portion of non-current debt	—
Other current financial debt	(275.5)
Current financial debt	(275.5)
Net current financial indebtedness	**(165.0)**
Non-current bank loans	—
Bonds issued	(99.0)
Other non-current financial debt	(3.7)
Non-current financial indebtedness	**(102.7)**
Net financial funds	**(267.7)**

Notes:

(1) The Ladbrokes Group had no indirect or contingent indebtedness as at 31 July 2016.

4. Capital resources and liquidity

4.1 Overview

The Ladbrokes Group's primary sources of liquidity have been its cash flows from operating activities, amounts drawn down on its bank facilities and outstanding amounts on its bonds. The Ladbrokes Group's principal use of funds in recent years has been to invest in the operating assets of the business, paying dividends, repaying borrowings and paying taxes and financing costs.

The Ladbrokes Group's treasury function provides a centralised service for the provision of finance and the management and control of liquidity, foreign exchange and interest rates. The function operates as a cost centre and manages the Ladbrokes Group's treasury exposures to reduce risk in accordance with policies approved by the Board.

The Ladbrokes Group's key financing arrangements are described in section 6 of Part XIII (*Additional Information*) of this Prospectus.

4.2 Cash flows

Net cash inflow from operating activities

The following table sets out the Ladbrokes Group's net cash inflow from operating activities for the period under review:

	Six months ended 30 June 2016	Six months ended 30 June 2015	Year ended 31 December 2015	Year ended 31 December 2014	Year ended 31 December 2013
	£m Unaudited	£m Unaudited	£m Audited	£m Audited	£m Audited
Profit / (loss) before tax and net finance expense	**37.7**	**(37.2)**	**(15.4)**	**66.2**	**92.6**
Non-cash exceptional items	6.2	77.4	74.2	65.4	33.9
Depreciation of property, plant and equipment	20.4	20.1	39.6	43.9	40.9
Amortisation of intangible assets	19.2	19.0	37.8	33.8	23.9
Share-based payments charge	3.0	2.2	4.1	2.8	2.0
(Increase)/decrease in other financial assets	—	—	(3.8)	(1.3)	1.4
(Increase) decrease in trade and other receivables	(1.8)	(2.2)	3.4	(3.7)	25.0
Decrease in other financial liabilities	—	(2.4)	(3.1)	(11.3)	(1.0)
Increase/(decrease) in trade and other payables	40.8	26.1	38.6	(27.9)	20.0
Decrease in provisions	(5.3)	(2.4)	(1.4)	—	(2.9)
Contributions to retirement benefit scheme	(0.8)	(2.4)	(3.6)	(8.9)	(9.5)
Share of results from joint venture	(0.4)	0.3	(0.1)	1.6	1.4
Share of results from associates	(1.7)	(1.5)	(3.9)	(1.4)	(3.9)
Other items	(0.3)	0.5	(1.2)	(0.2)	—
Cash generated by operations	**117.0**	**97.5**	**165.2**	**159.0**	**223.8**
Income taxes received / (paid)	34.6	(7.8)	(2.3)	(2.1)	(2.9)
Finance expense paid	(14.1)	(13.5)	(26.7)	(26.4)	(23.5)
Net cash inflow from operating activities	**137.5**	**76.2**	**136.2**	**130.5**	**197.4**

Net cash inflow from operating activities increased by 80.4 per cent. to £137.5 million for the six months ended 30 June 2016 from £76.2 million for the six months ended 30 June 2015. This increase was primarily due to the increase in profitability driven by the delivery of the growth strategy and beneficial sporting results. In addition, £34.6 million of income taxes were received in the six months ended 30 June 2016 arising from the accelerated use of historical tax losses and short term timing differences in working capital.

Net cash inflow from operating activities increased by 4.4 per cent. to £136.2 million for the year ended 31 December 2015 from £130.5 million for the year ended 31 December 2015. This increase was primarily due to short term timing differences in working capital partially offset by lower profits from operations.

Net cash inflow from operating activities decreased by 33.9 per cent. to £130.5 million for the year ended 31 December 2014 from £197.4 million for the year ended 31 December 2013. This decrease was primarily due to short term timing differences in working capital and lower profits from operations.

Net cash out flow from investing activities

	Six months ended 30 June 2016	Six months ended 30 June 2015	Year ended 31 December 2015	Year ended 31 December 2014	Year ended 31 December 2013
	£m Unaudited	£m Unaudited	£m Audited	£m Audited	£m Audited
Interest received	0.0	0.0	0.1	0.1	0.0
Dividends received from associates	0.0	0.0	0.0	1.2	2.3
Purchase of intangible assets	(16.9)	(13.8)	(37.9)	(39.8)	(45.3)
Purchase of property, plant and equipment	(14.9)	(13.6)	(28.2)	(20.1)	(44.3)
Proceeds from the sale of property, plant and equipment	0.0	0.5	0.0	5.2	9.5
Acquisition of businesses, net of cash acquired	0.0	0.0	0.0	(10.4)	(33.4)
Purchase of interest in joint venture	(0.4)	(1.9)	(2.8)	(4.1)	(3.1)
Net cash used in investing activities	**(32.2)**	**(28.8)**	**(68.8)**	**(67.9)**	**(114.3)**

Net cash used in investing activities for the six months ended 30 June 2016 was £32.2 million, six months ended 30 June 2015 was £28.8 million, year ended 31 December 2015 was £68.8 million, year ended 31 December 2014 was £67.9 million and year ended 31 December 2013 was £114.3 million. The investing activities principally comprised of capital spend relating to the ongoing development of product offerings across all divisions and the continued maintenance of the Ladbrokes Group's LBO estate.

In the year ended 31 December 2014, investing activities also included the acquisition of 100 per cent. of the business and assets of Betstar Pty, an online sports betting business based in Australia for total cash consideration of £10.4 million.

In the year ended 31 December 2013, investing activities also included the acquisition of 100 per cent. of the issued share capital in The Nations Traffic Limited for consideration with a fair value of £35.3 million (the net cash flow on acquisition was £0.8 million); 100 per cent. of the issued share capital of Global Betting Exchange Alderny Limited for consideration with a fair value of £36.8 million (the net cash flow on acquisition was £12.8 million); the business and assets of Chronicle Bet for cash consideration of £5.2 million (the net cash flow on acquisition was £5.2 million) and finally 100 per cent. of the issued share capital of Gaming Investments Pty Ltd for consideration with a fair value of £28.4 million (the net cash flow on acquisition was £11.2 million).

Net cash outflow from financing activities

	Six months ended 30 June 2016	Six months ended 30 June 2015	Year ended 31 December 2015	Year ended 31 December 2014	Year ended 31 December 2013
	£m Unaudited	£m Unaudited	£m Audited	£m Audited	£m Audited
Proceeds from issue of ordinary shares	0.3	0.1	113.4	0.8	1.1
Purchase of ESOP shares	(0.6)	0.0	(0.6)	(0.6)	(3.2)
Proceeds from borrowings, net of issue costs	0.0	0.0	0.0	98.7	15.2
Finance lease payments	(4.8)	0.0	(3.1)	0.0	0.0
Repayment of borrowings	0.0	(4.5)	(117.0)	(82.0)	0.0
Dividends paid	(20.3)	(42.1)	(52.3)	(81.4)	(81.2)
Net cash used in financing activities	**(25.4)**	**(46.5)**	**(59.6)**	**(64.5)**	**(68.1)**

Net cash used in financing activities for the six months ended 30 June 2016 was £25.4 million, six months ended 30 June 2015 was £46.5 million, year ended 31 December 2015 was £59.6 million, year ended 31 December 2014 was £64.5 million and year ended 31 December 2013 was £68.1 million, principally comprising of dividend payments and repayment of borrowings.

For the year ended 31 December 2015, the Ladbrokes Group also completed a placing of 92,378,680 new Ordinary Shares at 125 pence each on 24 July 2015. The net proceeds of £112.9 million were used to pay down the Ladbrokes Group's committed bank facilities.

For the year ended 31 December 2014, the Ladbrokes Group also issued the 2022 Notes in June 2014 (for further information see section 6(D)(iii) of Part XIII (*Additional Information*) of this Prospectus). Proceeds from the 2022 Notes were used to pay down drawings under the Ladbrokes Group's bank facilities.

PART VII
OPERATING AND FINANCIAL REVIEW RELATING TO THE CORAL GROUP

The following discussion of the Coral Group's financial condition and results of operations should be read in conjunction with the historical financial information on the Coral Group and the notes related thereto set out in Part IX (*Historical Financial Information relating to the Coral Group*) and the information relating to the business of the Coral Group contained elsewhere in this Prospectus. Except as otherwise stated, the financial information included in this Part VII (*Operating and Financial Review relating to the Coral Group*) has been extracted without material adjustment from the financial information set out in Part IX (*Historical Financial Information relating to the Coral Group*). The historical financial information referred to in this Part VII (*Operating and Financial Review relating to the Coral Group*) has been prepared in accordance with IFRS as explained in Part IX (*Historical Financial Information relating to the Coral Group*).

The following discussion contains forward looking statements. The Coral Group's actual results could differ materially from those contained in any forward looking statements as a result of factors discussed below and elsewhere in this Prospectus, particularly in the Parts of this Prospectus headed 'Risk Factors' and 'Important Information'.

Unless otherwise specified or the context otherwise requires, all references to "the period under review" in this Part VII (*Operating and Financial Review relating to the Coral Group*) are references to the period commencing on the first day of the 52 week period ended 28 September 2013 and ending on the last day of the 40 week period ended 2 July 2016.

1. Overview

The Coral Group is one of Europe's largest betting and gaming groups based on annual gross win, with an established presence in the UK and Italy. The Coral Group is the principal part of the Gala Coral Group and comprises three main operating divisions:

- **Coral Retail**, which comprises all activity undertaken by the Coral Group in LBOs owned and operated in the UK under the 'Coral' brand, as well as greyhound stadia operations, including on-course betting;
- **Eurobet Retail**, which comprises all activity undertaken by the Coral Group in LBOs in Italy, operating under the 'Eurobet' brand via a franchise model; and
- **Online**, which comprises all activity undertaken online in the UK, through the 'Coral', 'Gala Bingo' and 'Gala Casino' brands, and in Italy, through the 'Eurobet' brand, including online sportsbooks, online bingo, online casinos and other online gaming products.

The Coral Group also has Telebet activities relating to bets taken via telephone. In the 40 weeks ended 4 July 2015, the Coral Group discontinued its high roller activities.

For further information on the Coral Group's strategy and operations, see Part IV (*Information on the Coral Group*) of this Prospectus.

2. Key performance indicators

The Coral Group assesses the performance of the Coral Group's business using a variety of key performance indicators. Some of these key performance indicators are termed "non-IFRS measures" because they exclude amounts that are included in, or include amounts that are excluded from, the most directly comparable measure calculated and presented in accordance with IFRS, or are calculated using financial measures that are not calculated in accordance with IFRS. The Coral Group does not regard these non-IFRS measures as a substitute for the equivalent measures calculated and presented in accordance with IFRS or those calculated financial measures that are calculated in accordance with IFRS. The key performance measures presented below may not be directly comparable to similarly-titled measures used by other companies including competitors of the Coral Group.

The following table sets out a summary of key performance indicators for the Coral Group's business for the period under review.

Unaudited	52 weeks ended			40 weeks ended	
	28-Sep-13	27-Sep-14	26-Sep-15	04-Jul-15	02-Jul-16
	£m	£m	£m	£m	£m
Coral Retail					
Amounts staked (1)	10,858.7	11,239.2	11,278.6	8,735.7	8,820.3
OTC amounts staked (1)	1,736.6	1,761.4	1,724.3	1,324.9	1,285.2
Machines amounts staked (1)	9,105.0	9,461.1	9,538.0	7,398.4	7,522.6
Gross win (2)	660.0	682.4	682.6	528.4	555.6
OTC gross win (2)	310.3	311.0	295.1	229.7	238.5
Machines gross win (2)	339.2	361.0	376.8	290.4	308.5
Net revenue (3)	654.9	677.8	676.3	523.9	547.2
OTC net revenue (3)	308.9	309.5	293.8	228.5	236.4
Machines net revenue (3)	335.5	357.9	371.9	287.2	302.2
OTC gross win margin (4)	17.9%	17.7%	17.1%	17.3%	18.6%
Average number of LBOs	1,764	1,821	1,843	1,840	1,833
Average number of machines	7,029	7,258	7,352	7,343	7,313
Gross win per machine per week	928	957	986	989	1,055
Eurobet Retail					
Amounts staked (1)	277.2	378.5	465.8	378.8	437.1
LBO amounts staked (1)	154.1	240.4	285.2	233.4	291.5
Other amounts staked (1)	123.1	138.1	180.6	145.4	145.6
Gross win (2)	38.3	83.5	77.3	60.9	76.2
LBO gross win (2)	33.2	55.3	47.5	36.9	52.3
Other gross win (2)	5.1	28.2	29.8	24.0	23.9
Net revenue (3)	38.3	83.5	77.3	60.9	76.2
LBO sports net revenue (3)	33.2	55.3	47.5	36.9	52.3
Other net revenue (3)	5.1	28.2	29.8	24.0	23.9
LBO sports gross win margin (4)	21.5%	23.0%	16.6%	15.8%	17.9%
Average number of licences	376	739	820	826	834
Online					
Amounts staked (1)	3,009.6	4,700.5	6,331.4	4,827.4	6,025.2
Gross win (2)	152.4	234.7	320.1	241.3	319.8
Coral.co.uk gross win (2)	45.2	95.7	154.6	114.4	171.1
Gala websites gross win (2)	79.6	101.6	124.3	94.8	105.4
Eurobet.it gross win (2)	27.6	37.4	41.2	32.1	43.3
Net Revenue (3)	118.5	182.6	247.7	186.8	242.5
Coral.co.uk net revenue (3)	30.6	73.4	118.9	88.0	128.4
Gala websites net revenue (2)	60.6	74.9	92.0	70.3	75.9
Eurobet.it net revenue (3)	27.3	34.3	36.8	28.5	38.2
Coral.co.uk active customers (5)	446.0	758.4	908.7	765.5	998.9
Eurobet.it active customers (5)	114.2	147.8	193.8	165.9	268.5
Gala websites active customers (5)	396.7	420.7	463.4	398.3	388.3
Coral.co.uk gross win margin (4)	5.9%	6.7%	7.0%	6.4%	8.5%
Eurobet.it gross win margin (4)	13.5%	15.3%	10.8%	10.7%	10.5%

Notes:

(1) Amounts staked comprise the gross takings receivable from customers.

(2) Gross win is calculated on the basis described in the section of this Prospectus headed "Important Information".

(3) Net revenue is calculated on the basis described in the section of this Prospectus headed "Important Information".

(4) Gross win margin is calculated on the basis described in the section of this Prospectus headed "Important Information".

(5) An active customer is a player who places a bet (real or bonus) over the relevant period.

3. Significant factors affecting results of operations and financial condition

The Coral Group's results of operations and financial condition have been, and are expected to continue to be affected by the following factors. For a discussion of certain factors that may adversely affect the Coral Group's results of operations and financial condition, please also see the section of this Prospectus headed "Risk Factors".

3.1 Gross win margin

The Coral Group's sports betting businesses operate fixed odds bookmaking and are therefore subject to inherent industry profits volatility due to sporting results. Gross win margin is a non-IFRS measure that is calculated on the basis set out in the section of this Prospectus headed "Important Information" and represents the percentage of amounts wagered that is retained by the Coral Group. The gross win percentage fluctuates in accordance with the outcome of sporting events on which the Coral Group takes bets. Over the short term, the uncertainty in the outcome of sporting events can therefore result in significant volatility, both positive and negative, in the Coral Group's gross win and gross win margin, and therefore in revenue, depending on whether sporting results favour the bookmaker or the customer. There can be a high level of variation in gross win margin event by event and day by day, which can have a significant impact on the Coral Group's results of operations. However, historically, the gross win margin will tend to revert to the average of the Coral Group's experience over the long-term. Despite short-term volatility, the Coral Group believes that gross win margin is useful in assessing its ability to generate revenues from amounts staked by customers and that it provides a basis for assessing the profitability of these activities.

Gross win margin can also have an impact on the level of amounts staked given that the gross win margin will influence the level of "recycled" winnings (being the amount of customer winnings that are used to place further bets). Therefore where sports results favour customers in a given period and reduce the gross win percentage they may also increase the level of stakes and offset some of the negative impact of the adverse sports results for the Coral Group. Where sports results favour the bookmaker the opposite is also true.

3.2 Regulatory environment

The laws and regulations applicable to gambling activities vary considerably amongst these jurisdictions, and gambling operators and their products and services attract varying regulatory status and levels of oversight within these regimes. Increased regulation of the global betting and gaming industry has presented and is expected to continue to present both opportunities and challenges for the Coral Group. For example, the UK customers' ability to stake more than £50 on gaming machines was restricted by the Gaming Machine (Circumstances of Use) (Amendment) Regulations 2015. There is also potential for certain governments to move from their prohibition of some or all types of online betting to responsible regulation, so as to eliminate illicit unregulated supply. Such developments could enable the Coral Group to broaden its product offer in its current markets, and possibly enter new ones, and therefore could have a positive effect on the Coral Group's results of operations and financial condition.

3.3 Taxation

The Coral Group is subject to significant taxation and levies in each of the geographies in which it operates and changes in levels of taxation or levies or changes in tax or levy policy therefore have a material effect on the Coral Group's results of operations and financial condition. For example, the UK licensing and taxation regime on remote gambling changed to a point of consumption basis from 1 December 2014. This resulted in UK POCT charges of £29.1 million in the year ended 26 September 2015. MGD, which was introduced on 1 February 2013, was increased from 20 per cent. to 25 per cent. of machines net revenue effective 1 March 2015, the impact of this increase for the year ended 26 September 2015 was £10.8 million. The Coral Group deducts this as a cost of sales.

3.4 Sporting event schedules

The Coral Group's results of operations are affected by the timing of sporting events, which drive seasonal increases in stakes and revenue. This effect is particularly pronounced in even-numbered calendar years with major international football tournaments, most notably the FIFA World Cup and the

UEFA European Championship. As a result, the Coral Group's results of operations in such years may not be directly comparable with its results in years without a major football tournament. The Coral Group's results of operations may also be affected by the failure of certain teams to qualify for major sporting tournaments. The absence for any reason, including cancellation, of significant sporting events could cause fluctuations in revenue and gross win over the short term, which could have a material effect on the Coral Group's results of operations for a given period.

4. Description of key line items in the Combined Income Statement

4.1 Revenue

Revenue arising from the operation of LBOs (including via licences) and online gaming is stated as net win, which is calculated as the fair value of bets placed less amounts won by customers. Revenue is stated net of any sales tax and free bets, but before the deduction of gaming duty. Open betting positions are carried at fair value and gains and losses on these positions are recognised in revenue.

Revenue from the Coral Group's greyhound stadia includes the sale of food and beverages, which is recorded net of VAT.

4.2 Cost of sales

Cost of sales primarily comprises the costs of gaming duties, including MGD, POCT, gross profit tax and gaming duty. Cost of sales also includes the revenue share payments, including those to franchisees, and machine rental costs.

4.3 Operating expenses

Operating expenses primarily comprise payroll, marketing, property and content costs in all divisions and volume related finance charges in Online.

4.4 Exceptional items

Exceptional items are those items which, by their size or nature, are separately disclosed in order to give a full understanding of the Coral Group's financial performance and to aid comparability of the Coral Group's results between periods.

4.5 Depreciation, amortisation and impairment

Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. The useful lives of these intangible assets are assessed to be either finite or indefinite. Where amortisation is charged on assets with finite useful lives, this expense is taken to the combined income statement through amortisation. Useful lives are reviewed on an annual basis. LBO licences and trademarks are considered to have indefinite useful lives. Capitalised costs of acquired computer software licences costs are amortised on a straight line basis over their estimated useful lives. Computer software development costs recognised as assets are amortised over their estimated useful lives.

Property, plant and equipment is stated at cost, net of accumulated depreciation and impairment. Depreciation is provided on a straight-line basis on all property, plant and equipment, with the exception of freehold land, at rates calculated to write off the cost, less estimated residual value, of each asset evenly over its expected useful life.

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation and depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for any amount by which an asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and its value in use.

4.6 Finance costs

Finance costs primarily comprise net interest cost and bank interest. The Coral Group has historically used the Gala Coral Group's central treasury function to provide loans and make deposits of surplus funds utilising cash pools where such arrangements were in place within the Gala Coral Group. Interest on intercompany balances has historically been charged at a rate equivalent to the Gala Coral Group's weighted average cost of debt. Finance costs for the period under review, therefore, is not representative of the expected level of finance costs for future periods.

4.7 Finance income

Finance income comprises the net amount of interest income on the Gala Coral Group's pension plan assets and interest expense on benefit obligations.

4.8 Income tax

Income tax consists of current and deferred taxes.

For the 52 weeks ended 28 September 2013, the 52 weeks ended 27 September 2014 and the 52 weeks ended 26 September 2015, the Coral Group's effective tax rate was (38.8) per cent., 16.2 per cent. and 32.0 per cent., respectively, and its statutory tax rate was 23.5 per cent., 22.0 per cent. and 20.5 per cent., respectively. A reconciliation of income tax to profit/(loss) before tax for the period under review can be found in note 7 to Part IX (*Historical Financial Information relating to the Coral Group*) of this Prospectus.

5. Operating results

The following table sets out the Coral Group's results of operations for the period under review.

	52 weeks ended			40 weeks ended	
£ millions	**28-Sep-13**	**27-Sep-14**	**26-Sep-15**	**04-Jul-15**	**02-Jul-16**
	Audited	**Audited**	**Audited**	**Unaudited**	**Audited**
Revenue	801.0	948.1	1,006.6	777.2	870.4
Cost of sales	(190.1)	(261.4)	(306.9)	(237.0)	(272.7)
Gross profit	610.9	686.7	699.7	540.2	597.7
Operating expenses	(435.9)	(486.4)	(495.7)	(381.6)	(415.4)
EBITDA	**175.0**	**200.3**	**204.0**	**158.6**	**182.3**
Exceptional items	(13.0)	(13.8)	(4.8)	(4.4)	(9.2)
Depreciation, amortisation and impairment	(45.3)	(156.3)	(65.1)	(43.6)	(58.6)
Coral Group operating profit/(loss)	**116.7**	**30.2**	**134.1**	**110.6**	**114.5**
Financing costs	(90.0)	(87.5)	(85.0)	(68.3)	(64.7)
Financing income	1.4	0.8	0.9	0.7	1.6
Profit/(loss) before tax	**28.1**	**(56.5)**	**50.0**	**43.0**	**51.4**
Income tax	10.9	9.2	(16.0)	(9.4)	7.7
Profit/(loss) for the year	**39.0**	**(47.3)**	**34.0**	**33.6**	**59.1**

Note:
The profit for the 52 weeks ended 26 September 2015 and the 40 weeks ended 4 July 2015 exclude a loss of £6.8 million on the Coral Group's discontinued high rollers segment.

5.1 40 weeks ended 2 July 2016 compared with the 40 weeks ended 4 July 2015

	Revenue 40 weeks ended		Gross profit 40 weeks ended		EBITDA 40 weeks ended	
£ millions	**04-Jul-15**	**02-Jul-16**	**04-Jul-15**	**02-Jul-16**	**04-Jul-15**	**02-Jul-16**
	Unaudited	**Audited**	**Unaudited**	**Audited**	**Unaudited**	**Audited**
Coral Retail	525.7	548.7	391.0	402.5	111.3	111.2
Eurobet Retail	60.9	76.2	19.0	25.6	10.5	17.1
Online	186.8	242.5	126.9	167.1	39.7	58.7
Telebet	3.8	3.0	3.3	2.5	1.3	0.7
Corporate	—	—	—	—	(4.2)	(5.4)
Coral Group	**777.2**	**870.4**	**540.2**	**597.7**	**158.6**	**182.3**

Note:
The profit for the 40 weeks ended 4 July 2015 excludes a loss of £6.8 million on the Coral Group's discontinued high rollers segment.

Revenue increased by 12.0 per cent. to £870.4 million for the 40 weeks ended 2 July 2016 from £777.2 million for the 40 weeks ended 4 July 2015 with increases across all major divisions. Online's revenue was 29.8 per cent. higher driven by acquisitions during the UEFA Euro 2016 Championships and strong sports gross win margins in Coral.co.uk and Eurobet.it following a run of poor results in the prior year. Coral Retail's revenue growth of 4.4 per cent. was driven by a strong machines performance and a 1.3 percentage point improvement in OTC margins. Eurobet Retail's revenue was 25.1 per cent. higher as a result of the UEFA Euro 16 Championships, shop relocations to optimise performance and improved margins.

Cost of sales increased by £35.7 million or 15.1 per cent. to £272.7 million reflecting the increase in revenue and the annualisation of duty changes.

Gross profit increased by 10.6 per cent. to £597.7 million for the 40 weeks ended 2 July 2016 from £540.2 million for the 40 weeks ended 4 July 2015.

Operating expenses increased by 8.9 per cent. to £415.4 million for the 40 weeks ended 2 July 2016 from £381.6 million for the 40 weeks ended 4 July 2015. This increase was primarily due to payroll and marketing costs to support the growth of the business as well as inflation.

EBITDA increased by 14.9 per cent. to £182.3 million for the 40 weeks ended 2 July 2016 from £158.6 million for the 40 weeks ended 4 July 2015.

Depreciation, amortisation and impairment

Depreciation, amortisation and impairment increased by 34.4 per cent. to £58.6 million for the 40 weeks ended 2 July 2016 from £43.6 million for the 40 weeks ended 4 July 2015. This increase was primarily due to the recognition of an impairment charge of £20.6 million recorded against licences as a result from regulatory changes.

Financing costs

Financing costs decreased by 5.3 per cent. to £64.7 million for the 40 weeks ended 2 July 2016 from £68.3 million for the 40 weeks ended 4 July 2015. This decrease was primarily due to the reduction in net debt caused by the operational cash inflow.

Income tax

Income tax decreased by 181.9 per cent. to a credit of £7.7 million for the 40 weeks ended 2 July 2016 from a charge of £9.4 million for the 40 weeks ended 4 July 2015. This decrease was primarily due to a deferred tax credit resulting from the introduction of reduced future UK corporation tax rates.

5.2 52 weeks ended 26 September 2015 compared with the 52 weeks ended 27 September 2014

	Revenue 52 weeks ended		Gross profit 52 weeks ended		EBITDA 52 weeks ended	
£ millions	**27-Sep-14**	**26-Sep-15**	**27-Sep-14**	**26-Sep-15**	**27-Sep-14**	**26-Sep-15**
	Audited	**Audited**	**Audited**	**Audited**	**Audited**	**Audited**
Coral Retail	678.7	677.2	516.0	503.4	141.8	142.3
Eurobet Retail	83.5	77.3	28.7	24.9	18.9	13.4
Online	182.6	247.7	138.9	167.6	49.6	53.9
Telebet	3.3	4.4	3.1	3.8	(0.5)	1.1
Corporate	—	—	—	—	(9.5)	(6.7)
Coral Group	**948.1**	**1,006.6**	**686.7**	**699.7**	**200.3**	**204.0**

Note:
The profit for the 52 weeks ended 26 September 2015 excludes a loss of £6.8 million on the Coral Group's discontinued high rollers segment.

Revenue increased by 6.2 per cent. to £1,006.6 million for the 52 weeks ended 26 September 2015 from £948.1 million for the 52 weeks ended 27 September 2014. This increase was due to an increase of 35.7 per cent. in Online's revenue with growth across all websites. Coral.co.uk grew by 62.2 per cent., Gala websites by 22.7 per cent and Eurobet.it by 7.3 per cent partially offset by a 7.4 per cent. decline in Eurobet Retail due to adverse football results in 2015 and the absence of a major football tournament (the FIFA World Cup was in 2014).

Cost of sales increased by 17.4 per cent. to £306.9 million for the 52 weeks ended 26 September 2015 from £261.4 million for the 52 weeks ended 27 September 2014. This increase was largely driven by revenue growth, the increase in MGD to 25 per cent. and the introduction of UK POCT during the year. These regulatory changes resulted in a year on year increase in cost of sales of £39.9 million.

Gross profit increased by £13.0 million as a result of these changes.

Operating expenses increased by 1.9 per cent. to £495.7 million for the 52 weeks ended 26 September 2015 from £486.4 million for the 52 weeks ended 27 September 2014. This increase was primarily due to volume growth in Online with increased headcount, marketing costs and volume related finance charges offset by savings in Coral Retail, primarily as a result of payroll savings following improvements in rota management and lower content costs.

Resulting EBITDA was £3.7 million ahead of the year ended 27 September 2014.

Depreciation, amortisation and impairment decreased by 58.3 per cent. to £65.1 million for the 52 weeks ended 26 September 2015 from £156.3 million for the 52 weeks ended 27 September 2014. This decrease was primarily due to the recognition of an impairment charge of £104.1 million in the 52 weeks ended 27 September 2014 recorded against licences and property, plant and equipment, as a result from regulatory changes.

Financing costs

Financing costs decreased by 2.9 per cent. to £85.0 million for the 52 weeks ended 26 September 2015 from £87.5 million for the 52 weeks ended 27 September 2014. This decrease was primarily due to the reduction in the intercompany loan as a result of ongoing cash generation.

Income tax

Income tax increased by 273.9 per cent. to £16.0 million for the 52 weeks ended 26 September 2015 from a credit of £9.2 million for the 52 weeks ended 27 September 2014. This increase was primarily due to the increase in profit before tax.

5.3 52 weeks ended 27 September 2014 compared with the 52 weeks ended 28 September 2013

	Revenue 52 weeks ended		**Gross profit 52 weeks ended**		**EBITDA 52 weeks ended**	
£ millions	**28-Sep-13**	**27-Sep-14**	**28-Sep-13**	**27-Sep-14**	**28-Sep-13**	**27-Sep-14**
	Audited	**Audited**	**Audited**	**Audited**	**Audited**	**Audited**
Coral Retail	639.1	678.7	501.1	516.0	148.5	141.8
Eurobet Retail	38.3	83.5	15.5	28.7	9.4	18.9
Online	118.5	182.6	90.1	138.9	20.1	49.6
Telebet	5.1	3.3	4.2	3.1	1.0	(0.5)
Corporate	—	—	—	—	(4.0)	(9.5)
Group	**801.0**	**948.1**	**610.9**	**686.7**	**175.0**	**200.3**

Revenue increased by 18.4 per cent. to £948.1 million for the 52 weeks ended 27 September 2014 from £801.0 million for the 52 weeks ended 28 September 2013. This increase was due to the doubling of revenue from Eurobet Retail (increase of 118.0 per cent.), reflecting the increase in licences during the period, as well as increased online revenue (increase of 54.1 per cent.). Online revenue increased across all websites following significant investment, with the largest increase in Coral.co.uk (increase of 139.9 per cent.). This was driven by innovative marketing, a successful FIFA World Cup, the launch of live streaming and new gaming products and increased cross-sell from sports, which both drove an increase in gaming revenue.

Cost of sales increased by 37.5 per cent. reflecting the growth in the business and the introduction of MGD.

Gross profit increased by £75.8 million or 12.4 per cent. as a result.

Operating expenses

Operating expenses increased by 11.6 per cent. to £486.4 million for the 52 weeks ended 27 September 2014 from £435.9 million for the 52 weeks ended 28 September 2013. This increase was primarily due to payroll and other costs associated with the larger estate in the UK and Italy, increased headcount and marketing to support Online.

EBITDA increased by £25.3 million.

Depreciation, amortisation and impairment

Depreciation, amortisation and impairment increased by 245.0 per cent. to £156.3 million for the 52 weeks ended 27 September 2014 from £45.3 million for the 52 weeks ended 28 September 2013. This increase was primarily due to the recognition of an impairment charge of £104.1 million recorded against licences and property, plant and equipment, as a result from regulatory changes. Excluding the one off impairment, depreciation and amortisation increased by 15.2 per cent.

Financing costs

Financing costs decreased to £87.5 million for the 52 weeks ended 27 September 2014 from £90.0 million for the 52 weeks ended 28 September 2013 following the deleveraging in the year.

Income tax

Income tax credit decreased by 15.6 per cent. to a credit of £9.2 million for the 52 weeks ended 27 September 2014 from a credit of £10.9 million for the 52 weeks ended 28 September 2013. This decrease was primarily due to the Coral Group recording a loss and, therefore, a tax credit rather than charge based on the standard rate of corporate tax, although this credit was offset by a significantly lower benefit from the reduction of future statutory tax rates than was achieved in the prior 52 weeks.

6. Liquidity and capital resources

6.1 Overview

The Coral Group's principal liquidity needs are to finance operations. The Coral Group has historically financed its operations through cash generated from operations and the Gala Coral Group's central treasury function, which provided the Coral Group with loans and cash pooling arrangements. The Coral Group regularly monitors its liquidity position, including cash flows and capital expenditure.

6.2 Cash flows

Net cash inflow from operating activities

The following table sets out the Coral Group's net cash inflow from operating activities for the period under review.

£ millions	52 weeks ended			40 weeks ended	
	28-Sep-13	27-Sep-14	26-Sep-15	04-Jul-15	02-Jul-16
	Audited	Audited	Audited	Unaudited	Audited
Profit/(loss) before tax from continuing operations	28.1	(56.5)	50.0	43.0	51.4
(Loss) before tax from discontinued activities	—	—	(7.6)	(7.6)	—
Adjusted for:					
Net interest	88.6	86.7	84.1	67.6	63.1
Loss/(profit) on disposal of fixed assets and acquisition costs	0.3	—	—	—	—
Amortisation	14.5	20.7	24.1	19.4	13.0
Depreciation	30.8	31.5	31.1	22.8	25.0
Impairment charges	—	104.1	9.7	1.4	20.6
Share based payments charge	10.9	7.9	1.1	0.9	—
Pension contributions in excess of pension expense	(9.6)	(1.6)	(2.8)	(3.1)	(2.8)
Changes in working capital:					
(Increase)/decrease in inventories	(0.9)	1.8	0.2	0.2	0.1
Decrease/(increase) in trade and other receivables	5.0	(4.5)	(2.5)	(13.6)	(6.1)
Increase in trade and other payables	17.3	26.7	24.9	15.1	3.3
(Increase)/decrease in provisions and other financial liabilities	7.2	5.5	(3.3)	(9.3)	(5.6)
Net cash inflow from operating activities	**192.2**	**222.3**	**209.0**	**136.8**	**162.0**

Net cash inflow from operating activities increased by 18.4 per cent. to £162.0 million for the 40 weeks ended 2 July 2016 from £136.8 million for the 40 weeks ended 4 July 2015. This increase was primarily due to the increase in profitability, principally EBITDA. In addition, in the 40 weeks ended 4 July 2015, the Coral Group had cash outflows of £7.6 million in respect of discontinued activities.

Net cash inflow from operating activities decreased by 6.0 per cent. to £209.0 million for the 52 weeks ended 26 September 2015 from £222.3 million for the 52 weeks ended 27 September 2014. This decrease was primarily due to the cash outflow of £7.6 million on discontinued operations and short term timing differences in working capital.

Net cash inflow from operating activities increased by 15.7 per cent. to £222.3 million for the 52 weeks ended 27 September 2014 from £192.2 million for the 52 weeks ended 28 September 2013. This increase was primarily due the increase in profitability.

Net cash outflow from investing activities

The following table sets out the Coral Group's net cash outflow from investing activities for the period under review.

£ millions	52 weeks ended			40 weeks ended	
	28-Sep-13	27-Sep-14	26-Sep-15	04-Jul-15	02-Jul-16
	Audited	Audited	Audited	Unaudited	Audited
Acquisitions (net of cash acquired)	(5.2)	(6.5)	(1.3)	(1.1)	(0.5)
Purchase of intangible assets	(31.7)	(14.8)	(16.3)	(13.0)	(18.6)
Purchase of property, plant and equipment	(26.4)	(36.1)	(35.4)	(21.9)	(22.0)
Proceeds from sale of property, plant and equipment	—	—	—	—	—
Net cash outflow from investing activities	**(63.3)**	**(57.4)**	**(53.0)**	**(36.0)**	**(41.1)**

Net cash outflow from investing activities for the 40 weeks ended 2 July 2016 was £41.1 million and £36.0 million in the 40 weeks ended 4 July 2015. The capital spend principally comprised ongoing development of product offerings across all divisions, the continued maintenance of the Coral Group's LBO estate and the relocation of licenses to more profitable locations in Italy.

Net cash outflow from investing activities for the 52 weeks ended 26 September 2015 was £53.0 million, £57.4 million in the 52 weeks ended 27 September 2014 and £63.3 million in the 52 weeks ended 28 September 2013. The capital spend principally comprised ongoing development of product offerings across all divisions and the continued maintenance and expansion of the Coral Group's LBO estate. In the 52 weeks ended 28 September 2013 investing activities also included the finalisation of the launch of the Coral Group's new Online Gibraltar based websites.

Net cash outflow from financing activities

The following table sets out the Coral Group's net cash outflow from financing activities for the period under review.

	52 weeks ended			40 weeks ended	
£ millions	**28-Sep-13**	**27-Sep-14**	**26-Sep-15**	**04-Jul-15**	**02-Jul-16**
	Audited	**Audited**	**Audited**	**Unaudited**	**Audited**
Interest paid	(0.5)	(0.4)	(0.9)	(0.6)	(0.9)
Interest charged on balances with the rest of the Gala Coral Group	(89.1)	(86.8)	(83.4)	(67.4)	(63.6)
Net cash funding repayments to the rest of the Gala Coral Group	(36.1)	(55.5)	(71.1)	(35.8)	58.2
Equity dividends paid	—	—	—	—	(17.3)
Net cash outflow from financing activities	**(125.7)**	**(142.7)**	**(155.4)**	**(103.8)**	**(23.6)**

Net cash outflow from financing activities represents the cash cost of interest on intercompany amounts outstanding and the payment of funds into the wider Gala Coral Group cash pooling arrangements as deposits.

6.3 Capital resources and funding structure

As at 2 July 2016, the Coral Group held cash and cash equivalents of £134.5 million and invested capital attributable to equity holders of £414.7 million.

Cash and cash equivalents comprise cash at bank and in hand and short-term deposits with an original maturity of less than three months, net of outstanding bank overdrafts.

The Coral Group has historically used the Gala Coral Group's central treasury function to provide loans and make deposits of surplus funds utilising cash pools where such arrangements were in place within the Gala Coral Group. Such arrangements will be discontinued going forward.

As at 2 July 2016, the Coral Group had £850.5 million of net debt, the debt element of which comprised interest bearing loans and borrowings with the rest of the Gala Coral Group. This figure includes £20.4 million of cash held in trust by the Gala Coral Group in relation to customer balances.

6.4 Capitalisation and indebtedness

The following tables set out the Coral Group's capitalisation at 2 July 2016 and unaudited financial indebtedness at 27 August 2016. The capitalisation figures set out have been extracted without material adjustment from the Coral Group's audited historical financial information. The indebtedness figures set out below have been extracted without material adjustment from the Coral Group's unaudited management accounts as at 27 August 2016.

Capitalisation

£ millions (unaudited)	As at 02-Jul-16
Invested Capital	414.7

Indebtedness

£ millions (unaudited)	As at 27-Aug-16
Cash and cash equivalents	120.0
Current financial indebtedness	
Interest bearing loans and borrowings with the rest of the Gala Coral Group	(985.0)
Non-current financial indebtedness	
Interest bearing loans and borrowings with the rest of the Gala Coral Group	—
Total net financial indebtedness at 27 August 2016	**(865.0)**

Except for the impact of earnings on the invested capital of the Coral Group, there has been no material change in invested capital since 2 July 2016

PART VIII
HISTORICAL FINANCIAL INFORMATION RELATING TO THE LADBROKES GROUP

1. Basis of financial information

The audited consolidated financial statements of the Ladbrokes Group included in the Annual Report and Accounts 2013, Annual Report and Accounts 2014 and Annual Report and Accounts 2015, together with the audit reports thereon, are incorporated by reference into this Prospectus. The unaudited interim consolidated financial statements included in the Interim Results 2016 are also incorporated by reference into this Prospectus. The consolidated financial statements as of and for the financial year ended 31 December 2013, the financial year ended 31 December 2014 and the financial year ended 31 December 2015 were prepared in accordance with IFRS, were audited and the audit report for each such financial year was unqualified.

2. Documents incorporated by reference

Certain sections, as set out below, of the Annual Report and Accounts 2013, the Annual Report and Accounts 2014, the Annual Report and Accounts 2015 and the Interim Results 2016 are incorporated by reference into this Prospectus.

The following cross-reference list is intended to enable investors to identify easily specific items of information that have been incorporated by reference into this Prospectus.

2.1 Annual Report and Accounts 2013

The page numbers below refer to the relevant pages of the Annual Report and Accounts 2013:

- Consolidated income statement – page 57;
- Consolidated statement of comprehensive income – page 58;
- Consolidated balance sheet – page 59;
- Consolidated statement of changes in equity – page 60;
- Consolidated statement of cash flows – page 61;
- Notes to the consolidated financial statements – pages 62 to 97; and
- Independent auditors' report to the members of Ladbrokes plc on the consolidated financial statements – pages 99 to 100.

2.2 Annual Report and Accounts 2014

The page numbers below refer to the relevant pages of the Annual Report and Accounts 2014:

- Independent auditors' report to the members of Ladbrokes plc – pages 72 to 77;
- Consolidated income statement – page 78;
- Consolidated statement of comprehensive income – page 79;
- Consolidated balance sheet – page 80;
- Consolidated statement of changes in equity – page 81;
- Consolidated statement of cash flows – page 82; and
- Notes to the consolidated financial statements – pages 83 to 118.

2.3 Annual Report and Accounts 2015

The page numbers below refer to the relevant pages of the Annual Report and Accounts 2015:

- Independent auditors' report to the members of Ladbrokes plc – pages 76 to 83;
- Consolidated income statement – page 84;
- Consolidated statement of comprehensive income – page 85;

- Consolidated balance sheet – page 86;
- Consolidated statement of changes in equity – page 87;
- Consolidated statement of cash flows – page 88; and
- Notes to the consolidated financial statements – pages 89 to 128.

2.4 Interim Results 2016

The page numbers below refer to the relevant pages of the Interim Results 2016. The financial information referred to in this paragraph has not been audited:

- Independent review report to Ladbrokes plc – page 21;
- Interim consolidated income statement – page 23;
- Interim consolidated statement of comprehensive income – page 24;
- Interim consolidated balance sheet – page 25;
- Interim consolidated statement of changes in equity – page 26;
- Interim consolidated statement of cash flows – page 27; and
- Notes to the interim financial information – pages 28-37.

PART IX
HISTORICAL FINANCIAL INFORMATION RELATING TO THE CORAL GROUP

SECTION A: ACCOUNTANT'S REPORT IN RESPECT OF THE HISTORICAL FINANCIAL INFORMATION RELATING TO THE CORAL GROUP

The Directors and Proposed Directors
Ladbrokes plc (the '**Company'**)
Imperial House
Imperial Drive
Rayners Lane
Harrow HA2 7JW

27 October 2016

Ladies and Gentlemen

The Coral Group

We report on the financial information set out in section B of this Part IX (*Historical Financial Information Relating to the Coral Group*) of the Company's prospectus dated 27 October 2016 (the "**Prospectus**") for the 52 weeks ended 28 September 2013, 52 weeks ended 27 September 2014, 52 weeks ended 26 September 2015 and 40 weeks ended 2 July 2016 (the "**Historical Financial Information**"). This Historical Financial Information has been prepared for inclusion in the Prospectus on the basis of the accounting policies set out in note 1 of section B of this Part IX. This report is required by paragraph 20.1 of Annex I of the Prospectus Directive Regulation and is given for the purpose of complying with that paragraph and for no other purpose.

We have not audited or reviewed the financial information for the 40 weeks ended 4 July 2015 which has been included for comparative purposes only, and accordingly do not express an opinion thereon.

Responsibilities

The Directors and the Proposed Directors are responsible for preparing the Historical Financial Information on the basis of preparation set out in note 1 of section B of this Part IX (*Historical Financial Information Relating to the Coral Group*) of the Prospectus.

It is our responsibility to form an opinion on the Historical Financial Information and to report our opinion to you.

Save for any responsibility arising under Prospectus Rule 5.5.3R (2)(f) to any person as and to the extent there provided, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with paragraph 23.1 of Annex I of the Prospectus Directive Regulation, consenting to its inclusion in the Prospectus.

Basis of opinion

We conducted our work in accordance with Standards for Investment Reporting issued by the Auditing Practices Board in the UK. Our work included an assessment of evidence relevant to the amounts and disclosures in the financial information. It also included an assessment of the significant estimates and judgments made by those responsible for the preparation of the financial information and whether the accounting policies are appropriate to the entity's circumstances, consistently applied and adequately disclosed.

We planned and performed our work so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial information is free from material misstatement whether caused by fraud or other irregularity or error.

Opinion on financial information

In our opinion, the Historical Financial Information gives, for the purposes of the Prospectus, a true and fair view of the state of affairs of the Coral Group (as defined in the Circular) as at 28 September 2013, 27 September 2014, 26 September 2015 and 2 July 2016 and of its profits, cashflows, and changes in equity for the 52 weeks ended 28 September 2013, 52 weeks ended 27 September 2014, 52 weeks ended 26 September 2015 and 40 weeks ended 2 July 2016 in accordance with the basis of preparation set out in note 1 of section B of this Part IX (*Historical Financial Information of the Coral Group*) of the Prospectus.

Declaration

For the purposes of Prospectus Rule 5.5.3R (2)(f) we are responsible for this report as part of the prospectus and declare that we have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import. This declaration is included in the Prospectus in compliance with paragraph 1.2 of Annex I of the Prospectus Directive Regulation.

Yours faithfully

KPMG LLP

SECTION B: HISTORICAL FINANCIAL INFORMATION RELATING TO THE CORAL GROUP (52 WEEKS ENDED 28 SEPTEMBER 2013, 52 WEEKS ENDED 27 SEPTEMBER 2014, 52 WEEKS ENDED 26 SEPTEMBER 2015, 40 WEEKS ENDED 4 JULY 2015 AND 40 WEEKS ENDED 2 JULY 2016)

Combined Income Statement

		Unaudited 40 weeks ended 4 July 2015			40 weeks ended 2 July 2016		
Continuing operations	**Note**	**Before exceptional items**	**Exceptional items**	**Total**	**Before exceptional items**	**Exceptional items**	**Total**
		£m	**£m**	**£m**	**£m**	**£m**	**£m**
Revenue	2	**777.2**	**—**	**777.2**	**870.4**	**—**	**870.4**
Operating expenses	3	(660.8)	(5.8)	**(666.6)**	(726.1)	(29.8)	**(755.9)**
EBITDA		**158.6**	**(4.4)**	**154.2**	**182.3**	**(9.2)**	**173.1**
Depreciation, amortisation and impairment		(42.2)	(1.4)	**(43.6)**	**(38.0)**	(20.6)	**(58.6)**
Group operating profit/(loss)		**116.4**	**(5.8)**	**110.6**	**144.3**	**(29.8)**	**114.5**
Financing costs	6	(68.3)	—	**(68.3)**	(64.7)	—	**(64.7)**
Financing income	6	0.7	—	**0.7**	1.6	—	**1.6**
Profit/(loss) before tax		**48.8**	**(5.8)**	**43.0**	**81.2**	**(29.8)**	**51.4**
Income tax	7	(10.2)	0.8	**(9.4)**	2.1	5.6	**7.7**
Profit/(loss) for the period from continuing operations		**38.6**	**(5.0)**	**33.6**	**83.3**	**(24.2)**	**59.1**
Discontinued activities							
Loss for the period from discontinued activities	8	—	(6.8)	**(6.8)**	—	—	**—**
Profit/(loss) for the period		**38.6**	**(11.8)**	**26.8**	**83.3**	**(24.2)**	**59.1**
Profit/(loss) for the period attributable to the owners of the parent company		**38.6**	**(11.8)**	**26.8**	**83.3**	**(24.2)**	**59.1**

The notes on pages 122 to 161 form part of the Combined Historical Financial Information.

Combined Income Statement

Continuing operations	Note	52 weeks ended 28 September 2013 Before exceptional items	Exceptional items	Total	52 weeks ended 27 September 2014 Before exceptional items	Exceptional items	Total	52 weeks ended 26 September 2015 Before exceptional items	Exceptional items	Total
		£m	£m	£m	£m	£m	£m	£m	£m	£m
Revenue	2	**801.0**	**—**	**801.0**	**948.1**	**—**	**948.1**	**1,006.6**	**—**	**1,006.6**
Operating expenses	3	(671.3)	(13.0)	(684.3)	(800.0)	(117.9)	(917.9)	(857.8)	(14.7)	(872.5)
EBITDA		**175.0**	**(13.0)**	**162.0**	**200.3**	**(13.8)**	**186.5**	**204.0**	**(4.8)**	**199.2**
Depreciation, amortisation and impairment		(45.3)	—	(45.3)	(52.2)	(104.1)	(156.3)	(55.2)	(9.9)	(65.1)
Group operating profit/(loss)		**129.7**	**(13.0)**	**116.7**	**148.1**	**(117.9)**	**30.2**	**148.8**	**(14.7)**	**134.1**
Financing costs	6	(90.0)	—	(90.0)	(87.5)	—	(87.5)	(85.0)	—	(85.0)
Financing income	6	1.4	—	1.4	0.8	—	0.8	0.9	—	0.9
Profit/(loss) before tax		**41.1**	**(13.0)**	**28.1**	**61.4**	**(117.9)**	**(56.5)**	**64.7**	**(14.7)**	**50.0**
Income tax	7	11.7	(0.8)	10.9	(13.1)	22.3	9.2	(18.7)	2.7	(16.0)
Profit/(loss) for the period from continuing operations		**52.8**	**(13.8)**	**39.0**	**48.3**	**(95.6)**	**(47.3)**	**46.0**	**(12.0)**	**34.0**
Discontinued activities										
Loss for the period from discontinued activities	8	—	—	—	—	—	—	—	(6.8)	(6.8)
Profit/(loss) for the period		**52.8**	**(13.8)**	**39.0**	**48.3**	**(95.6)**	**(47.3)**	**46.0**	**(18.8)**	**27.2**
Profit/(loss) for the period attributable to the owners of the parent company		**52.8**	**(13.8)**	**39.0**	**48.3**	**(95.6)**	**(47.3)**	**46.0**	**(18.8)**	**27.2**

The notes on pages 122 to 161 form part of the Combined Historical Financial Information.

Combined Statement of Comprehensive income

	52 weeks ended 28 September 2013	52 weeks ended 27 September 2014	Unaudited 40 weeks ended 4 July 2015	52 weeks ended 26 September 2015	40 weeks ended 2 July 2016
	£m	£m	£m	£m	£m
Profit/(loss) for the period	**39.0**	**(47.3)**	**26.8**	**27.2**	**59.1**
Items of other comprehensive income that may be subsequently reclassified to profit or loss:					
Currency translation differences	—	(2.1)	(1.3)	(1.7)	0.9
Total items that may be reclassified to profit or loss	**—**	**(2.1)**	**(1.3)**	**(1.7)**	**0.9**
Items of other comprehensive income that will not be reclassified to profit or loss:					
Remeasurements of retirement benefits (note 23)	(19.3)	(0.2)	1.5	11.5	(14.3)
Tax on items that will not be reclassified to profit or loss (note 7)	3.5	0.1	(0.8)	(4.3)	5.0
Total items that will not be reclassified to profit or loss	**(15.8)**	**(0.1)**	**0.7**	**7.2**	**(9.3)**
Other comprehensive (expense)/ income for the period	**(15.8)**	**(2.2)**	**(0.6)**	**5.5**	**(8.4)**
Total comprehensive income/ (expense) for the period	**23.2**	**(49.5)**	**26.2**	**32.7**	**50.7**
Total comprehensive income/ (expense) for the period attributable to the owners of the parent company	**23.2**	**(49.5)**	**26.2**	**32.7**	**50.7**

The notes on pages 122 to 161 form part of the Combined Historical Financial Information.

Combined Balance Sheet

	Note	28 September 2013	27 September 2014	Unaudited 4 July 2015	26 September 2015	2 July 2016
		£m	£m	£m	£m	£m
Assets						
Non-current assets						
Goodwill and intangible assets	9	1,589.3	1,487.3	1,478.0	1,467.7	1,453.5
Property, plant and equipment	10	87.3	87.9	83.6	95.0	90.1
Deferred tax assets	20	30.8	30.5	29.1	23.3	17.7
Retirement benefit asset	23	18.3	20.7	24.8	35.7	42.2
		1,725.7	**1,626.4**	**1,615.5**	**1,621.7**	**1,603.5**
Current assets						
Inventories	13	2.5	0.7	0.5	0.5	0.4
Trade and other receivables	14	26.0	30.4	44.0	33.6	39.1
Cash and cash equivalents		24.7	42.7	34.1	37.1	134.5
		53.2	**73.8**	**78.6**	**71.2**	**174.0**
Total assets		**1,778.9**	**1,700.2**	**1,694.1**	**1,692.9**	**1,777.5**
Liabilities						
Current liabilities						
Trade and other payables	15	(110.8)	(137.0)	(145.7)	(161.9)	(168.0)
Current income taxation		(2.3)	(2.9)	(0.8)	(0.5)	(2.0)
Other financial liabilities	16	(4.8)	(4.5)	(2.6)	(5.7)	(6.1)
Interest bearing loans and borrowings with other Coral Group companies	17	(949.0)	(895.3)	(860.7)	(831.1)	(985.0)
Provisions	21	(7.9)	(2.7)	(1.3)	(2.4)	(2.9)
		(1,074.8)	**(1,042.4)**	**(1,011.1)**	**(1,001.6)**	**(1,164.0)**
Non-current liabilities						
Other payables	15	(5.3)	(6.7)	(6.9)	(7.2)	(4.6)
Deferred tax liabilities	20	(220.4)	(203.0)	(203.9)	(205.9)	(185.8)
Provisions	21	(7.1)	(18.4)	(15.4)	(14.7)	(8.4)
		(232.8)	**(228.1)**	**(226.2)**	**(227.8)**	**(198.8)**
Total liabilities		**(1,307.6)**	**(1,270.5)**	**(1,237.3)**	**(1,229.4)**	**(1,362.8)**
Net assets		**471.3**	**429.7**	**456.8**	**463.5**	**414.7**
Equity attributable to owners						
Invested capital attributable to equity holders		471.3	429.7	456.8	463.5	414.7
Total capital		**471.3**	**429.7**	**456.8**	**463.5**	**414.7**

The notes on pages 122 to 161 form part of the Combined Historical Financial Information.

Combined Statement of Changes in Equity

	Invested capital £m
At 29 September 2012	**437.2**
Profit for the period	39.0
Other comprehensive expense for the period	(15.8)
Transactions with owners:	
Share based payment charge	10.9
At 28 September 2013	**471.3**
Loss for the period	(47.3)
Other comprehensive expense for the period	(2.2)
Transactions with owners:	
Share based payment charge	7.9
At 27 September 2014	**429.7**
Profit for the period	27.2
Other comprehensive income for the period	5.5
Transactions with owners:	
Share based payment charge	1.1
At 26 September 2015	**463.5**
Profit for the period	59.1
Other comprehensive expense for the period	(8.4)
Transactions with owners:	
Transfer of residual share of retirement benefit scheme from Coral Group companies (note 23):	
Net retirement benefit asset transferred	15.4
Related taxation	(5.4)
	10.0
Adjustment of interest bearing loans to final balance agreed under completion mechanics (note 17)	(92.2)
Equity dividends paid	(17.3)
At 2 July 2016	**414.7**

The notes on pages 122 to 161 form part of the Combined Historical Financial Information.

Combined Statement of Changes in Equity

Unaudited	Invested capital £m
At 27 September 2014	**429.7**
Profit for the period	26.8
Other comprehensive expense for the period	(0.6)
Transactions with owners:	
Share based payment charge	0.9
At 4 July 2015	**456.8**

The notes on pages 122 to 161 form part of the Combined Historical Financial Information.

Combined Statement of Cash Flow

	52 weeks ended 28 September 2013	52 weeks ended 27 September 2014	Unaudited 40 weeks ended 4 July 2015	52 weeks ended 26 September 2015	40 weeks ended 2 July 2016
	£m	£m	£m	£m	£m
Cash generated from operations (note 22)	192.2	222.3	136.8	209.0	162.0
Income tax paid	(2.2)	(3.5)	(4.1)	(5.3)	(2.0)
Net cash inflow from operations	**190.0**	**218.8**	**132.7**	**203.7**	**160.0**
Cash outflow from investing activities					
Acquisitions (net of cash acquired)	(5.2)	(6.5)	(1.1)	(1.3)	(0.5)
Purchase of intangible assets	(31.7)	(14.8)	(13.0)	(16.3)	(18.6)
Purchase of property, plant and equipment	(26.4)	(36.1)	(21.9)	(35.4)	(22.0)
Net cash outflow from investing activities	**(63.3)**	**(57.4)**	**(36.0)**	**(53.0)**	**(41.1)**
Cash (outflow)/inflow from financing activities					
Interest paid	(0.5)	(0.4)	(0.6)	(0.9)	(0.9)
Interest charged on balances with other Coral Group companies	(89.1)	(86.8)	(67.4)	(83.4)	(63.6)
Net cash funding (payments to)/ repayments from Gala Coral Group	(36.1)	(55.5)	(35.8)	(71.1)	58.2
Equity dividends paid	—	—	—	—	(17.3)
Net cash outflow from financing activities	**(125.7)**	**(142.7)**	**(103.8)**	**(155.4)**	**(23.6)**
Net increase/(decrease) in cash and cash equivalents	**1.0**	**18.7**	**(7.1)**	**(4.7)**	**95.3**
Cash and cash equivalents at beginning of period	23.1	24.7	42.7	42.7	37.1
Exchange gains/(losses)	0.6	(0.7)	(1.5)	(0.9)	2.1
Cash and cash equivalents at end of period	**24.7**	**42.7**	**34.1**	**37.1**	**134.5**

Cash and cash equivalents include £20.4 million (26 September 2015: £16.5 million, 4 July 2015: £16.6 million, 27 September 2014: £2.8 million and 28 September 2013: £2.3 million) held in trust in relation to customer balances.

The notes on pages 122 to 161 form part of the Combined Historical Financial Information.

Notes to the Combined Historical Financial Information

1 Basis of preparation and significant accounting policies

Basis of preparation

The Coral Group constitutes the betting and online activities which previously formed part of the Gala Coral Group, the group headed by Gala Coral Group Limited. The Combined Historical Financial Information is presented in Pounds Sterling, which is the Coral Group's functional and presentational currency. All values are in millions (£m) rounded to one decimal place except where otherwise indicated.

The Combined Historical Financial Information for each of the periods reported has been prepared in accordance with the requirements of the Prospective Directive (PD) regulation, the Listing Rules, and in accordance with this basis of preparation. The basis of preparation describes how the financial information has been prepared in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS as adopted by the EU") except as described below.

IFRS as adopted by the EU does not provide for the preparation of combined historical financial information or for the specific accounting treatment set out below, and accordingly in preparing the combined historical financial information, certain accounting conventions commonly used for the preparation of historical financial information for inclusion in investment circulars as described in the Annexure to SIR 2000 "Standards for Investment Reporting applicable to public reporting engagements on historical financial information" issued by the UK Auditing Practices Board have been applied. The application of these conventions results in the following departure from IFRSs as adopted by the EU. Other than this departure IFRSs as adopted by the EU have been applied.

- The Combined Historical Financial Information is prepared on a combined carve-out basis and therefore does not comply with the requirements of IFRS 10. The combined historical information has been prepared by allocating central items to the operating divisions which make up the Coral Group and aggregating the results, assets and liabilities of each of the divisions by applying the principles underlying the consolidation procedures of IFRS 10 'Consolidated Financial Statements' for each of the periods presented.

The following summarises the accounting and other principles applied in preparing the Combined Financial Information:

- Transactions and balances within the Coral Group have been eliminated. All intra-group balances, transactions, income and expenses and profits and losses, including unrealised profits arising from intra-group transactions, have been eliminated on combination;
- Transactions and the balances between the Coral Group and rest of the Gala Coral Group represent third-party transactions and balances from the perspective of the Coral Group. They have been presented alongside all other third-party transactions and balances in the appropriate Income Statement and Balance Sheet line items of the Combined Historical Financial Information to which such transactions and balances relate;
- Balances with Gala Coral which are never expected to be settled have been included within invested capital attributable to equity holders (equity). The Coral Group has historically been funded as part of the Gala Coral Group and the balance reported, which is payable to Gala Group Finance Limited, represents the anticipated post transaction debt position. When a change in the amounts which are never expected to be settled occurs, the balance due to Gala Group Finance Limited is adjusted with an equivalent movement shown in equity.
- The rate of interest applied to funding balances within the Combined Historical Financial Information reflects the Gala Coral Group weighted average cost of debt relevant to that particular year. They are not necessarily representative of the finance costs and income that may arise in the future.
- The Coral Group is not a separate legal group and therefore it is not meaningful to present share capital or an analysis of reserves. The net assets of the group are therefore represented by the cumulative investment of the Gala Coral Group (shown as "Invested Capital") and Earnings per share as required by IAS 33 have also not been presented in the Combined Income Statement.

- Payments for overhead costs to the Gala Coral Group for management oversight, administration, human resources, information technology, marketing and taxation support have been reflected in the Combined Historical Financial Information based on the divisions that central employees or roles have now been allocated to. Exceptional income/(costs) have been recharged to the Coral Group where they are directly attributable to the activities of the Coral Group, see note 26;
- Current and deferred tax charges in the Combined Historical Financial Information have been based on the tax treatment of the income and expenditure in the legal entities in which they have arisen with adjustments made for consolidation purposes. Deferred tax assets and liabilities reflect the full historical deferred tax assets and liabilities recorded by the legal entities adjusted for IFRS. The tax charges recorded in the combined income statement and combined statement of comprehensive income are not necessarily representative of the tax charges that would have been reported had the Coral Group been an independent group throughout the period presented. They are not necessarily representative of the tax charges that may arise in the future.
- Final dividends proposed by the Board of Directors and unpaid at the period end are not recognised in the Combined Historical Financial Information until they have been approved by shareholders at the Annual General Meeting. Interim dividends are recognised when paid. Dividends paid by the parent company of the Coral Group to its immediate parent are shown as a reduction in invested capital at the date they are approved.
- The Combined Historical Financial Information has been prepared on a going concern basis and under the historical cost convention, except for certain areas where fair value measurement is required, as identified in the accounting policies below.

Basis of combination

The purchase method of accounting is used to account for the acquisition of entities. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange. Identifiable assets acquired, liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the identifiable net assets acquired is recorded as goodwill.

Going concern

The Directors and Proposed Directors have reviewed the Coral Group's cash flow forecasts and trading budgets and after making appropriate enquiries, have formed the view that the Coral Group is operationally and financially robust and will generate sufficient cash to meet its ongoing requirements for at least the next 12 months. Accordingly, the going concern basis of preparation has been adopted.

Accounting policies

The Directors and Proposed Directors confirm that the Combined Historic Financial Information has been prepared using the accounting policies set out herein for all accounting periods presented. The accounting policies applied are consistent with those adopted by Ladbrokes in its financial statements for the year ended 31 December 2015.

Standards, amendments and interpretations to existing standards that are not yet effective

Future accounting developments:

The IASB and IFRIC have issued a number of standards, interpretations and amendments to standards which could impact the Coral Group, with an effective date after the date of this Combined Historical Financial Information.

IFRS 9 Financial Instruments – simplifies the classification, recognition and measurement requirements for financial assets, financial liabilities and some contracts to buy or sell non-financial items. Subject to endorsement by the EU, this is expected to be effective for the Coral Group for accounting periods commencing on or after 1 January 2018.

IFRS 15, '*Revenue from contracts with customers*' deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces IAS 18 '*Revenue*' and IAS 11 '*Construction contracts*' and related interpretations. The standard is effective for annual periods beginning on or after 1 January 2018 and earlier adoption is permitted. The Coral Group is assessing the impact of IFRS 15.

IFRS 16, *'Leases'* sets out the principles for the recognition, measurement, presentation and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. IFRS 16 now requires lessees to recognise a lease liability reflecting future lease payments and a 'right-of-use asset' for virtually all lease contracts. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of the entity. The standard replaces IAS 17 *'Leases'* and related interpretations. The standard is effective for annual periods beginning on or after 1 January 2019 and earlier adoption is permitted for entities that apply IFRS 15 at or before the date of initial application of IFRS 16. The Coral Group is assessing the impact of IFRS 16. All properties of the Coral Group are currently classified as operating leases and consequently the proposed changes would have a potential material impact on the balance sheet (with a grossing up of assets and liabilities upon recognition of the property, plant and equipment and lease liability) and the income statement (with an increase in operating profit and finance costs). The Coral Group currently recognises rental expenses under operating leases on a straight line basis within operating profit and provides additional disclosure of future minimum commitments under non-cancellable operating leases.

IFRS 9, IFRS 15 and IFRS 16 are yet to be endorsed by the EU.

The Directors and Proposed Directors do not expect that the adoption of other standards not discussed above which are currently issued will have a material impact on the Combined Historical Financial Information of the Coral Group in future periods.

Critical accounting estimates and judgements

The preparation of Combined Historical Financial Information in conformity with IFRS requires the use of certain critical accounting estimates and requires the exercise of judgement in applying accounting policies. Use of available information and application of judgement are inherent in the formation of estimates. Actual results in the future may differ from those reported.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods, if the revision affects both current and future periods. The areas involving a higher degree of judgement or complexity, where assumptions and estimates are significant to the Combined Historical Financial Information, are set out below.

Impairment of intangible assets and property, plant and equipment:

LBO licences have been classified as intangible assets with an indefinite life and accordingly are not amortised but are subject to annual impairment reviews. The Coral Group tests annually whether assets which have an indefinite useful life, have suffered any impairment. The Coral Group also reviews assets that are subject to amortisation or depreciation for events or changes in circumstances that indicate the carrying amount of the asset may not be recoverable.

The application of the policy requires the use of accounting estimates and judgements in determining the recoverable amount of cash-generating units to which the intangible assets and property, plant and equipment are associated.

The recoverable amount is the higher of the fair value less costs to sell and value in use. Estimates of fair value less costs to sell are performed internally by experienced senior management supported by knowledge of similar transactions and advice from external valuers. Estimating a value in use amount requires management to make an estimate of the expected future cash flows from the cash generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows. Note 11 provides information on the assumptions and sensitivities used in this Historic Financial Information.

Retirement benefit obligations:

The cost of defined benefit pension plans and other post-employment benefits is determined using actuarial valuations.

The actuarial valuation involves assumptions over discount rates, expected rates of return on assets, mortality rates and future pension increases. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty. Details of those assumptions used are disclosed in note 23.

The Coral Group also reviews any net pension asset to determine whether this is recoverable and the amount (if any) to be recognised in the Coral Group's balance sheet in accordance with IAS19 (Revised).

Segmental reporting

The operating segments set out in note 2 are reported in a manner consistent with the internal reporting to the Chief Operating Decision Maker. For the purposes of IFRS 8 – Operating Segments – the Chief Operating Decision Maker has been identified as the Executive Board of Coral.

Revenue recognition

Amounts staked does not represent the Coral Group's statutory revenue and comprises the gross takings receivable from customers.

Revenue arising from the operation of bookmakers ("LBOs") and online gaming is stated as net win, which is calculated as the fair value of bets placed less amounts won by customers. Revenue is stated net of any sales tax and free bets, but before the deduction of gaming duty. Open betting positions are carried at fair value and gains and losses on these positions are recognised in revenue.

Revenue of Greyhound Stadia includes the sale of food and beverages, which is recorded net of VAT.

The Coral Group operates betting establishments in Italy via franchise partners. Under the terms of the franchise agreements, the Coral Group bears the risks and rewards of the operations and therefore the Coral Group acts as principal. As a result, the Coral Group recognises the full net win generated from these operations in revenue.

Cost of sales

Cost of sales primarily comprises the costs of gaming duties, including machine gaming duty, gross profit tax and gaming duty. Cost of sales also includes the revenue share payments to franchisees and machine rental costs.

Exceptional items

Exceptional items are non-recurring or unusual items which, by their size or nature, are separately disclosed in order to give a clearer understanding of the financial results of the Coral Group and present underlying performance on a consistent and comparable basis.

The exceptional items have been included within the appropriate classifications in the combined income statement.

Goodwill

Goodwill on acquisition is initially measured at cost, being the excess of the cost of the business combination over the Coral Group's interest in the net fair value of the separately identifiable assets, liabilities and contingent liabilities of a subsidiary at the date of acquisition. In accordance with IFRS 3 Business Combinations, goodwill is not amortised but reviewed annually for impairment and as such, is stated at cost less any provision for impairment of value. Any impairment is recognised immediately in the combined income statement and is not subsequently reversed.

On acquisition, any goodwill acquired is allocated to cash generating units for the purpose of impairment testing. Where goodwill forms part of a cash generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed is included in the carrying amount of the operation when determining the gain or loss on disposal.

Intangible assets

Intangible assets acquired separately are capitalised at cost and those acquired as part of a business combination are capitalised separately from goodwill if the fair value can be measured reliably on initial recognition. The costs relating to internally generated intangible assets, principally software costs, are capitalised as an intangible asset only when the future economic benefits expected to arise are deemed probable and the costs can be reliably measured. Other expenditure is charged against profit in the period in which the expenditure is incurred.

Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

The useful lives of these intangible assets are assessed to be either finite or indefinite. Where amortisation is charged on assets with finite lives, this expense is taken to the combined income statement through amortisation. Useful lives are reviewed on an annual basis.

A summary of the policies applied to the Coral Group's intangible assets is as follows:

LBO Licences – UK

LBO licences are considered to have indefinite lives as there is no foreseeable limit to the period over which the licences are expected to generate net cash inflows and each licence holds a value outside the property in which it resides. In addition:

- the Coral Group is a leading operator in well established markets,
- there is a proven and sustained demand for bookmaking services,
- existing legislation restricts further entry to the market,
- the Coral Group has a strong record of renewing its licences at minimal cost,
- the UK licences have no definitive life, unlike the Italian gaming licences.

Each licence is reviewed annually for impairment. Any costs incurred on renewing licences annually are expensed as incurred.

LBO Licences – Italy

The Coral Group capitalises Italian gaming licences at cost which are amortised on a straight-line basis over their initial term which is up to nine years.

Trademarks

The Coral Group capitalises trademarks at their fair value on acquisition. The Coral Group trademarks are not amortised as their useful life has been assessed as indefinite. As such these are assessed annually for impairment.

Software

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised on a straight line basis over their estimated useful lives (three to five years).

Costs associated with maintaining computer software programmes are recognised as an expense as incurred. Costs that are directly associated with the production of identifiable and unique software products controlled by the Coral Group, and that will probably generate economic benefits exceeding costs beyond one year, are recognised as intangible assets for externally purchased and internally developed software. Direct costs include specific employee costs for software development.

Computer software development costs recognised as assets are amortised over their estimated useful lives (three to five years).

An intangible asset is derecognised upon disposal, with any gain or loss arising (calculated as the difference between the net disposal proceeds and the carrying amount of the item) included in the combined income statement in the period of disposal.

Property, plant and equipment

Property, plant and equipment is stated at cost, net of accumulated depreciation and impairment. Such cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, and only when it is probable that future economic benefits associated with the item will flow to the Coral Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are charged to the combined income statement during the financial period in which they are incurred.

Depreciation is provided on a straight-line basis on all property, plant and equipment, with the exception of freehold land, at rates calculated to write off the cost, less estimated residual value, of each asset evenly over its expected useful life, as follows:

Freehold buildings	–	50 years
Leasehold land and buildings	–	shorter of 50 years and term of lease
Fixtures, fittings, vehicles and equipment	–	over three to ten years

Residual values and useful lives are reviewed at each balance sheet date, and adjusted prospectively, if appropriate. The carrying values of plant and equipment are reviewed for impairment annually as to whether there are events or changes in circumstances indicating that the carrying values may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets or cash generating units are written down to their recoverable amount.

The recoverable amount of plant and equipment is the greater of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash generating unit to which the asset belongs.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the combined income statement.

Impairment reviews

Assets that have an indefinite life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation and depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for any amount by which an asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

Within Coral Retail, the cash generating units are generally individual LBOs and therefore, impairment is first assessed at this level for licences and property, plant and equipment, with any impairment arising booked first to licences and then to property, plant and equipment. Since goodwill has not been historically allocated to individual LBOs, a secondary assessment is then made to compare the carrying value of the segment against the recoverable amount with any additional impairment then taken against goodwill.

For all other segments (as disclosed in note 2) the cash generating unit is the segment itself and any impairments are made firstly to goodwill, next to any capitalised intangible asset and then finally to property, plant and equipment.

The expected cash flows generated by the assets are discounted using appropriate discount rates that reflect the time value of money and risks associated with the group of assets.

If an impairment loss is recognised, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised as an exceptional cost in the combined income statement immediately.

If an impairment loss subsequently reverses (other than in respect of goodwill), the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years.

For both tangible and intangible assets the future cash flows are based on the forecasts and budgets of the cash-generating unit or business discounted to reflect time value of money. The key assumptions within the budgets for the Coral Retail and Eurobet Retail segments are the average number of machines per shop, gross win per shop per week, wage increases and the fixed costs of the licensed betting offices. The key assumptions within the budgets for the Online segment are the number of active customers, revenue per head, win percentage, revenue shares and operating costs.

Inventories

Inventories are valued at the lower of cost and net realisable value.

Taxation

Current tax:

Current tax assets and liabilities for the current and prior periods are measured as the amount expected to be paid to or to be recovered from the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Management evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation at each reporting date and establishes provisions where appropriate.

Deferred tax:

Deferred tax is provided using the liability method on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the Combined Historical Financial Information. However, if deferred income tax arises from the initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss, it is not accounted for.

Deferred tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current taxation assets against current taxation liabilities and it is the intention to settle these on a net basis. Deferred tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the Coral Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Leases

Leases are tested at inception to determine whether the lease is a finance or operating lease and treated accordingly. Property leases comprising a lease of land and buildings within a single contract are split into its two component parts before testing.

Leases are classified as finance leases whenever the terms of a lease transfer substantially all the benefits and risks of ownership of the asset to the lessee. All other leases are classified as operating leases.

Operating lease payments (including any lease incentives or premiums) are recognised as an expense in the combined income statement on a straight-line basis over the lease term.

Provisions

Provisions are recognised when there is a present legal or constructive obligation as a result of past events if it is more likely than not that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are measured at the best estimate of the expenditures required to settle the obligation. If the effect of the time value of money is material, provisions are discounted using a pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to passage of time is recognised as a finance cost.

Provision is made against those leases where the property is now vacant and the unavoidable costs under the lease exceed the economic benefit expected to be derived from potential sub-letting arrangements.

Retirement benefits

The Coral Group participates in the Gala Coral Pension Plan (the “Plan”), a plan covering employees and former employees of the Coral Group and of the wider Gala Coral Group. The scheme has a defined benefit section and a defined contribution section. The assets of the scheme are managed separately from those of the Coral Group. The defined benefit section of the scheme is closed to new entrants and future accrual of benefits. The Coral Group records its share of the assets and liabilities of the Plan. As explained in note 23, from 19 December 2015 the assets and liabilities of the Gala Group within the Plan were transferred to the Coral Group.

Retirement benefit scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit method and discounted at a rate equivalent to the current rate of return on a high-quality corporate bond of equivalent currency and term to the scheme liabilities. Actuarial valuations are obtained every three years and are updated at each balance sheet date.

For the defined benefit scheme, management makes annual estimates and assumptions in respect of discount rates, future changes in salaries, employee turnover, inflation rates and life expectancy. In making these estimates and assumptions, management considers advice provided by external advisers, such as actuaries. Where actual experience differs to these estimates, remeasurements are recognised in the combined statement of comprehensive income in the period in which they arise.

The retirement benefit cost relating to the defined benefit section of this fund is assessed in accordance with the advice of independent qualified actuaries using the projected unit credit method.

Any past service cost is recognised immediately.

Any interest income or expense relating to the pension scheme is included within financing costs or income within the combined income statement.

If the defined benefit scheme is in surplus, an asset is only recognised to the extent that the group has an unconditional right to use the surplus at some point during the life of the scheme or on its winding up.

For the defined contribution pension scheme, the amounts charged to the profit and loss account in respect of pension costs represent the contributions payable in the period as per the payment certificates. Differences between contributions payable in the period and contributions actually paid are shown as either accruals or prepayments.

Share based payments

The Coral Group operates an equity-settled share based payment plan under which the Coral Group receives services from employees as consideration for the ability to participate in the purchase of equity instruments from the Coral Group's parent. The fair value of the services received in exchange for the equity instrument is recognised as an expense. The total amount expensed is determined by reference to the fair value of the instruments granted:

- including any market performance conditions
- excluding the impact of any service and non-performance vesting conditions

The cost of equity settled transactions is recognised together with a corresponding increase in equity, over the period in which the performance conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (vesting date). The cumulative expense recognised for equity settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the number of awards that, in the opinion of the directors of the Coral Group at that date, based on the best available estimate of the number of equity instruments, will ultimately vest.

At the end of each reporting period, the Coral Group revises its estimates over the number of instruments which are expected to vest based on the non-market vesting conditions. It recognises the impact of the revision to original estimates, if any, in the income statement with a corresponding adjustment to equity.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition, which are treated as vesting irrespective of whether or not the market condition is satisfied, provided that all other performance conditions are satisfied.

Cash and cash equivalents

Cash and cash equivalents consists of cash at bank and in hand and short-term deposits with an original maturity of less than three months, net of outstanding bank overdrafts.

Financial liabilities

Financial liabilities include interest bearing loans and borrowings and ante-post bets. On initial recognition, financial liabilities are measured at fair value plus transaction costs where they are not categorised as financial liabilities at fair value through profit or loss. Financial liabilities at fair value through profit or loss include ante-post bets.

Financial liabilities at fair value through profit or loss are measured initially at fair value, with transaction costs taken directly to the combined income statement. Subsequently, the fair values are remeasured and gains and losses from changes therein are taken directly to the combined income statement.

All interest bearing loans and borrowings are initially recognised at fair value net of issue costs associated with the borrowing. After initial recognition, fixed rate interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate method.

Financial liabilities are derecognised when the obligation is discharged, cancelled or expires.

Foreign currencies

The presentation currency of the Coral Group and the functional currency of its UK operations is Sterling (£).

The main functional currency of the overseas operation in Italy is the Euro. The main functional currency of the operation in Gibraltar is Sterling (£).

Transactions in foreign currencies are initially recorded at the foreign currency rate ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the foreign currency rate of exchange ruling at the balance sheet date.

All foreign currency translation differences are taken to the combined income statement.

At the reporting date, the assets and liabilities of overseas entities are translated into Sterling at the rate of exchange ruling at the balance sheet date and their income statements are translated at the average exchange rates for the year. The post-tax exchange differences arising on the retranslation, since the date of transition to IFRS, are taken directly to equity. On disposal of a foreign entity (in full), the relevant portion of the deferred cumulative amount recognised in equity relating to that particular foreign entity is recognised in the combined income statement as a component of the gain or loss on disposal.

2 Segmental analysis

The Coral Group's reportable segments have been drawn up in line with the guidance provided by IFRS 8 – Operating Segments. The segments disclosed below are aligned with the reports reviewed by the Executive Board of Gala Coral, who have been identified as the 'Chief Operating Decision Maker', to make strategic decisions. Those segments reported reflect the operating segments and not an aggregation of a number of operating segments.

The reportable segments are:

Coral Retail comprises all activity undertaken in LBOs in the UK. In addition this segment includes greyhound stadia operations, including on-course betting.

Eurobet Retail comprises all activity undertaken in LBOs in Italy.

Online comprises all activity undertaken online including online sportsbooks, online bingo, online casinos and other online gaming products.

Telebet comprises activities relating to bets taken on the telephone.

Corporate includes costs associated solely with Coral Group functions including Coral Group executive, legal, Coral Group finance, tax and treasury. Costs previously managed centrally have been allocated to reportable segments on a consistent basis.

Corporate liabilities primarily relate to amounts owed to Gala Coral Group entities.

There are no inter-segment transactions which have a material effect on the information set out below.

During the 40 weeks ended 4 July 2015 the Coral Group discontinued its high-rollers segment.

During the 40 weeks ended 2 July 2016 all activity relates to continuing operations and the Coral Group also reclassified its gaming development operations to Online from Coral Retail. The prior period comparatives have been restated to reflect this change.

Segment information is as follows:

40 weeks ended 2 July 2016	Coral Retail	Eurobet Retail	Online	Telebet	Corporate	Group
	£m	£m	£m	£m	£m	£m
Amounts staked	8,820.3	437.1	6,025.2	56.2	—	**15,338.8**
Revenue	548.7	76.2	242.5	3.0	—	**870.4**
Gross profit	**402.5**	**25.6**	**167.1**	**2.5**	**—**	**597.7**
EBITDA (pre-exceptional items)	**111.2**	**17.1**	**58.7**	**0.7**	**(5.4)**	**182.3**
Depreciation and amortisation	(21.1)	(7.3)	(9.6)	—	—	**(38.0)**
Operating profit/(loss) before exceptional items	**90.1**	**9.8**	**49.1**	**0.7**	**(5.4)**	**144.3**
Exceptional items	(17.1)	—	3.2	—	(15.9)	**(29.8)**
Operating profit/(loss) after exceptional items	**73.0**	**9.8**	**52.3**	**0.7**	**(21.3)**	**114.5**
Net financing expense						**(63.1)**
Profit before taxation						**51.4**
Income tax						**7.7**
Profit for the period						**59.1**
Other disclosures:						
Net assets/(liabilities)	**1,110.7**	**3.9**	**175.4**	**—**	**(857.8)**	**432.2**
Operating expenses	**479.7**	**66.4**	**186.7**	**2.3**	**20.8**	**755.9**
Capital expenditure						
Intangible assets	1.1	—	17.1	—	—	**18.2**
Property, plant and equipment	16.4	3.4	—	—	—	**19.8**
	17.5	**3.4**	**17.1**	**—**	**—**	**38.0**

52 weeks ended 26 September 2015	Coral Retail	Eurobet Retail	Online	Telebet	Corporate	Group
	£m	£m	£m	£m	£m	£m
Amounts staked	11,278.6	465.8	6,331.4	63.7	—	**18,139.5**
Revenue	677.2	77.3	247.7	4.4	—	**1,006.6**
Gross profit	**503.4**	**24.9**	**167.6**	**3.8**	**—**	**699.7**
EBITDA (pre-exceptional items)	**142.3**	**13.4**	**53.9**	**1.1**	**(6.7)**	**204.0**
Depreciation and amortisation	(27.1)	(12.9)	(15.2)	—	—	**(55.2)**
Operating profit/(loss) before exceptional items	**115.2**	**0.5**	**38.7**	**1.1**	**(6.7)**	**148.8**
Exceptional items	(12.0)	(0.4)	(2.3)	—	—	**(14.7)**
Operating profit/(loss) after exceptional items	**103.2**	**0.1**	**36.4**	**1.1**	**(6.7)**	**134.1**
Net financing expense						**(84.1)**
Profit before taxation from continuing operations						**50.0**
Income tax						**(16.0)**
Profit before taxation from continuing operations						**34.0**
Loss from discontinued activities						**(6.8)**
Profit for the year						**27.2**
Other disclosures:						
Net assets/(liabilities)	**1,074.2**	**18.0**	**182.0**	**—**	**(810.7)**	**463.5**
Operating expenses	**574.0**	**77.2**	**211.3**	**3.3**	**6.7**	**872.5**
Capital expenditure						
Intangible assets	2.3	—	13.1	—	—	**15.4**
Property, plant and equipment	27.1	7.7	4.3	—	—	**39.1**
	29.4	**7.7**	**17.4**	**—**	**—**	**54.5**

Unaudited 40 weeks ended 4 July 2015	Coral Retail	Eurobet Retail	Online	Telebet	Corporate	Group
	£m	£m	£m	£m	£m	£m
Amounts staked	8,735.7	378.8	4,827.4	50.4	—	**13,992.3**
Revenue	525.7	60.9	186.8	3.8	—	**777.2**
Gross profit	**391.0**	**19.0**	**126.9**	**3.3**	**—**	**540.2**
EBITDA (pre-exceptional items)	**111.3**	**10.5**	**39.7**	**1.3**	**(4.2)**	**158.6**
Depreciation and amortisation	(20.8)	(9.3)	(12.1)	—	—	**(42.2)**
Operating profit/(loss) before exceptional items	**90.5**	**1.2**	**27.6**	**1.3**	**(4.2)**	**116.4**
Exceptional items	(3.0)	(0.4)	(1.4)	—	(1.0)	**(5.8)**
Operating profit/(loss) after exceptional items	**87.5**	**0.8**	**26.2**	**1.3**	**(5.2)**	**110.6**
Net financing expense						**(67.6)**
Profit before taxation						**43.0**
Income tax						**(9.4)**
Profit for the period from continuing operations						**33.6**
Discontinued operations						**(6.8)**
Profit for the period after discontinued activities						**26.8**
Other disclosures:						
Net assets/(liabilities)	**1,119.3**	**18.8**	**165.0**	**—**	**(846.3)**	**456.8**
Operating expenses	**438.2**	**60.1**	**160.6**	**2.5**	**5.2**	**666.6**
Capital expenditure						
Intangible assets	2.8	—	9.9	—	—	**12.7**
Property, plant and equipment	14.1	4.0	1.3	—	—	**19.4**
	16.9	**4.0**	**11.2**	**—**	**—**	**32.1**

52 weeks ended 27 September 2014	Coral Retail	Eurobet Retail	Online	Telebet	Corporate	Group
	£m	£m	£m	£m	£m	£m
Amounts staked	11,239.2	378.5	4,700.5	68.4	—	**16,386.6**
Revenue	678.7	83.5	182.6	3.3	—	**948.1**
Gross profit	**516.0**	**28.7**	**138.9**	**3.1**	**—**	**686.7**
EBITDA (pre-exceptional items)	**141.8**	**18.9**	**49.6**	**(0.5)**	**(9.5)**	**200.3**
Depreciation and amortisation	(27.4)	(13.3)	(11.5)	—	—	**(52.2)**
Operating profit/(loss) before exceptional items	**114.4**	**5.6**	**38.1**	**(0.5)**	**(9.5)**	**148.1**
Exceptional items	(113.2)	(1.4)	(3.3)	—	—	**(117.9)**
Operating profit/(loss) after exceptional items	**1.2**	**4.2**	**34.8**	**(0.5)**	**(9.5)**	**30.2**
Net financing expense						**(86.7)**
Loss before taxation						**(56.5)**
Income tax						**9.2**
Loss for the year						**(47.3)**
Other disclosures:						
Net assets/(liabilities)	**976.9**	**33.0**	**188.7**	**—**	**(768.9)**	**429.7**
Operating expenses	**677.5**	**79.3**	**147.8**	**3.8**	**9.5**	**917.9**
Capital expenditure						
Intangible assets	8.5	—	13.8	—	—	**22.3**
Property, plant and equipment	31.4	2.9	0.6	—	—	**34.9**
	39.9	**2.9**	**14.4**	**—**	**—**	**57.2**

52 weeks ended 28 September 2013	**Coral Retail**	**Eurobet Retail**	**Online**	**Telebet**	**Corporate**	**Group**
	£m	**£m**	**£m**	**£m**	**£m**	**£m**
Amounts staked	10,858.7	277.2	3,009.6	67.4	—	**14,212.9**
Revenue	639.1	38.3	118.5	5.1	—	**801.0**
Gross profit	**501.1**	**15.5**	**90.1**	**4.2**	**—**	**610.9**
EBITDA (pre-exceptional items)	**148.5**	**9.4**	**20.1**	**1.0**	**(4.0)**	**175.0**
Depreciation and amortisation	(28.5)	(7.6)	(9.2)	—	—	**(45.3)**
Operating profit/(loss) before exceptional items	**120.0**	**1.8**	**10.9**	**1.0**	**(4.0)**	**129.7**
Exceptional items	(11.8)	0.1	(5.0)	—	3.7	**(13.0)**
Operating profit/(loss) after exceptional items	**108.2**	**1.9**	**5.9**	**1.0**	**(0.3)**	**116.7**
Net financing expense						**(88.6)**
Profit before taxation						**28.1**
Income tax						**10.9**
Profit for the year						**39.0**
Other disclosures:						
Net assets/(liabilities)	**1,061.8**	**36.4**	**192.0**	**—**	**(818.9)**	**471.3**
Operating expenses	**530.9**	**36.4**	**112.6**	**4.1**	**0.3**	**684.3**
Capital expenditure:						
Intangible assets	9.9	16.7	8.9	—	—	**35.5**
Property, plant and equipment	20.5	0.9	5.0	—	—	**26.4**
	30.4	**17.6**	**13.9**	**—**	**—**	**61.9**

Geographical Areas

Revenue by geographical area

By origin	**52 weeks ended 28 September 2013**	**52 weeks ended 27 September 2014**	**Unaudited 40 weeks ended 4 July 2015**	**52 weeks ended 26 September 2015**	**40 weeks ended 2 July 2016**
	£m	**£m**	**£m**	**£m**	**£m**
UK	639.1	678.7	525.7	677.2	548.7
Europe	161.9	269.4	251.5	329.4	321.7
	801.0	**948.1**	**777.2**	**1,006.6**	**870.4**

Revenue by origin is materially representative of revenue by destination.

Non-current assets by geographical area

	52 weeks ended 28 September 2013	**52 weeks ended 27 September 2014**	**Unaudited 40 weeks ended 4 July 2015**	**52 weeks ended 26 September 2015**	**40 weeks ended 2 July 2016**
	£m	**£m**	**£m**	**£m**	**£m**
UK	1,473.4	1,384.0	1,379.4	1,383.7	1,367.8
Europe	252.3	242.4	236.1	238.0	235.7
	1,725.7	**1,626.4**	**1,615.5**	**1,621.7**	**1,603.5**

3 Operating expenses

The following items have been charged in arriving at the profit/(loss) for the period before financing and taxation:

	52 weeks ended 28 September 2013	52 weeks ended 27 September 2014	Unaudited 40 weeks ended 4 July 2015	52 weeks ended 26 September 2015	40 weeks ended 2 July 2016
	£m	£m	£m	£m	£m
Gross profits tax, Betting tax and MGD	131.1	164.3	160.1	209.1	186.4
Salaries and payroll-related expenses (note 4(a))	199.4	223.5	153.8	205.5	162.2
Property expenses	96.9	125.0	95.2	122.3	104.1
Content and levy expenses	98.1	118.7	97.0	125.2	102.1
Marketing expenses	45.9	59.4	52.9	67.9	67.2
Depreciation, amortisation and impairment	45.3	156.3	43.6	64.9	58.6
Other operating expenses	67.6	70.7	64.0	77.6	75.3
Total operating expenses	**684.3**	**917.9**	**666.6**	**872.5**	**755.9**

4 Employees and key management compensation

(a) Employee benefit expense

	52 weeks ended 28 September 2013	52 weeks ended 27 September 2014	Unaudited 40 weeks ended 4 July 2015	52 weeks ended 26 September 2015	40 weeks ended 2 July 2016
	£m	£m	£m	£m	£m
Wages and salaries	179.8	194.7	138.3	184.6	148.0
Social security costs	12.2	15.8	10.3	14.3	10.0
Retirement benefit costs (note 23)	(3.5)	5.1	4.3	5.5	4.2
Share based payment charge (note 24)	10.9	7.9	0.9	1.1	—
	199.4	**223.5**	**153.8**	**205.5**	**162.2**

Average monthly number of employees:

	52 weeks ended 28 September 2013	52 weeks ended 27 September 2014	Unaudited 40 weeks ended 4 July 2015	52 weeks ended 26 September 2015	40 weeks ended 2 July 2016
	£m	£m	£m	£m	£m
Coral Retail	10,915	10,244	9,920	9,884	9,895
Eurobet Retail	115	159	176	179	206
Online	320	546	616	629	792
Corporate	37	44	39	39	33
	11,387	**10,993**	**10,751**	**10,731**	**10,926**

Redundancy costs are included within restructuring and reorganisation costs within exceptional items. Further details are included in note 5.

The average number of employees includes executive directors. All staff are engaged in the administration and provision of betting and gaming services and the operation of greyhound stadia.

(b) Key management compensation

	52 weeks ended 28 September 2013	52 weeks ended 27 September 2014	Unaudited 40 weeks ended 4 July 2015	52 weeks ended 26 September 2015	40 weeks ended 2 July 2016
	£m	£m	£m	£m	£m
Salaries and short-term employee benefits	3.5	5.0	3.5	3.9	3.4
Social security costs	0.5	0.5	0.5	0.6	0.8
Share based payments	4.3	4.8	0.4	0.4	—
Post-employment benefits	0.4	0.3	0.2	0.3	0.3
	8.7	**10.6**	**4.6**	**5.2**	**4.5**

Key management is defined as the executive management represented by the Coral Group executive management team and the managing director of each operating divisions who meet on a regular basis to determine the strategic direction of the business and discuss its results.

5 Exceptional items

The analysis of the exceptional items is as follows:

		52 weeks ended 28 September 2013	52 weeks ended 27 September 2014	Unaudited 40 weeks ended 4 July 2015	52 weeks ended 26 September 2015	40 weeks ended 2 July 2016
		£m	£m	£m	£m	£m
Impairment charges	(a)	—	104.1	1.4	9.7	20.6
Loss on sale of property, plant and equipment and intangible assets	(b)	0.3	—	—	—	—
Charge to provision for onerous leases	(c)	4.1	5.2	3.6	3.2	3.8
Release from provision for onerous leases and of other liabilities	(c)	(2.1)	(0.8)	(3.9)	(3.0)	(11.3)
Transaction, restructuring and reorganisation costs	(d)	4.2	1.7	3.6	3.7	16.7
Share based payment charge	(e)	10.9	7.9	1.1	1.1	—
Interactive launch	(f)	1.5	—	—	—	—
Gaming machine VAT claim	(g)	6.3	(0.2)	—	—	—
VAT refund net of gross profits tax and associated costs	(h)	(3.5)	—	—	—	—
Acquisition costs	(i)	0.1	—	—	—	—
Closure of pension scheme for future accrual	(j)	(8.8)	—	—	—	—
Total exceptional items		**13.0**	**117.9**	**5.8**	**14.7**	**29.8**

The definition of exceptional items is disclosed within the group's accounting policies.

Details of the taxation credits and charges arising on exceptional items are set out in note 7.

(a) Impairment charges

An impairment charge of £20.6 million (26 September 2015: £9.7 million, 4 July 2015: £1.4 million, 27 September 2014: £104.1 million and 28 September 2013: £nil) has been recognised in respect of the 40 weeks ended 2 July 2016. This has primarily resulted from the continued impact of the recent regulatory changes on certain LBOs and the write down of assets no longer used by the Coral Group. The impairment has been recorded against licences for £16.2 million (26 September 2015: £9.7 million, 4 July 2015: £nil, 27 September 2014: £101.6 million and 28 September 2013: £nil), property, plant and equipment for £0.9 million

(26 September 2015: £nil, 4 July 2015: £1.4 million, 27 September 2014: £nil and 28 September 2013: £nil) within the Coral Retail cash generating units and software for £3.5 million (26 September 2015: £nil, 4 July 2015: £nil, 27 September 2014: £2.5 million and 28 September 2013: £nil) within the Online cash generating units. The impairment represents a non-cash charge at a combined group level.

The impairment review has been performed in accordance with IAS 36 assessing the value in use through a discounted cash flow model. Further details are set out in note 11.

(b) Loss on sale of property, plant and equipment

In the 52 weeks ended 28 September 2013 a loss of £0.3 million was made on the disposal of property, plant and equipment.

(c) Onerous leases and release of other liabilities

Details of onerous lease provisions are set out in note 21. Certain other customer related liabilities have been derecognised during the 40 weeks ended 2 July 2016 following legal opinion that there is no remaining contractual liability.

(d) Transaction, restructuring and reorganisation costs

Relates to internal re-organisations and restructurings including redundancy costs and contract termination payments as well as deal related costs.

(e) Share based payment charge

Represents the 'Share Based Payment' charge and related costs detailed further in note 24. The IFRS 2 'Share Based Payment' charge is an accounting charge only and does not represent a cash commitment on the Coral Group or any of its subsidiaries, either now or in the future. The ultimate obligation lies with the current parent company, GCG Manager S.A Luxco S.C.A and only in an exit event, which would represent an exceptional transaction. As such the associated IFRS2 charge has also been treated as exceptional. No charge arises in the 40 weeks ended 2 July 2016 as the full charge of the award had been taken by the end of the 52 weeks ended 26 September 2015.

(f) Interactive launch

Exceptional costs associated with the closure of the Coral Group's UK based Online business and launch of the new Gibraltar based sportsbook and gaming websites.

(g) Gaming machine VAT claim

Following the ruling on 30 October 2013 by the Court of Appeal in relation to Gaming Machine VAT contravening the principles of fiscal neutrality, the Coral Group provided for the potential repayment to HMRC in 2013.

(h) VAT refund net of gross profits tax and associated costs

During the 52 weeks ended 28 September 2013 the Coral Group received VAT refunds of £3.5 million.

(i) Acquisition costs

The costs of business combinations, other than the purchase price paid or payable, are expensed in accordance with IFRS 3 – Business Combinations.

(j) Closure of pension scheme to future accrual

The income represents a reduction in the defined benefit obligation of £8.8 million due to the curtailment of the scheme as at 28 September 2013.

6 Finance costs and income

	52 weeks ended 28 September 2013	52 weeks ended 27 September 2014	Unaudited 40 weeks ended 4 July 2015	52 weeks ended 26 September 2015	40 weeks ended 2 July 2016
	£m	£m	£m	£m	£m
Finance costs					
Net interest cost with other Group companies	(89.1)	(86.8)	(67.4)	(83.4)	(63.6)
Bank interest	(0.5)	(0.4)	(0.6)	(1.1)	(0.9)
Unwinding of the discount in onerous lease provisions	(0.4)	(0.3)	(0.3)	(0.5)	(0.2)
Total finance costs	**(90.0)**	**(87.5)**	**(68.3)**	**(85.0)**	**(64.7)**
Finance income					
Net finance income in respect of retirement benefit asset	1.4	0.8	0.7	0.9	1.6
Total finance income	**1.4**	**0.8**	**0.7**	**0.9**	**1.6**
Total net financing cost	**(88.6)**	**(86.7)**	**(67.6)**	**(84.1)**	**(63.1)**

The Coral Group has historically used the Gala Coral Group central treasury function to provide loans and make deposits of surplus funds utilising cash pools where such arrangements were in place within the Gala Coral Group. Interest on intercompany balances has historically been charged at a rate equivalent to the Gala Coral Group's weighted average cost of debt. The interest charge in these Combined Historical Financial Information is therefore not representative of the interest expense anticipated post the merger.

7 Taxation

	52 weeks ended 28 September 2013	52 weeks ended 27 September 2014	Unaudited 40 weeks ended 4 July 2015	52 weeks ended 26 September 2015	40 weeks ended 2 July 2016
	£m	£m	£m	£m	£m
Current income tax					
Current income tax – UK – group relief	(13.6)	(5.2)	(5.7)	(8.5)	(3.5)
Current income tax – overseas	(2.9)	(4.5)	(2.0)	(1.6)	(4.5)
Adjustment in respect of prior periods	(3.8)	0.6	0.6	0.3	0.8
Total current income tax charge	**(20.3)**	**(9.1)**	**(7.1)**	**(9.8)**	**(7.2)**
Deferred tax					
Origination and reversal of temporary differences	(0.6)	18.1	(1.5)	(1.4)	(2.0)
Impact of tax rate changes	28.5	—	—	—	15.8
Adjustment in respect of prior periods	3.3	0.2	—	(4.0)	1.1
Total deferred tax credit/(charge)	**31.2**	**18.3**	**(1.5)**	**(5.4)**	**14.9**
Tax credit/(charge) in the Combined Income Statement	**10.9**	**9.2**	**(8.6)**	**(15.2)**	**7.7**
The tax credit/(charge) for the period relates to:					
Continuing operations	10.9	9.2	(9.4)	(16.0)	7.7
Discontinued activities	—	—	0.8	0.8	—
Tax credit/(charge) in the Combined Income Statement	**10.9**	**9.2**	**(8.6)**	**(15.2)**	**7.7**
Tax credit/(charge) directly relating to Other Comprehensive Income					
Deferred tax	3.5	0.1	(0.8)	(4.7)	**5.0**
Current tax	—	—	—	0.4	—
Total tax credit/(charge) in Other Comprehensive Income	**3.5**	**0.1**	**(0.8)**	**(4.3)**	**5.0**

UK Corporation tax is calculated at 20.0 per cent. (26 September 2015: 20.51 per cent., 4 July 2015: 20.51 per cent., 27 September 2014: 22.02 per cent. and 28 September 2013: 23.5 per cent.), of the estimated taxable profit for the period. Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

Taxation effect of exceptional items

The taxation credit/(charge) included in the amounts above relating to exceptional items is as follows:

	52 weeks ended 28 September 2013	52 weeks ended 27 September 2014	Unaudited 40 weeks ended 4 July 2015	52 weeks ended 26 September 2015	40 weeks ended 2 July 2016
	£m	£m	£m	£m	£m
Current income tax – UK	1.9	1.7	0.5	0.8	1.9
Current income tax – overseas	0.2	—	—	—	—
Deferred tax	(2.9)	20.6	0.3	1.9	3.7
	(0.8)	**22.3**	**0.8**	**2.7**	**5.6**

Acquisition costs and the share based payment charge do not qualify for a deduction in calculating tax obligations. The other exceptional items are subject to either current income tax or deferred tax (in the case of impairment of other intangible assets, profit or losses on sale of property, plant and equipment and pension scheme closure).

The taxation credit/(charge) for the period can be reconciled to the profit in the income statement as follows:

	52 weeks ended 28 September 2013	52 weeks ended 27 September 2014	Unaudited 40 weeks ended 4 July 2015	52 weeks ended 26 September 2015	40 weeks ended 2 July 2016
	£m	£m	£m	£m	£m
Profit/(loss) from continuing operation	28.1	(56.5)	43.0	50.0	51.4
Loss from discontinued operations	—	—	(7.6)	(7.6)	—
Profit/(loss) before taxation	**28.1**	**(56.5)**	**35.4**	**42.4**	**51.4**
Tax credit/(charge) calculated at the standard rate of corporation tax in the UK of 20.0% (2015: 20.51%*, 2014: 22.02%, 2013: 23.5%)	(6.6)	12.4	(7.3)	(8.7)	(10.3)
Effects of:					
Expenses not deductible for tax	(6.4)	(3.1)	(2.1)	(3.3)	(0.9)
Impact of different overseas tax rates	(2.1)	1.1	0.4	1.0	2.1
Impact of changes in statutory tax rates	28.5	—	—	—	15.8
Tax rate differential	(1.9)	(2.0)	(0.2)	(0.5)	(0.9)
Adjustment in respect of prior periods	(0.6)	0.8	0.6	(3.7)	1.9
Tax credit/(charge) in the Combined Income Statement	**10.9**	**9.2**	**(8.6)**	**(15.2)**	**7.7**

* The tax rate for 2015 is applicable for both periods reported in 2015.

The taxation credits for the 40 weeks ended 2 July 2016 and the 52 weeks ended 28 September 2013 benefit from the reduction in future statutory tax rates which are used to recognise deferred tax assets and liabilities. The applicable rates being 23 per cent. at 29 September 2012 and 20 per cent. at 28 September 2013, 27 September 2014, 4 July 2015 and 26 September 2015, and 18 per cent. at 2 July 2016.

Factors affecting future taxation

Legislation to reduce the mainstream rate of corporation tax from 20 per cent. to 19 per cent. from 1 April 2017 and from 19 per cent. to 18 per cent. from 1 April 2020 was included in the Finance Act 2015 and both rates had been substantively enacted by the balance sheet date. The deferred tax assets and liabilities have therefore been disclosed at the rate expected to apply when the timing difference is expected to reverse, primarily 18 per cent. as timing differences are predominantly expected to reverse after 1 April 2020.

A subsequent reduction in the rate to 17 per cent., effective from 1 April 2020, was announced in the 2016 budget. This had not been substantively enacted at 2 July 2016.

8 Discontinued activities

During the 40 weeks ended 4 July 2015 the group discontinued the activities of its High Roller segment. The results of discontinued activities are:

	52 weeks ended 28 September 2013	52 weeks ended 27 September 2014	Unaudited 40 weeks ended 4 July 2015	52 weeks ended 26 September 2015	40 weeks ended 2 July 2016
	£m	£m	£m	£m	£m
Revenue	—	—	(9.3)	(9.3)	—
Operating expenses	—	—	1.7	1.7	—
Operating loss and loss before taxation	**—**	**—**	**(7.6)**	**(7.6)**	**—**
Income tax	—	—	0.8	0.8	—
Net loss from discontinued activities	**—**	**—**	**(6.8)**	**(6.8)**	**—**

There were no assets or liabilities in relation to the High Roller at the end of any period being reported.

The net cash flows from discontinued activities are:

	52 weeks ended 28 September 2013	52 weeks ended 27 September 2014	Unaudited 40 weeks ended 4 July 2015	52 weeks ended 26 September 2015	40 weeks ended 2 July 2016
	£m	£m	£m	£m	£m
Operating	—	—	(7.6)	(7.6)	—

9 Goodwill and intangible assets

	Goodwill £m	Licences £m	Trademarks £m	Software £m	Total £m
Cost					
At 29 September 2012	**486.6**	**1,243.3**	**166.0**	**23.9**	**1,919.8**
Additions	1.3	22.4	—	11.8	**35.5**
Exchange differences	—	1.6	—	0.1	**1.7**
At 28 September 2013	**487.9**	**1,267.3**	**166.0**	**35.8**	**1,957.0**
Additions	1.3	6.3	—	14.7	**22.3**
Disposals	—	(4.9)	—	—	**(4.9)**
Exchange differences	—	(3.6)	—	(0.3)	**(3.9)**
At 27 September 2014	**489.2**	**1,265.1**	**166.0**	**50.2**	**1,970.5**
Additions	—	1.3	—	14.1	**15.4**
Disposals	—	(5.6)	—	—	**(5.6)**
Exchange differences	—	(3.0)	—	(0.3)	**(3.3)**
At 26 September 2015	**489.2**	**1,257.8**	**166.0**	**64.0**	**1,977.0**
Additions	—	0.5	—	17.7	**18.2**
Disposals	—	—	—	(0.3)	**(0.3)**
Exchange differences	—	6.2	—	1.0	**7.2**
At 2 July 2016	**489.2**	**1,264.5**	**166.0**	**82.4**	**2,002.1**
Accumulated amortisation and impairment					
At 29 September 2012	**—**	**347.5**	**—**	**4.6**	**352.1**
Charge for the period	—	5.4	—	9.1	**14.5**
Exchange differences	—	1.1	—	—	**1.1**
At 28 September 2013	**—**	**354.0**	**—**	**13.7**	**367.7**
Charge for the period	—	8.9	—	11.8	**20.7**
Impairment	—	101.6	—	—	**101.6**
Disposals	—	(4.9)	—	—	**(4.9)**
Exchange differences	—	(1.8)	—	(0.1)	**(1.9)**
At 27 September 2014	**—**	**457.8**	**—**	**25.4**	**483.2**
Charge for the period	—	8.4	—	15.7	**24.1**
Impairment	—	9.7	—	—	**9.7**
Disposals	—	(5.6)	—	—	**(5.6)**
Exchange differences	—	(2.1)	—	—	**(2.1)**
At 26 September 2015	**—**	**468.2**	**—**	**41.1**	**509.3**
Charge for the period	—	2.2	—	10.8	**13.0**
Impairment	—	16.2	—	3.5	**19.7**
Disposals	—	—	—	(0.2)	**(0.2)**
Exchange differences	—	6.2	—	0.6	**6.8**
At 2 July 2016	**—**	**492.8**	**—**	**55.8**	**548.6**
Net book value					
At 28 September 2013	487.9	913.3	166.0	22.1	1,589.3
At 27 September 2014	489.2	807.3	166.0	24.8	1,487.3
At 26 September 2015	489.2	789.6	166.0	22.9	1,467.7
At 2 July 2016	**489.2**	**771.7**	**166.0**	**26.6**	**1,453.5**

Indefinite life intangible assets have been reviewed for impairment as set out in note 11.

10 Property, plant and equipment

	Freehold land and buildings	Leasehold land and buildings	Fixtures, fittings, vehicles and equipment	Total
	£m	£m	£m	£m
Cost				
At 29 September 2012	**12.6**	**38.0**	**354.3**	**404.9**
Additions	0.4	3.6	22.4	**26.4**
Disposals	—	—	(0.9)	**(0.9)**
Exchange differences	—	—	0.3	**0.3**
At 28 September 2013	**13.0**	**41.6**	**376.1**	**430.7**
Additions	—	1.5	33.4	**34.9**
Disposals	(0.2)	(0.4)	(3.6)	**(4.2)**
Exchange differences	—	—	(0.9)	**(0.9)**
At 27 September 2014	**12.8**	**42.7**	**405.0**	**460.5**
Additions	—	3.4	35.7	**39.1**
Exchange differences	—	—	(1.0)	**(1.0)**
At 26 September 2015	**12.8**	**46.1**	**439.7**	**498.6**
Additions	—	1.0	18.8	**19.8**
Exchange differences	—	—	2.8	**2.8**
At 2 July 2016	**12.8**	**47.1**	**461.3**	**521.2**
Accumulated depreciation and impairment				
At 29 September 2012	**2.1**	**29.6**	**281.3**	**313.0**
Charge for the year	0.1	1.1	29.6	**30.8**
Disposals	—	—	(0.6)	**(0.6)**
Exchange differences	—	—	0.2	**0.2**
At 28 September 2013	**2.2**	**30.7**	**310.5**	**343.4**
Charge for the year	0.2	1.4	29.9	**31.5**
Impairment	0.1	—	2.4	**2.5**
Disposals	(0.2)	(0.4)	(3.6)	**(4.2)**
Exchange differences	—	—	(0.6)	**(0.6)**
At 27 September 2014	**2.3**	**31.7**	**338.6**	**372.6**
Charge for the year	—	1.5	29.6	**31.1**
Exchange differences	—	—	(0.1)	**(0.1)**
At 26 September 2015	**2.3**	**33.2**	**368.1**	**403.6**
Charge for the period	—	1.4	23.6	**25.0**
Impairment	—	—	0.9	**0.9**
Exchange differences	—	—	1.6	**1.6**
At 2 July 2016	**2.3**	**34.6**	**394.2**	**431.1**
Net book value				
At 28 September 2013	10.8	10.9	65.6	87.3
At 27 September 2014	10.5	11.0	66.4	87.9
At 26 September 2015	10.5	12.9	71.6	95.0
At 2 July 2016	**10.5**	**12.5**	**67.1**	**90.1**

Borrowing costs

There were no qualifying assets in any periods presented and therefore no borrowing costs have been capitalised in the Combined Historical Financial Information.

Assets under construction

There were no assets under construction in the period of the Combined Historical Financial Information.

11 Impairment review of intangible assets and property, plant and equipment

An impairment loss is recognised for any amount by which an asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

Within Coral Retail, the cash generating units are generally an individual LBO and therefore, impairment is first assessed at this level for licences and property, plant and equipment, with any impairment arising booked first to licences and then to property, plant and equipment. Since goodwill has not been historically allocated to individual LBOs, a secondary assessment is then made to compare the carrying value of the segment against the recoverable amount with any additional impairment then taken against goodwill.

For all other segments (as disclosed in note 2) the cash generating unit is the segment itself and any impairments are made firstly to goodwill, next to any capitalised intangible asset and then finally to property, plant and equipment.

The expected cash flows generated by the assets are discounted using appropriate discount rates that reflect the time value of money and risks associated with the group of assets.

For both tangible and intangible assets the future cash flows are based on the forecasts and budgets of the cash-generating unit or business discounted to reflect time value of money. The key assumptions within the budgets for the Coral Retail and Eurobet Retail segments are the average number of machines per shop, gross win per shop per week, wage increases and the fixed costs of the licensed betting offices. The key assumptions within the budgets for the Online segment are the number of active customers, revenue per head, win percentage, revenue shares and operating costs.

The pre-tax discount rate applied to cash-flow projections for cash generating units in Coral Retail and Eurobet Retail is 11 per cent., 11 per cent., 11 per cent. and 10.5 per cent. in 2016, 2015, 2014 and 2013 respectively and in Online is 11 per cent., 11 per cent., 11 per cent. and 11 per cent. in 2016, 2015, 2014 and 2013 respectively. The discount rate calculation is based on the specific circumstances with reference to the weighted average cost of capital expected in the industry in which the Coral Group operates. The annual growth rate of 2.5 per cent. for each period is representative of the long term rate of gross domestic product growth in the UK.

The carrying value of goodwill by segment is as follows:

	28 September 2013	27 September 2014	Unaudited 4 July 2015	26 September 2015	2 July 2016
	£m	£m	£m	£m	£m
Coral Retail	291.3	292.6	292.6	292.6	292.6
Online	194.8	194.8	194.8	194.8	194.8
Eurobet Retail	1.8	1.8	1.8	1.8	1.8
	487.9	**489.2**	**489.2**	**489.2**	**489.2**

The carrying value of licences by LBO is not practical or material to be disclosed.

Impairment review of intangible assets with indefinite lives

Any impairment booked at a divisional level (segments as disclosed in note 2) is booked first to goodwill, then intangibles and finally to property, plant and equipment. Any impairment booked at LBO level is booked to licences first, and then to property, plant and equipment.

Possible changes in key assumptions that could cause the carrying value of individual licences to further exceed their recoverable amount are:

Possible change	Key assumption impacted
Increased or improved competition	Customer visits
Poor or decreased promotional activity	Customer visits
Failure to respond to technological advances	Customer visits, spend per visit
Deterioration in economic conditions	Customer visits, spend per visit
Changes in regulation	Customer visits, spend per visit
Changes in taxation	Gaming machines taxation

Impairment recognised during the period of Combined Historical Financial Information

Impairments of intangible assets and property, plant and equipment are recognised as an exceptional item in other operating costs in the Combined Historical Financial Information.

During the 40 weeks to 2 July 2016, 52 weeks to 26 September 2015, 40 weeks to 4 July 2015, 52 weeks to 27 September 2014 and 52 weeks to 28 September 2013 impairments of £20.6 million, £9.7 million, £1.4 million, £104.1 million and £nil respectively have been recorded.

Licences have been impaired by £16.2 million, £9.7 million, £1.4 million and £101.6 million during the periods ending 40 weeks to 2 July 2016, 52 weeks to 26 September 2015, 40 weeks to 4 July 2015 and 52 weeks to 27 September 2014 respectively.

Property, plant and equipment has been impaired by £0.9 million and £2.5 million in the periods ending 40 weeks to 2 July 2016 and 52 weeks to 27 September 2014 respectively.

Software has been impaired by £3.5 million in the 40 weeks ended 2 July 2016.

Sensitivity analysis

A 0.5 per cent. increase in the discount rate across all cash generating units (with other assumptions remaining constant) would result in an additional write down of £nil, £3.2 million, £nil, £18.0 million and £nil for periods ending 40 weeks to 2 July 2016, 52 weeks to September 2015, 40 weeks to 4 July 2015, 52 weeks to September 2014 and 52 weeks to September 2013 respectively.

A 5 per cent. decrease in cash flows across all cash generating units (with other assumptions remaining constant) would result in an additional write down of £nil, £16.7 million, £nil, £14.2 million and £nil for periods ending 40 weeks to 2 July 2016, 52 weeks to September 2015, 40 weeks to 4 July 2015, 52 weeks to September 2014 and 52 weeks to September 2013 respectively.

12 Business combinations

There have been no individually material business combinations during the periods covered by this Combined Historical Financial Information.

During the 40 weeks ended 2 July 2016, 52 weeks ended 26 September 2015 and 40 weeks ended 4 July 2015 the Coral Group made a number of trade and asset purchases of LBOs for a total consideration of £0.5 million, £1.3 million and £1.1 million respectively.

During the 52 weeks ended 27 September 2014 the Coral Group purchased two new subsidiaries which together operated 8 LBOs for a total consideration of £3.0 million and also purchased the trade and assets of a number of other LBOs for a total consideration of £3.5 million.

During the 52 weeks ended 28 September 2013 the Coral Group purchased a new subsidiary which operates 5 LBOs for a total consideration of £3.7 million. In addition the Coral Group also purchased the trade and assets of a number of other LBOs for a total consideration of £1.5 million.

13 Inventories

	28 September 2013	27 September 2014	Unaudited 4 July 2015	26 September 2015	2 July 2016
	£m	£m	£m	£m	£m
Consumables and bar stocks	**2.5**	**0.7**	**0.5**	**0.5**	**0.4**

The cost of inventories recognised as an expense was £1.7 million, £2.2 million, £1.5 million, £3.7 million and £2.0 million for periods ending 40 weeks to 2 July 2016, 52 weeks to September 2015, 40 weeks to 4 July 2015, 52 weeks to September 2014 and 52 weeks to September 2013 respectively.

There were no provisions against inventory at any balance sheet date.

14 Trade and other receivables

	28 September 2013	27 September 2014	Unaudited 4 July 2015	26 September 2015	2 July 2016
	£m	£m	£m	£m	£m
Current					
Trade receivables	2.0	2.4	0.5	0.6	1.4
Prepayments	14.9	14.5	25.7	18.6	19.8
Income tax recoverable	—	—	—	0.7	—
Other receivables	9.1	13.5	17.8	13.7	17.9
Trade and other receivables – current	**26.0**	**30.4**	**44.0**	**33.6**	**39.1**

The carrying amount of trade and other receivables approximates to their fair value.

Trade receivables are reduced by appropriate allowances for estimated irrecoverable amounts. There has been no material doubtful debt expense and there is no material doubtful debt provision in existence.

There are no material amounts receivable that are past due but not impaired.

15 Trade and other payables

	28 September 2013	27 September 2014	Unaudited 4 July 2015	26 September 2015	2 July 2016
	£m	£m	£m	£m	£m
Current					
Trade payables	37.6	27.8	17.7	27.5	24.1
Social security and other taxation	15.1	25.3	45.7	44.0	50.7
Accruals	33.4	46.5	40.5	47.7	49.6
Other payables	24.7	37.4	41.8	42.7	43.6
Trade and other payables – current	**110.8**	**137.0**	**145.7**	**161.9**	**168.0**
Non-current					
Other payables	1.6	2.4	2.2	2.5	—
Accruals	3.7	4.3	4.7	4.7	4.6
Other payables – non-current	**5.3**	**6.7**	**6.9**	**7.2**	**4.6**

The carrying amount of trade payables, social security and other taxation and other payables approximates to their fair value.

16 Other financial liabilities

Other financial liabilities comprise ante-post bets. These are liabilities arising from open positions at the period end date and are recorded at fair value. The fair value is the expected net amount payable to customers based on betting odds and other conditions prevailing at the period end date. Ante-post bets are classified as current liabilities.

17 Interest bearing loans and borrowings with Coral Group companies

	28 September 2013	27 September 2014	Unaudited 4 July 2015	26 September 2015	2 July 2016
	£m	£m	£m	£m	£m
Interest bearing loans and borrowings with other Gala Coral Group companies	**949.0**	**895.3**	**860.7**	**831.1**	**985.0**

In accordance with the Merger Agreement the Coral Group's debt was reduced such that net debt was in line with the £865 million prescribed. This resulted in gross debt being reduced to £985 million with the remaining loan due to Gala Group Finance Limited no longer being treated as repayable. As set out in note 1, any amounts not expected to be repaid are included in equity rather than interest bearing loans and borrowings with Coral Group companies.

The amount to be repaid was previously estimated based on certain assumptions through to the completion date of the Merger. These estimates have now been revised to reflect the actual position of the Coral Group resulting in an adjustment to net debt and equity of £92.2 million during the 40 week period ended 2 July 2016. This leaves a balance due to Gala Group Finance Limited of £985.0 million which is due to be repaid on Completion.

18 Financial assets and liabilities

Fair values

There is no difference between the carrying amount and the fair value of financial assets and financial liabilities at any period end.

The table below discloses by class of the carrying amounts and fair values of financial instruments at each balance sheet date:

	Carrying amount and fair value				
	28 September 2013	27 September 2014	Unaudited 4 July 2015	26 September 2015	2 July 2016
	£m	£m	£m	£m	£m
Financial assets:					
Loans and receivables					
Trade receivables	2.0	2.4	0.5	0.6	1.4
Other receivables	9.1	13.5	17.8	13.7	17.9
Cash and cash equivalents short-term deposits	24.7	42.7	34.1	37.1	134.5
Total financial assets	**35.8**	**58.6**	**52.4**	**51.4**	**153.8**
Financial liabilities:					
Liabilities at amortised cost					
Trade and other payables *	101.0	118.4	106.9	125.1	121.9
Interest bearing loans and borrowings with other Coral Group companies	949.0	895.3	860.7	831.1	985.0
Fair value through the income statement					
Ante-post liabilities	4.8	4.5	2.6	5.7	6.1
Total financial liabilities	**1,054.8**	**1,018.2**	**970.2**	**961.9**	**1,113.0**

* Trade and other payables exclude amounts in respect of current income taxation and social security and other taxation.

The fair value of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The fair value of the interest bearing loans and borrowings with the rest of the Gala Coral Group companies is equal to the book value.

Fair value hierarchy

The Coral Group is required to classify its financial assets and liabilities carried at fair value into categories within a hierarchy of valuation principles and methods.

No financial instruments are classified as Level 1, for which fair value is based on quoted prices in active markets for identical assets or liabilities or as Level 2, for which fair value is determined based on techniques for which all significant inputs are observable, either directly or indirectly.

The Coral Group's ante-post liabilities are classified as Level 3 as their fair value is measured using techniques where significant inputs are not based on observable market data. There are no reasonably probable changes to assumptions or inputs that would lead to material changes in the fair value determined, although the final value will be determined by future sporting results. The principal assumptions relate to anticipated gross win margins on unsettled bets. All fair value movements on ante-post liabilities are recognised in the income statement.

19 Financial risk management objectives and policies

The Coral Group's principal financial liabilities comprise group borrowings, trade and other payables and provisions relating to onerous property leases. The Coral Group's principal financial assets are trade and other receivables and cash and cash equivalents that derive directly from its operations. Balances between Gala Coral Group and the Coral Group are deemed to be long-term funding in nature and represent a financial liability.

The Coral Group is exposed to market risk, credit risk and liquidity risk. However, as the Coral Group is part of the Gala Coral Group, a centralised treasury team oversees the management of these risks. The treasury team identifies, evaluates and hedges financial risk of all Gala Coral Group companies and any individual risks associated with the Coral Group.

(a) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices.

(i) Foreign currency risk

Foreign currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Coral Group has minimal exposure to foreign currency risk. All assets and liabilities are maintained in Sterling, with the exception of the Coral Group's operations in Italy and a number of foreign currency denominated bank accounts to facilitate the international operations of Online.

The functional currency of the Italian business is the Euro. The Coral Group has reviewed the net exposure to foreign currency risk and has concluded that no hedging is necessary at the current time due to the low level of actual exposure. This policy remains subject to periodic review.

Other than the translation of foreign currency operations, there is no significant foreign currency exposure.

(ii) Cash flow and fair value interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The cash flow risk of the Coral Group is managed by the Gala Coral Group by a centralised treasury team. This team identifies the cash requirements of the Gala Coral Group and ensures suitable financing facilities are in place to meet the cash flow requirements of each of the Gala Coral Group companies based on detailed cash forecasting and analysis of business trading scenarios.

Interest on intercompany balances between Coral Group companies is charged at Gala Coral Group's weighted average cost of debt. The Coral Group's interest rate risk arises from Gala

Coral Group's long-term debt obligations borrowed at floating interest rates and the effect of these on the weighted average cost of debt. The Gala Coral Group's interest rate risk is primarily managed through the use of interest rate caps which limit the exposure of increases in interest rates for the Coral Group. The Coral Group's exposure to interest rate risk is subject to periodic review.

As the Coral Group has no significant interest-bearing assets (excluding cash and cash equivalents) its income and operating cash flows are substantially independent of changes in market interest rates. The Coral Group's only interest-bearing assets are cash and cash equivalents (excluding cash floats) which earn floating rate interest.

The table below demonstrates the sensitivity to reasonably possible changes in interest rates on income for the period when this movement is applied to the carrying value of financial assets and liabilities.

	Profit before tax				
	28 September 2013	27 September 2014	Unaudited 4 July 2015	26 September 2015	2 July 2016
	£m	£m	£m	£m	£m
Effect of:					
100 basis points increase in interest rates	2.5	2.4	1.8	2.2	1.8
200 basis points increase in interest rates	3.5	3.7	3.1	3.8	3.1

The sensitivity has been estimated by applying the basis points movement to the carrying value of the financial assets and liabilities, subject to interest at floating rates, held by the Coral Group at the period end. Due to current low interest rates, any further decline would not have a material impact on income for the year. As such, sensitivity to a decrease in interest rates has not been presented.

(b) Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Coral Group is exposed to credit risk from cash and short-term deposits with banks and financial institutions and outstanding receivables.

Financial instruments and cash deposits

The Coral Group is exposed to credit risk from counterparties defaulting on their obligations resulting in financial loss. It primarily arises in relation to financial institutions with which the Coral Group deposits its surplus funds.

Credit risk from balances with banks and financial institutions is managed by the Gala Coral Group's centralised treasury team in accordance with Gala Coral Group's policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. Counterparty credit limits are reviewed and subject to approval on a periodic basis. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through potential counterparty failure.

Revenue from retail customers are settled in cash or using major credit cards and therefore the exposure to credit risk is not considered significant.

(c) Liquidity risk

Liquidity risk is the risk that the Coral Group will not have sufficient funds to meet its liabilities. The central treasury team identifies the cash requirements and ensures suitable financing facilities are in place to meet the cash flow requirements of each of the Gala Coral Group companies.

The table below analyses the Coral Group's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Less than one year	Between one and two years	Between two and five years	After five years	Total
	£m	£m	£m	£m	£m
At 2 July 2016					
Trade and other payables	117.3	0.6	1.9	2.1	**121.9**
Other financial liabilities	6.1	—	—	—	**6.1**
Interest bearing loans with Gala Coral Group companies*	985.0	—	—	—	**985.0**
	1,108.4	**0.6**	**1.9**	**2.1**	**1,113.0**
At 26 September 2015					
Trade and other payables	117.9	3.0	1.8	2.4	**125.1**
Other financial liabilities	5.7	—	—	—	**5.7**
Interest bearing loans with Gala Coral Group companies*	831.1	—	—	—	**831.1**
	954.7	**3.0**	**1.8**	**2.4**	**961.9**
Unaudited:					
At 4 July 2015					
Trade and other payables	100.0	2.7	1.7	2.5	**106.9**
Other financial liabilities	2.6	—	—	—	**2.6**
Interest bearing loans with Gala Coral Group companies*	860.7	—	—	—	**860.7**
	963.3	**2.7**	**1.7**	**2.5**	**970.2**
At 27 September 2014					
Trade and other payables	111.7	0.3	3.5	2.9	**118.4**
Other financial liabilities	4.5	—	—	—	**4.5**
Interest bearing loans with Gala Coral Group companies*	895.3	—	—	—	**895.3**
	1,011.5	**0.3**	**3.5**	**2.9**	**1,018.2**
At 28 September 2013					
Trade and other payables	95.7	0.4	2.6	2.3	**101.0**
Other financial liabilities	4.8	—	—	—	**4.8**
Interest bearing loans with Gala Coral Group companies*	949.0	—	—	—	**949.0**
	1,049.5	**0.4**	**2.6**	**2.3**	**1,054.8**

* Interest bearing loans have no fixed repayment date but the directors of GC Group (Jersey) Limited have received confirmation that the balances will not be requested to be repaid within 12 months of the balance sheet date unless there is a change of control.

Capital management

Capital management of the Coral Group's balance sheet has been performed as part of the overall management of the Gala Coral Group's balance sheet.

Collateral

The Coral Group did not pledge or hold any collateral during the period of the Combined Historical Financial Information.

20 Deferred tax

Deferred tax is calculated on temporary differences between tax bases of assets and liabilities and their carrying amounts, under the liability method using a tax rate of 18 per cent, (26 September 2015: 20 per cent, 4 July 2015: 20 per cent, 27 September 2014: 20 per cent and 28 September 2013: 20 per cent)

The movement on the deferred tax liability is as follows:

	£m
At 29 September 2012	**223.0**
Business combinations	1.3
Amount credited to the Income Statement	(31.2)
Amounts credited to Other Comprehensive Income	(3.5)
At 28 September 2013	**189.6**
Business combinations	1.3
Amount credited to the Income Statement	(18.3)
Amounts credited to Other Comprehensive Income	(0.1)
At 27 September 2014	**172.5**
Amount charged to the Income Statement	5.4
Amounts charged to Other Comprehensive Income	4.7
At 26 September 2015	**182.6**
On recognition of additional pension asset	5.4
Amount credited to the Income Statement	(14.9)
Amounts credited to Other Comprehensive Income	(5.0)
At 2 July 2016	**168.1**

The net deferred tax liability comprises:

	28 September 2013	27 September 2014	Unaudited 2 July 2015	26 September 2015	2 July 2016
	£m	£m	£m	£m	£m
Licences and other intangibles	214.0	195.7	195.2	193.4	171.0
Retirement benefit obligations	6.4	7.3	8.7	12.5	14.8
Overseas betting licences	(2.3)	(2.3)	(0.7)	(1.1)	—
Property, plant and equipment	(24.7)	(24.5)	(24.2)	(19.3)	(17.6)
Other timing differences	(2.4)	(2.2)	(2.7)	(2.2)	(0.1)
Tax losses	(1.4)	(1.5)	(1.5)	(0.7)	—
	189.6	**172.5**	**174.8**	**182.6**	**168.1**

Deferred tax assets and liabilities are only offset where there is a legally enforceable right to offset and there is an intention to settle the balances net.

Deferred tax assets and liabilities are expected to reverse primarily after more than one year.

The amounts reported in the balance sheet are:

	28 September 2013	27 September 2014	Unaudited 2 July 2015	26 September 2015	2 July 2016
	£m	£m	£m	£m	£m
Deferred tax asset	30.8	30.5	29.1	23.3	17.7
Deferred tax liability	(220.4)	(203.0)	(203.9)	(205.9)	(185.8)
Net deferred tax liability	**(189.6)**	**(172.5)**	**(174.8)**	**(182.6)**	**(168.1)**

The movements in deferred tax (assets) and liabilities are shown below:

	Licences and other intangibles	Retirement benefit obligations	Overseas betting licences	Property, plant and equipment	Other timing differences	Tax losses	Total
	£m	£m	£m	£m	£m	£m	£m
At 29 September 2012	**243.6**	**6.1**	**(1.8)**	**(21.3)**	**(3.6)**	**—**	**223.0**
On business combinations	1.3	—	—	—	—	—	(1.3)
Charged/(credited) to Income statement	(30.9)	3.8	(0.5)	(3.4)	1.2	(1.4)	(31.2)
Credited to Other Comprehensive income	—	(3.5)	—	—	—	—	(3.5)
At 28 September 2013	**214.0**	**6.4**	**(2.3)**	**(24.7)**	**(2.4)**	**(1.4)**	**189.6**
On business combinations	1.3	—	—	—	—	—	1.3
Charged/(credited) to Income statement	(19.6)	1.0	—	0.2	0.2	(0.1)	(18.3)
Credited to Other Comprehensive income	—	(0.1)	—	—	—	—	(0.1)
At 27 September 2014	**195.7**	**7.3**	**(2.3)**	**(24.5)**	**(2.2)**	**(1.5)**	**172.5**
Charged/(credited) to Income statement	(2.3)	0.5	1.2	5.2	—	0.8	5.4
Charged to Other Comprehensive income	—	4.7	—	—	—	—	4.7
At 26 September 2015	**193.4**	**12.5**	**(1.1)**	**(19.3)**	**(2.2)**	**(0.7)**	**182.6**
Charged/(credited) to Income statement	(22.4)	1.9	1.1	1.7	2.1	0.7	(14.9)
On recognition of additional net pension asset	—	5.4	—	—	—	—	5.4
Credited to Other Comprehensive income	—	(5.0)	—	—	—	—	(5.0)
At 2 July 2016	**171.0**	**14.8**	**—**	**(17.6)**	**(0.1)**	**—**	**168.1**

As at 2 July 2016 a deferred tax asset of £133.8 million in respect of tax losses (which includes £55.9 million in respect of capital losses) has not been recognised as there are not expected to be suitable profits available against which losses can be offset (26 September 2015 £139.7 million (of which £62.1 million are capital losses), 4 July 2015 £98.7 million (of which £41.5 million are capital losses), 27 September 2014 £98.7 million (of which £41.5 million are capital losses) and 28 September 2013 £1.7 million (of which £1.5 million are capital losses)). This assessment reflects the expected profitability and the current funding structure of the Coral Group rather than the expected future positon of the Enlarged Group.

21 Provisions

	Gaming machine VAT	Onerous leases	Total
	£m	£m	£m
At 29 September 2012	**—**	**8.8**	**8.8**
Unwinding of discount	—	0.4	0.4
Charged to the Income Statement – exceptional charge	6.3	4.1	10.4
Credited to the income Statement – exceptional credit	—	(2.1)	(2.1)
Utilised in the year	—	(2.5)	(2.5)
At 28 September 2013	**6.3**	**8.7**	**15.0**
Unwinding of discount	—	0.3	0.3
Transferred from Gala Coral Group	—	10.7	10.7
Charged to the Income Statement – exceptional charge	—	5.2	5.2
Credited to the Income Statement – exceptional credit	(0.2)	(0.8)	(1.0)
Utilised in the year	(6.1)	(3.0)	(9.1)
At 27 September 2014	**—**	**21.1**	**21.1**
Unwinding of discount	—	0.5	0.5
Charged to the Income Statement – exceptional charge	—	3.2	3.2
Credited to the Income Statement – exceptional credit	—	(3.2)	(3.2)
Utilised in the year	—	(4.5)	(4.5)
At 26 September 2015	**—**	**17.1**	**17.1**
Unwinding of discount	—	0.2	0.2
Charged to the Income Statement – exceptional charge	—	3.8	3.8
Credited to the Income Statement – exceptional credit	—	(3.6)	(3.6)
Utilised in the period	—	(6.2)	(6.2)
At 2 July 2016	**—**	**11.3**	**11.3**

Provisions are analysed in the balance sheet as follows:

	28 September 2013	27 September 2014	Unaudited 4 July 2015	26 September 2015	2 July 2016
	£m	£m	£m	£m	£m
Current	7.9	2.7	1.3	2.4	2.9
Non-current	7.1	18.4	15.4	14.7	8.4
	15.0	**21.1**	**16.7**	**17.1**	**11.3**

Onerous leases

The Coral Group is party to a number of leasehold property contracts. Provision has been made against those leases where the property is now vacant and the unavoidable costs under the lease exceed the economic benefit expected to be derived from potential sub-letting arrangements.

Provisions have been based on management's best estimate of the minimum future cash flows to settle the Coral Group's obligations, taking into account the risks associated with each obligation, discounted at an average risk free interest rate of 0.9 per cent. at 2 July 2016, 1.73 per cent. at 26 September 2015, 3.0 per cent. at 4 July 2015, 3.0 per cent. at 27 September 2014 and 3.30 per cent. at 29 September 2013.

Gaming machine VAT

Following the ruling on 30 October 2013 by the Court of Appeal in relation to Gaming Machine VAT contravening the principles of fiscal neutrality, the Coral Group provided for the potential repayment to HMRC. Payment was made during the 52 weeks ended 27 September 2014.

22 Cash generated from operations

Reconciliation of operating profit/(loss) to cash inflow from operating activities:

	52 weeks ended 28 September 2013	52 weeks ended 27 September 2014	Unaudited 40 weeks ended 4 July 2015	52 weeks ended 26 September 2015	40 weeks ended 2 July 2016
	£m	£m	£m	£m	£m
Profit/(loss) before tax from continuing operations	28.1	(56.5)	43.0	50.0	51.4
Loss before tax from discontinued activities	—	—	(7.6)	(7.6)	—
Adjusted for:					
Net interest	88.6	86.7	67.6	84.1	63.1
Profit on disposal of fixed assets and acquisition costs	0.3	—	—	—	—
Amortisation	14.5	20.7	19.4	24.1	13.0
Depreciation	30.8	31.5	22.8	31.1	25.0
Impairment charges	—	104.1	1.4	9.7	20.6
Non cash element of share based payments charge	10.9	7.9	0.9	1.1	—
Pension contributions in excess of pension expense	(9.6)	(1.6)	(3.1)	(2.8)	(2.8)
Changes in working capital:					
Decrease/(increase) in inventories	(0.9)	1.8	0.2	0.2	0.1
Decrease/(increase) in trade and other receivables	5.0	(4.5)	(13.6)	(2.5)	(6.1)
Increase in trade and other payables	17.3	26.7	15.1	24.9	3.3
Increase/(decrease) in provisions and other financial liabilities	7.2	5.5	(9.3)	(3.3)	(5.6)
Net cash inflow from operating activities	**192.2**	**222.3**	**136.8**	**209.0**	**162.0**

23 Retirement benefits

Defined benefit scheme

The Coral Group participates in a Gala Coral Group operated defined benefit pension scheme, which was closed to new entrants from October 2002. This defined benefit scheme is funded by the payment of contributions to separately administered funds. The contributions to the scheme are determined with the advice of independent qualified actuaries on the basis of triennial valuations. The scheme is based in the UK.

On 28 September 2013 the scheme was closed to future accrual and all participants were transferred to personal pension plans. As a result of the closure of the scheme the Coral Group recognised a past service credit of £8.8 million, which is included as an exceptional item in the combined income statement.

The pension payable to an individual is based on average earnings calculated over the period of pensionable service (career average revalued earnings or CARE).

A full actuarial valuation of the Gala Coral Pension Plan for statutory funding purposes was undertaken as at 5 April 2014.

An actuarial review of the scheme valuation was carried out by a qualified independent actuary at the end of each period being reported in order to provide the following information required by IAS 19 (revised) “Employee Benefits”.

Until 19 December 2015 The Coral Group recorded 60 per cent. of the assets and liabilities of the plan. This allocation was based on the percentage split in the 2008 actuarial valuation, which was the final actuarial valuation before the Gala and Coral pension plans were merged. On 19 December

2015; following the disposal of the Gala Coral Group's bingo business by the wider Gala Coral Group, The Coral Group assumed full responsibility for the Gala Coral Pension Plan and consequently from that date records 100 per cent. of the assets and liabilities of the plan. The Coral Group has recognised the additional share of the net pension asset at that date of £15.4 million through equity as a contribution from its parent company.

Principal assumptions

The assumptions used by the actuary in determining the present value of the defined benefit scheme's liabilities were:

Financial assumptions:

	28 September 2013	27 September 2014	Unaudited 4 July 2015	26 September 2015	2 July 2016
Rate of salary increases	N/A	N/A	N/A	N/A	N/A
Rate of pension increases	3.4%	3.3%	3.3%	3.2%	2.0%
Discount rate	4.5%	4.1%	4.1%	4.0%	2.9%
CPI inflation assumption	2.5%	2.4%	2.4%	2.3%	1.9%
RPI inflation assumption	3.4%	3.3%	3.3%	3.2%	2.8%

In accordance with IAS 19 (Revised), the discount rate has been determined by reference to market yields at the period end date on high quality fixed income investments at a term consistent with the expected duration of the liabilities.

Price inflation is determined by the difference between the yields on fixed and index-linked government bonds. The Bank of England target inflation rate has also been considered in setting this assumption. The expected rate of salary growth and pension increases are set with reference to the expected rate of inflation.

Mortality assumptions:

	28 September 2013	27 September 2014	Unaudited 4 July 2015	26 September 2015	2 July 2016
	Years	Years	Years	Years	Years
Assumed life expectations on retirement age of 65					
Retiring at balance sheet date: (member aged 65)					
Male	22.4	22.5	22.5	22.2	22.3
Female	23.9	24.0	24.1	23.9	24.0
Retiring in 25 years: (member aged 40)					
Male	24.5	24.6	24.8	24.4	24.5
Female	25.9	26.0	26.0	25.8	25.9

Mortality assumptions are based on standard tables adjusted for scheme experience and with an allowance for future improvement in life expectancy.

Assets and liabilities of the scheme

The net asset recognised is as follows:

	28 September 2013	27 September 2014	Unaudited 4 July 2015	26 September 2015	2 July 2016
	£m	£m	£m	£m	£m
Total fair value of assets	195.2	209.4	223.8	225.4	418.0
Present value of scheme liabilities	(176.9)	(188.7)	(199.0)	(189.7)	(375.8)
Net pension asset	**18.3**	**20.7**	**24.8**	**35.7**	**42.2**

On 19 December 2015 the total fair value of assets increased by £153.1 million and the present value of liabilities increased by £137.7 million following a Flexible Apportionment Arrangement under which the Coral Group assumed sole responsibility for the Gala Coral Pension Plan. The net asset recognised is £15.4 million.

Movements in the present value of defined benefit obligations were as follows:

	28 September 2013	27 September 2014	Unaudited 4 July 2015	26 September 2015	2 July 2016
	£m	£m	£m	£m	£m
Present value of scheme liabilities at the beginning of the period	157.0	176.9	188.7	188.7	189.7
Recognition of additional plan liabilities	—	—	—	—	137.7
Current service cost	2.5	—	—	—	—
Past service credit due to curtailment of the plan	(8.8)	—	—	—	—
Interest expense	7.1	7.7	5.9	7.6	8.5
Benefits paid	(4.9)	(9.2)	(5.7)	(6.9)	(8.7)
Employee contributions	0.7	—	—	—	—
Remeasurements:					
Gain from changes in demographic assumptions	—	—	—	(1.8)	—
Loss from changes in financial assumptions	23.5	10.2	10.2	2.2	48.6
Experience (gain)/loss	(0.2)	3.1	(0.1)	(0.1)	—
Total remeasurements	23.3	13.3	10.1	0.3	48.6
Present value of scheme liabilities at the end of the period	**176.9**	**188.7**	**199.0**	**189.7**	**375.8**

The allocation of the defined benefit obligation by category of member is:

	28 September 2013	27 September 2014	Unaudited 4 July 2015	26 September 2015	2 July 2016
	£m	£m	£m	£m	£m
Deferred, entitled to benefits once retired	126.9	117.3	126.0	119.4	236.5
Pensioners	50.0	71.4	73.0	70.3	139.3
	176.9	**188.7**	**199.0**	**189.7**	**375.8**

As a consequence of the closure of the scheme to future accrual with effect from 28 September 2013 members previously categorised as active became deferred members.

Movements in the fair value of scheme assets were as follows:

	28 September 2013	27 September 2014	Unaudited 4 July 2015	26 September 2015	2 July 2016
	£m	£m	£m	£m	£m
Fair value of scheme assets at the beginning of the period	183.7	195.2	209.4	209.4	225.4
Recognition of additional plan assets	—	—	—	—	153.1
Interest income on scheme assets	8.5	8.5	6.6	8.5	10.1
Remeasurement of return on plan assets (excluding interest income)	4.0	13.1	11.6	11.8	34.3
Administrative expenses	(0.6)	(0.6)	(0.5)	(0.5)	(0.5)
Benefits paid	(4.9)	(9.2)	(5.7)	(6.9)	(8.7)
Employer contributions (including payment of administrative expenses)	3.8	2.4	2.4	3.1	4.3
Employee contributions	0.7	—	—	—	—
Fair value of scheme assets at the end of the period	**195.2**	**209.4**	**223.8**	**225.4**	**418.0**

The actual return on plan assets was a gain of £44.4 million (£20.3 million, £18.2 million, £21.6 million and £12.5 million) for the 40 weeks to 2 July 2016 (52 weeks to 26 September 2015, 40 weeks to 4 July 2015, 52 weeks to 27 September 2014 and 52 weeks to 28 September 2013).

The major categories of scheme assets are:

	28 September 2013	27 September 2014	Unaudited 4 July 2015	26 September 2015	2 July 2016
	£m	£m	£m	£m	£m
Equities	26.3	24.7	26.4	24.2	42.8
Investment funds	13.9	14.9	16.4	16.0	28.3
Debt instruments	152.3	168.5	180.6	184.5	346.3
Other (cash)	2.7	1.3	0.4	0.7	0.6
Fair value	**195.2**	**209.4**	**223.8**	**225.4**	**418.0**

The scheme's assets are invested in managed funds. The managed funds are unquoted. However, the underlying investments, upon which the fair values of the schemes assets are based, are primarily held in quoted securities.

The employer contributions expected to be paid during the next financial year amount to £2.8 million.

Funding levels are monitored on an on-going basis and an updated valuation is being obtained to determine the level of any future contributions. The Coral Group is presently fully funding the scheme administration costs. The weighted average duration of the defined benefit obligation is 21 years.

Pension costs recognised in the income statement:

	52 weeks ended 28 September 2013	52 weeks ended 27 September 2014	Unaudited 40 weeks ended 4 July 2015	52 weeks ended 26 September 2015	40 weeks ended 2 July 2016
	£m	£m	£m	£m	£m
Included in administrative expenses:					
Current service cost	2.5	—	—	—	—
Scheme administrative expenses	0.6	0.6	0.5	0.5	0.5
	3.1	**0.6**	**0.5**	**0.5**	**0.5**
Included in exceptional items:					
Past service credit due to curtailment of the plan	(8.8)	—	—	—	—
Credited to other finance income:					
Interest income on scheme assets	8.5	8.5	6.6	8.5	10.1
Interest expense on benefit obligations	(7.1)	(7.7)	(5.9)	(7.6)	(8.5)
Other finance income	1.4	0.8	0.7	0.9	1.6
Total income recognised in the income statement	**(7.1)**	**(0.2)**	**(0.2)**	**(0.4)**	**(1.1)**

There is a past service credit for the 52 weeks ended 28 September 2013 due to the closure of the Plan to future accrual of benefits, which resulted in a reduction of the defined benefit obligation.

Amounts recognised in other comprehensive income

	52 weeks ended 28 September 2013	52 weeks ended 27 September 2014	Unaudited 40 weeks ended 4 July 2015	52 weeks ended 26 September 2015	40 weeks ended 2 July 2016
	£m	£m	£m	£m	£m
Actual return on plan assets less interest on plan assets	4.0	13.1	11.6	11.8	34.3
Remeasurement losses on defined benefit obligations	(23.3)	(13.3)	(10.1)	(0.3)	(48.6)
Total remeasurement gains/(losses) recognised in other comprehensive income	**(19.3)**	**(0.2)**	**1.5**	**11.5**	**(14.3)**

Sensitivity analysis

The sensitivity of the present value of the scheme's liabilities at 2 July 2016 to changes in the principal assumptions used to measure these liabilities is illustrated in the table that follows. The illustrations consider the single change shown, with the other assumptions assumed to be unchanged. In practice, changes in one assumption may be accompanied by offsetting changes in another assumption (although this is not always the case). In addition, changes in the assumptions may occur at the same time as changes in the market value of the scheme assets, which may or may not offset the change in assumptions.

Assumption	Change in Assumption	Increase/(decrease) in defined benefit obligation
		£m
Discount rate	Decrease by 0.25%	20.7
	Increase by 0.25%	(19.3)
Rate of inflation	Decrease by 0.25%	(16.1)
	Increase by 0.25%	17.0
Life expectancy	Increase by one year	10.6

Scheme risks

The analysis above is solely assessing the plan obligation's sensitivity to given variables without considering the plan assets. Although changes in the discount rate create a significant risk to the plan based on the sensitivity analysis, in practice, the interest rate sensitivity is partly offset by plan assets including investments in debt instruments. The plan assets also include equities and investment funds that in the near term may be volatile but in the longer term are expected to outperform debt instrument yields.

The risks related to asset performance are significant due to the absolute size of the plan assets and their relative size compared to the plan obligation. This risk is mitigated by suitable assets allocations.

The defined benefit obligation is determined based on current best estimates of life expectancy. Uncertainty regarding the reliability of this estimate is also a significant risk to the plan.

History of remeasurements

	28 September 2013	27 September 2014	Unaudited 4 July 2015	26 September 2015	2 July 2016
	£m	£m	£m	£m	£m
Present value of defined benefit obligation	(176.9)	(188.7)	(199.0)	(189.7)	(375.8)
Fair value of scheme assets	195.2	209.4	223.8	225.4	418.0
Surplus in the scheme	**18.3**	**20.7**	**24.8**	**35.7**	**42.2**
Experience adjustments on defined benefit obligations	**(0.2)**	**3.1**	**(0.1)**	**(0.1)**	**—**

Defined contribution schemes

The Coral Group participates in defined contribution pension schemes with contributing and non-contributing membership levels. During the 52 weeks ended 28 September 2013 the Coral Group closed its principal defined contribution pension scheme and transferred all its participants into personal pension plans. The pension cost charge for the period represents contributions paid by the Coral Group into the current personal pension plans and the old defined contribution scheme which amounted to £4.2 million for the 40 weeks to 2 July 2016 (52 weeks to 26 September 2015: £5.5 million, 40 weeks to 4 July 2015: £4.3 million, 52 weeks to 27 September 2014: £5.1 million and 52 weeks to 28 September 2013: £2.8 million) on behalf of its employees participating in these schemes.

A liability of £0.5 million (26 September 2015: £0.2 million, 4 July 2015: £0.4 million, 27 September 2014: £0.3 million and 28 September 2013: £0.3 million) existed in respect of pension contributions at 2 July 2016.

24 Share Based Payments

The Gala Coral Group operates a management incentive scheme for certain members of management. The share scheme was implemented by Gala Coral Group's ultimate parent undertaking, GCG Manager S.A Luxco S.C.A, with shares in the parent being purchased by management. A proportion of the shares issued vested immediately with additional shares vesting over a period of up to five years.

The amounts paid to participants depend on certain criteria, including good/bad leaver considerations and sale proceeds on an exit event.

Despite the fact that the shares awarded to management are shares of GCG Manager S.A Luxco S.C.A, a charge has been recognised in these Combined Historical Financial Information as prescribed by the guidelines of IFRS 2 "Share Based Payments". The charge recorded (excluding legal fees) in the 40 weeks to 2 July 2016 of £nil (52 weeks to 26 September 2015: £1.1 million, 40 weeks to 4 July 2015: £0.9 million, 52 weeks to 27 September 2014: £7.9 million and 52 weeks to 28 September 2013: £10.9 million), represents an accounting recharge only rather than a commitment on the Coral Group to pay cash. On exit and realisation of value of the UK Group, the cash cost associated with this share scheme will be incurred by GCG Manager S.A Luxco S.C.A, not Coral Group or any of its operations. The charge recognised in The Combined Historical Financial Information reflects the charge associated with the segments identified within note 2.

The shares issued are unlisted. As the scheme reflects shares issued there are no outstanding options.

During the 52 weeks ended 27 September 2014 certain amendments, primarily to lower the threshold at which management participate, were made to the shares previously issued to management. Previously issued B shares were converted into I shares and C to H shares were converted into J shares. In addition to these amendments additional J shares were issued to certain management, these are identified as J (2014) shares in the disclosures that follow.

The disclosures in the tables below represent those relating to the Coral Group:

	Class of share		
	I	J	J (2014)
Number of shares issued	1,264,471	6,925,876	1,791,488
Number of shares unissued	—	—	—
Vesting period	0 to 5	0 to 5	0 to 5
Expected volatility	96%	96%	54%
Fair value of shares at grant date	2.31	2.31	0.82

The amendments to the scheme, and the newly issued J shares, were valued using a Monte Carlo valuation model as permitted by IFRS 2. The valuation of the scheme for IFRS 2 in the preceding years was undertaken using the Black-Scholes pricing model.

The expected volatility is based on the historical volatility, over a 5 year period, of similar listed companies with appropriate adjustments made for the level of gearing within Gala Coral Group Limited. Dividend yields were assumed at 0 per cent. for all awards and the risk free rate at 0.92 per cent.. An exit assumption of 5 years from the grant date has been used in the valuation of the scheme.

Grant date	28 September 2013	27 September 2014	Unaudited 4 July 2015	26 September 2015	2 July 2016
Number of shares in issue at start of the period	10,959,585	10,651,898	10,426,941	10,426,941	9,981,835
Granted:					
Class B	—	—	—	—	—
Class C	—	—	—	—	—
Class D	1,244,239	240,279	—	—	—
Class J (2014)	—	1,355,600	435,888	435,888	—
Forfeited – class C	—	(417,275)	—	—	—
Forfeited – class D	(1,551,926)	(1,403,561)	—	—	—
Forfeited – class J	—	—	(880,994)	(880,994)	—
Converted from class B into class I	—	(1,264,471)	—	—	—
Converted into class I from class B	—	1,264,471	—	—	—
Converted from class C into class J	—	(2,099,020)	—	—	—
Converted from class D into class J	—	(6,125,125)	—	—	—
Converted into class J from classes C to D	—	8,224,145	—	—	—
Number of shares in issue at end of the period	**10,651,898**	**10,426,941**	**9,981,835**	**9,981,835**	**9,981,835**

25 Commitments

(a) Operating lease commitments

The Coral Group has entered into commercial leases on certain properties, plant and items of machinery.

Future minimum rentals payable expected under non-cancellable operating leases are as follows:

	28 September 2013	27 September 2014	Unaudited 4 July 2015	26 September 2015	2 July 2016
	£m	£m	£m	£m	£m
Not later than one year	37.3	38.6	40.2	40.0	40.5
After one year but not more than five years	119.1	127.3	133.6	131.8	130.2
After five years	116.0	110.6	107.4	101.7	88.7
	272.4	**276.5**	**281.2**	**273.5**	**259.4**

In addition, the Coral Group has operating lease commitments with rentals determined in relation to its respective revenues. It is not possible to quantify accurately future rental payable under such leases.

The Coral Group has entered into sub-lease agreements for unutilised space in the UK LBO estate. Lease receipts recognised as income for the 40 weeks ended 2 July 2016 are £2.0 million (52 weeks to 26 September 2015: £2.6 million, 40 weeks to 4 July 2015: £2.0 million, 52 weeks to 27 September 2014: £2.4 million and 52 weeks to 28 September 2013: £2.3 million).

(b) Capital commitments

Contracts placed for future capital expenditure, primarily relating to property, plant and equipment, were £5.6 million at 2 July 2016, £6.3 million at 25 September 2015, £3.1 million at 4 July 2015, £5.3 million at 27 September 2014 and £1.5 million at 28 September 2013.

(c) Financial guarantees

The borrowings of the Gala Coral Group are secured on the assets of Coral Group companies including the Coral Group. No liability is expected to result from this guarantee.

26 Related party transactions

The Gala Coral Group pension plan falls within the definition of a related party. Details of the pension plan and the group's transactions with it are set out in note 23.

The Coral Group undertakes various transactions with other companies in the Gala Coral Group during the normal course of business. Income or costs associated with the funding transactions are not necessarily representative of the position that would have been reported had the Coral Group been a standalone independent group.

Income and costs included in the Combined Statements associated with these transactions are:

	52 weeks ended 28 September 2013	52 weeks ended 27 September 2014	Unaudited 40 weeks ended 4 July 2015	52 weeks ended 26 September 2015	40 weeks ended 2 July 2016
	£m	£m	£m	£m	£m
Overhead and exceptional cost allocations (a)	9.8	(3.1)	(5.8)	19.2	(18.9)
Net finance expense on net funding from other Coral Group companies (b)	89.1	86.8	67.4	83.4	63.6
Other net funding movements with other Coral Group companies (net amount funded to other Coral Group companies) (b)	36.1	55.5	35.8	71.1	(58.2)
Key management compensation (see note 4(b))					

(a) Overhead and exceptional cost allocations from other Coral Group companies

Other Coral Group companies provided various services during the periods presented. These services included management oversight, administration, human resources, information technology and audit fees. These costs have been allocated on a reasonable and consistent basis in all years.

Exceptional cost recharges represent the allocation of certain restructuring and reorganisation costs incurred by the other Coral Group companies on behalf of the Coral Group. These costs have been recharged where they are directly attributable to Coral Retail, Eurobet Retail and Online divisions.

(b) Net finance expense and cash pooling arrangements

The group has historically used other Coral Group companies' central treasury function to provide loans and make deposits of surplus funds using cash pooling arrangements. Interest is charged on these balances at the weighted average cost of debt of the Gala Coral Group as disclosed in note 6.

27 Post balance sheet events

On 15 October 2016 Coral Racing Limited entered into: (i) a business transfer agreement to sell 154 LBOs to Betfred; and (ii) a business transfer agreement to sell 20 LBOs to Stan James (the "Coral Business Transfer Agreements").

The Coral Business Transfer Agreements are part of a package which also includes the sale of certain Ladbrokes Group LBOs. The aggregate number of LBOs being sold by the Enlarged Group to Betfred is 322 for a cash consideration of £55.0 million. The aggregate number of LBOs being sold by the Enlarged Group to Stan James is 37 for a cash consideration of £0.5 million. The total consideration payable under the Coral Business Transfer Agreements is expected to be £26,540,981, which will be satisfied in cash on the fifth business day after notice is given to the Purchasers of Completion of the Merger.

The Coral Business Transfer Agreements are conditional on Completion of the Merger. Following Completion of the Merger, the relevant LBOs will be transferred to the relevant purchaser on a phased basis under the Coral Business Transfer Agreements with a long stop date for all LBOs to be transferred by 31 January 2017 in the case of Stan James and 31 March 2017 in the case of Betfred.

Coral Racing Limited has given certain customary warranties and indemnities in relation to the business and assets transferring to the Purchasers, including an indemnity in respect of all matters arising in connection with the operation of the business transferring to the Purchasers prior to completion of the Coral Business Transfer Agreements.

PART X
UNAUDITED PRO FORMA FINANCIAL INFORMATION

SECTION A: UNAUDITIED PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP

The unaudited pro forma statement of net assets and the unaudited pro forma income statement (together, the "**Unaudited Pro Forma Financial Information of the Enlarged Group**") set out in section 1 and section 2 of this section A of Part X (*Unaudited Pro Forma Financial Information*) of this Prospectus have been prepared on the basis set out in the notes below to illustrate the effect of the Merger and the associated refinancing on the Ladbrokes Group's net assets as if the event had taken place as of 30 June 2016 and on the income statement of the Ladbrokes Group for the year ended 31 December 2015 as if the event had taken place on 1 January 2015.

The Unaudited Pro Forma Financial Information has been prepared for illustrative purposes only and by its nature addresses a hypothetical situation and, therefore, does not represent the Enlarged Group's actual financial position or results.

The Unaudited Pro Forma Financial Information does not constitute financial statements within the meaning of section 434 of the Act. Shareholders should read the whole of this Prospectus and not rely solely on the financial information contained in this Part X. PwC's report on the Unaudited Pro Forma Financial Information is set out in section B of this Part X (*Unaudited Pro Forma Financial Information*) of this Prospectus.

The financial information contained in this Part X (*Unaudited Pro Forma Financial Information*) has been prepared using the Ladbrokes accounting policies from the Annual Report and Accounts 2015.

The Unaudited Pro Forma Financial Information does not purport to represent what the Enlarged Group's financial position or results actually would have been if the Merger had been completed on the dates indicated nor do they purport to represent the financial condition at any future date.

In addition to the matters noted above, the Unaudited Pro Forma Financial Information does not reflect the effect of any anticipated synergies and efficiencies associated with the Merger and does not reflect the impact of the Retail Disposals.

Section 1: Unaudited pro forma income statement

		Adjustments			
	Ladbrokes Group for the 12 months ended 31 December 2015	**Coral Group for the year ended 26 September 2015**	**Merger adjustments**	**Refinancing**	**Pro forma Enlarged Group**
	(Note 1) (£m)	**(Note 2) (£m)**	**(Note 3) (£m)**	**(Note 4) (£m)**	**(£m)**
Revenue	1,199.5	1,006.6	—	—	2,206.1
Operating expenses before depreciation and amortisation	(1,070.1)	(807.4)	(55.8)	—	(1,933.3)
Share of results from joint venture and associates	4.0	—	—	—	4.0
Depreciation, amortisation and amounts written off non-current assets	(148.8)	(65.1)	—	—	(213.9)
Profit/(loss) before tax and finance expense	**(15.4)**	**134.1**	**(55.8)**	**—**	**62.9**
Finance expense	(28.3)	(85.0)	—	52.9	(60.4)
Finance income	0.5	0.9	—	—	1.4
Profit/(loss) before tax	(43.2)	50.0	(55.8)	52.9	3.9
Income tax credit/(expense)	48.3	(16.0)	—	(10.7)	21.6
Profit for the year from continuing operations	**5.1**	**34.0**	**(55.8)**	**42.2**	**25.5**
Loss for the year from discontinuing operations	—	(6.8)	—	—	(6.8)
Profit / (loss) for the year	**5.1**	**27.2**	**(55.8)**	**42.2**	**18.7**

Section 2: Unaudited pro forma net assets

	Ladbrokes Group as at 30 June 2016	Coral as at 2 July 2016	Adjustments: Merger adjustments	Adjustments: Refinancing	Pro forma Enlarged Group
	(Note 1) (£m)	(Note 2) (£m)	(Note 3) (£m)	(Note 4) (£m)	(£m)
Assets					
Non-current assets					
Goodwill and intangible assets	682.5	1,453.5	752.5	—	2,888.5
Property, plant and equipment	173.6	90.1	—	—	263.7
Interest in joint venture	13.9	—	—	—	13.9
Interest in associates and other investments	24.1	—	—	—	24.1
Other financial assets	8.0	—	—	—	8.0
Deferred tax assets	8.0	17.7	—	—	25.7
Retirement benefit asset	93.5	42.2	—	—	135.7
	1,003.6	1,603.5	752.5	—	3,359.6
Current assets					
Inventories	—	0.4	—	—	0.4
Trade and other receivables	61.9	39.1	—	—	101.0
Corporation tax recoverable	4.8	—	—	—	4.8
Cash and short term deposits	149.5	134.5	(33.5)	(3.3)	247.2
	216.2	174.0	(33.5)	(3.3)	353.4
Total Assets	**1,219.8**	**1,777.5**	**719.0**	**(3.3)**	**3,713.0**
Liabilities					
Current liabilities					
Trade and other payables	(293.5)	(168.0)	—	—	(461.5)
Corporation tax liabilities	(4.8)	(2.0)	—	—	(6.8)
Other financial instruments	—	(6.1)	—	—	(6.1)
Lease liabilities	(1.5)	—	—	—	(1.5)
Interest bearing loans and borrowings	(224.6)	(985.0)	—	985.0	(224.6)
Provisions	(11.1)	(2.9)	—	—	(14.0)
	(535.5)	(1,164.0)	—	985.0	(714.5)
Non-current liabilities					
Interest bearing loans and borrowings	(99.0)	—	—	(981.7)	(1,080.7)
Other financial liabilities	(35.4)	(4.6)	—	—	(40.0)
Deferred tax liabilities	(59.6)	(185.8)	—	—	(245.4)
Lease liabilities	(3.1)	—	—	—	(3.1)
Provisions	(3.5)	(8.4)	—	—	(11.9)
	(200.6)	(198.8)	—	(981.7)	(1,381.1)
Total liabilities	**(736.1)**	**(1,362.8)**	**—**	**3.3**	**(2,905.6)**
Net assets	**483.7**	**414.7**	**719.0**	—	**1,617.4**

Notes:

(1) The financial information of the Ladbrokes Group for the year ended 31 December 2015 and the financial information of the Ladbrokes Group as at 30 June 2016 have been extracted, without material adjustment, from the published financial statements of the Ladbrokes Group for the year ended 31 December 2015 and the published unaudited interim financial statements of the Ladbrokes Group for the six months ended 30 June 2016 respectively, which are both incorporated by reference in Part VIII (*Historical Financial Information relating to the Ladbrokes Group*) of this Prospectus.

(2) The financial information of the Coral Group for the 52 weeks ended 26 September 2015 and the financial information of the Coral Group as at 2 July 2016 have been extracted, without material adjustment, from the historical financial information of the Coral Group set out in Part IX (*Historical Financial Information relating to the Coral Group*) of this Prospectus.

(3) The adjustments arising as a result of the Merger are set out below:

(i) The consideration will be the issuance of the Consideration Shares to Coral. The total consideration payable is £1,167.2 million.

The consideration has been calculated on the basis that the Company issues 866,518,803 Consideration Shares with a nominal value of 28⅓ pence each at a price of 134.7 pence per share, being the price of an Ordinary Share at the Latest Practicable Date. An adjustment has been made to goodwill (which has been calculated based on the balance sheet of the Coral Group as at 2 July 2016), as follows:

Total consideration	£1,167.2 million
Less: Coral Group net assets acquired	£(414.7) million
Pro forma goodwill adjustment	£752.5 million

No purchase price allocation assumptions in relation to the value of any acquired Coral Group intangible assets have been included in the pro forma statement of net assets. All purchase consideration in excess of the Coral Group net asset value has therefore been treated as goodwill.

After Completion, but ahead of 31 December 2016, the Enlarged Board will be required to undertake a fair value exercise of the identifiable assets and liabilities of the acquired business to assess the purchase price for accounting purposes. This fair value exercise may result in adjustments to the carrying value of the Enlarged Group's balance sheet line items.

(ii) Estimated transaction costs of £76.1 million (inclusive of VAT) are expected to be incurred in connection with the Merger of which £20.3 million had been incurred by 31 December 2015 resulting in a pro forma income statement adjustment of £55.8 million. A further £22.3 million incurred in the period to 30 June 2016, resulting in a pro forma cash adjustment in the balance sheet of £33.5 million. No tax impact has been assumed.

(4) This adjustment includes:

(i) Of the £850.5 million net indebtedness of Coral at 2 July 2016 (which includes £20.4 million of cash held on behalf of customers) an adjustment of £985.0 million has been made to reflect the repayment of the amounts owed to the Gala Coral Group undertakings, offset by the drawdown against the New Facilities Agreement of up to £985.0 million, not against any debt capital markets issuance that could take place at Completion. This drawdown is stated net of £3.3 million in estimated debt issue costs associated with the facilities which will be paid in cash and deducted from the carrying value of the new facilities. These issue costs will be amortised over a 4 year term and are presented, along with the new facilities, as non-current liabilities.

(ii) A reduction in the finance costs of £52.9 million, which reflects the interest incurred by Coral on its loans and borrowings with Coral Group undertakings, which would not have been incurred by the Enlarged Group had the transaction completed on 1 January 2015, offset by the interest charge on the additional drawdown against the New Facilities Agreement. The reduction in finance costs is offset by a related reduction in the income tax credit of £10.7 million.

(iii) The tax impact of the above adjustments.

(5) In connection with the Merger, Ladbrokes Betting & Gaming Limited and Coral Racing Limited entered into the Business Transfer Agreements and the Additional Transfer Agreement, pursuant to which the Enlarged Group will transfer 360 LBOs to the Purchasers and Bet 21 Limited for an agreed value of £55.5 million. The pro forma financial information table does not include the effects of the Retail Disposals, however the associated EBITDA of the LBOs that are to be transferred for the most recent full financial year for both the Ladbrokes Group and the Coral Group is £12.8 million and £13.0 million, respectively.

Pursuant to the terms of the New Facilities Agreement, an amount at least equal to 50 per cent. of the net proceeds from the Retail Disposals shall be applied in prepayment and/or cancellation of Facility A under the New Facilities Agreement (in accordance with clause 10.7 of that agreement).

(6) No adjustment has been made to reflect the financial performance of the Ladbrokes Group since 30 June 2016 or of the Coral Group since 2 July 2016.

(7) The nature of the adjustments described in note 4 and note 5 of the unaudited pro forma income statement means that adjustments of a similar nature will have a continuing impact on the Enlarged Group.

SECTION B: ACCOUNTANT'S REPORT IN RESPECT OF THE UNAUDITED PRO FORMA INFORMATION OF THE ENLARGED GROUP

The Directors and the Proposed Directors of the Company
Ladbrokes plc
Imperial House
Imperial Drive
Rayners Lane
Harrow
HA2 7JW

Greenhill & Co. International LLP ("**Greenhill**")
Lansdowne House
57 Berkeley Square
London
W1J 6ER

UBS Limited ("**UBS**")
5 Broadgate
London
EC2M 2QS

27 October 2016

Dear Sirs

Ladbrokes plc (the "Company")

We report on the pro forma financial information (the "**Pro Forma Financial Information**") set out in section A of this Part X (*Unaudited Pro Forma Financial Information*) of the Company's prospectus dated 27 October 2016 (the "**Prospectus**") which has been prepared on the basis described in the notes to the Pro Forma Financial Information, for illustrative purposes only, to provide information about how the Merger and the associated refinancing might have affected the financial information presented on the basis of the accounting policies adopted by the Company in preparing the financial statements for the period ended 31 December 2015 and its balance sheet as at 30 June 2016. This report is required by item 20.2 of Annex I to the PD Regulation and is given for the purpose of complying with that PD Regulation and for no other purpose.

Responsibilities

It is the responsibility of the Directors and the Proposed Directors to prepare the Pro Forma Financial Information in accordance with item 20.2 of Annex I to the PD Regulation.

It is our responsibility to form an opinion, as required by item 20.2 of Annex I to the PD Regulation as to the proper compilation of the Pro Forma Financial Information and to report our opinion to you.

In providing this opinion we are not updating or refreshing any reports or opinions previously made by us on any financial information used in the compilation of the Pro Forma Financial Information, nor do we accept responsibility for such reports or opinions beyond that owed to those to whom those reports or opinions were addressed by us at the dates of their issue.

Save for any responsibility which we may have to those persons to whom this report is expressly addressed and for any responsibility arising under item 5.5.3R(2)(f) of the Prospectus Rules to any person as and to the extent there provided, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with item 23.1 of Annex I to the PD Regulation consenting to its inclusion in the Prospectus.

Basis of opinion

We conducted our work in accordance with the Standards for Investment Reporting issued by the Auditing Practices Board in the UK. The work that we performed for the purpose of making this report, which involved no independent examination of any of the underlying financial information, consisted primarily of comparing the unadjusted financial information with the source documents, considering the evidence supporting the adjustments and discussing the Pro Forma Financial Information with the Directors and the Proposed Directors.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with reasonable assurance that the Pro Forma Financial Information has been properly compiled on the basis stated and that such basis is consistent with the accounting policies of the Company.

Opinion

In our opinion:

a) the Pro Forma Financial Information has been properly compiled on the basis stated; and

b) such basis is consistent with the accounting policies of the Company.

Declaration

For the purposes of Prospectus Rule 5.5.3 R(2)(f), we are responsible for this report as part of the Prospectus and we declare that we have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import. This declaration is included in the Prospectus in compliance with item 1.2 of Annex I to the PD Regulation.

Yours faithfully

PricewaterhouseCoopers LLP
Chartered Accountants

PART XI
TAXATION

The following paragraphs are intended only as a general guide to current UK tax law and HMRC's current published practice, which are both subject to change at any time, possibly with retroactive effect. Furthermore, the following paragraphs are not exhaustive and relate only to certain limited aspects of the UK tax consequences of holding or disposing of Ordinary Shares.

The paragraphs below are intended to apply only to Shareholders: (i) who are resident and, in the case of individuals, domiciled in the UK for UK tax purposes; (ii) to whom split-year treatment does not apply; (iii) who are the absolute beneficial owners of their Ordinary Shares and any dividends paid in respect of them; (iv) who hold their Ordinary Shares as investments (otherwise than through an individual savings account or a pension arrangement) and not as securities to be realised in the course of a trade; (v) who hold less than 5 per cent. of the Ordinary Shares; and (vi) to whom the UK tax rules concerning carried interest do not apply in relation to their holding or disposal of Ordinary Shares.

The paragraphs below may not apply to certain Shareholders, such as dealers in securities, broker dealers, insurance companies and collective investment schemes, pension schemes, persons who are otherwise exempt from UK taxation and persons who have (or are deemed to have) acquired their Ordinary Shares by virtue of an office or employment. Such Shareholders may be subject to special rules.

The material set out in the paragraphs below does not constitute tax advice. Any person who is in any doubt as to their tax position or who is subject to tax in a jurisdiction other than the UK should consult an appropriate professional adviser.

1. Direct taxation of dividends

1.1 UK withholding tax

The Company will not be required to withhold tax at source when paying a dividend.

1.2 Individual Shareholders within the charge to UK income tax

Provisions contained in the Finance Act 2016 changed the tax treatment of dividends in the hands of Shareholders who are individuals where a dividend is paid on or after 6 April 2016. This sub-paragraph does not address the tax treatment of any dividend paid before that date.

The tax treatment of dividends paid by the Company to individual Shareholders on or after 6 April 2016 will be as follows.

- Dividends paid by the Company on or after 6 April 2016 will not carry a tax credit.
- All dividends received by an individual Shareholder from the Company (or from other sources) will, except to the extent that they are earned through an individual savings account, self-invested pension plan or other regime that exempts the dividends from tax, form part of the Shareholder's total income for income tax purposes and will represent the highest part of that income.
- A nil rate of income tax will apply to the first £5,000 of taxable dividend income received by an individual Shareholder in a tax year (the "**Nil Rate Amount**"), regardless of what tax rate would otherwise apply to that dividend income.
- Any taxable dividend income received by an individual Shareholder in a tax year in excess of the Nil Rate Amount will be taxed at a special rate, as set out below. That tax will be applied to the amount of the dividend income actually received by the individual Shareholder (rather than to a grossed-up amount).

Where a Shareholder's taxable dividend income for a tax year exceeds the Nil Rate Amount, the excess amount (the "**Relevant Dividend Income**") will be subject to income tax:

- at the rate of 7.5 per cent., to the extent that the Relevant Dividend Income falls below the threshold for the higher rate of income tax;

- at the rate of 32.5 per cent., to the extent that the Relevant Dividend Income falls above the threshold for the higher rate of income tax but below the threshold for the additional rate of income tax; and
- at the rate of 38.1 per cent., to the extent that the Relevant Dividend Income falls above the threshold for the additional rate of income tax.

In determining whether and, if so, to what extent the Relevant Dividend Income falls above or below the threshold for the higher rate of income tax or, as the case may be, the additional rate of income tax, the Shareholder's total taxable dividend income for the tax year in question (including the part within the Nil Rate Amount) will, as noted above, be treated as the highest part of the Shareholder's total income for income tax purposes.

1.3 Corporate Shareholders within the charge to UK corporation tax

Shareholders within the charge to corporation tax that are "small companies" (for the purposes of UK taxation of dividends) will not generally be subject to tax on dividends from the Company.

Other Shareholders within the charge to corporation tax will not be subject to tax on dividends from the Company so long as the dividends fall within an exempt class and certain conditions are met. In general: (i) dividends paid on non-redeemable shares that do not carry any present or future preferential rights to dividends or to the Company's assets on its winding up; and (ii) dividends paid to a person holding less than 10 per cent. of the issued share capital of the payer (or any class of that share capital in respect of which the distribution is made) and who is entitled to less than 10 per cent. of the profits available for distribution and would be entitled to less than 10 per cent. of the assets available for distribution on a winding-up, are examples of dividends that fall within an exempt class.

2. Chargeable gains

The following sub-paragraphs do not address the chargeable gains or other tax implications for Coral (or any persons who, directly or indirectly, hold shares in Coral) of the disposal by Coral of its shares in the Coral Group and the acquisition of new Ordinary Shares by Coral or any such Coral shareholders, and Coral and any such Coral shareholders should consult their professional advisers regarding such implications.

2.1 Individuals

A disposal or deemed disposal of Ordinary Shares may give rise to a chargeable gain (or allowable loss) for the purposes of UK capital gains tax, depending on the circumstances and subject to any available exemption or relief. No indexation allowance will be available to an individual holder of Ordinary Shares in respect of any disposal of Ordinary Shares. However, the capital gains tax annual exemption (which is £11,100 for individuals in the 2016/17 tax year) may be available to exempt any chargeable gain, to the extent that the exemption has not already been utilised.

With effect from 6 April 2016, capital gains tax will generally be charged at 10 per cent. to the extent that the total chargeable gains and, generally, total taxable income arising in a tax year, after all allowable deductions (including losses, the income tax personal allowance and the capital gains tax annual exempt amount), are less than the upper limit of the income tax basic rate band. To the extent that any chargeable gains (or part of any chargeable gains) arising in a tax year exceed the upper limit of the income tax basic rate band when aggregated with any such income (in the manner referred to above), capital gains tax will be charged at 20 per cent.

2.2 Companies

A disposal of Ordinary Shares may give rise to a chargeable gain (or allowable loss) for the purposes of UK corporation tax, depending on the circumstances and subject to any available exemption or relief. Indexation allowance may reduce the amount of any chargeable gain for these purposes, but may not create or increase any allowable loss.

3. Stamp duty and SDRT

The following statements are intended as a general guide to the current UK stamp duty and SDRT position, and apply regardless of whether or not a Shareholder is resident in the UK. It should be noted that certain categories of person, including market makers, brokers, dealers, and other specified market intermediaries, are entitled to exemption from stamp duty and SDRT in respect of purchases of securities in specified circumstances.

A sale of Ordinary Shares will generally be subject to UK stamp duty (if the shares are held in certificated form) or SDRT (if the sale is settled through the UK's CREST system of paperless transfers), in either case at the rate of 0.5 per cent. of the amount or value of the consideration paid for the Ordinary Shares.

Any stamp duty payable (as opposed to SDRT) will be rounded up to the nearest £5 per instrument. No stamp duty (as opposed to SDRT) will be payable if the amount or value of the consideration for a transfer of Ordinary Shares is (and is certified to be) £1,000 or less and the transfer does not form part of a transaction or larger series of transactions, where the aggregate consideration exceeds £1,000. Stamp duty or SDRT is usually paid or borne by the purchaser.

Stamp duty or SDRT may be charged at the higher rate of 1.5 per cent. on transfers of Ordinary Shares into a clearance system or depositary receipt system.

PART XII
DIRECTORS AND EMPLOYEES

1. Directors, Proposed Directors and Proposed Senior Manager

1.1 Board of Ladbrokes (at the date of this Prospectus)

Name	Position
John Kelly	Chairman
Jim Mullen	Chief Executive
Mark Clare	Senior Independent Non-Executive Director
Christine Hodgson	Non-Executive Director
Mark Pain	Non-Executive Director
Stevie Spring	Non-Executive Director

The business address of each of the Directors is Ladbrokes plc, Imperial House, Imperial Drive, Rayners Lane, Harrow, Middlesex HA2 7JW.

1.2 Enlarged Board (from Completion)

Name	Position after Completion
John Kelly	Chairman
Jim Mullen	Chief Executive
Carl Leaver	Executive Deputy Chairman
Paul Bowtell	Chief Financial Officer
Mark Clare	Senior Independent Non-Executive Director
Christine Hodgson	Non-Executive Director
Mark Pain	Non-Executive Director
Stevie Spring	Non-Executive Director
Rob Templeman	Non-Executive Director

1.3 Proposed Senior Manager

Name	Position after Completion
Andy Hornby	Chief Operating Officer

Immediately after Completion, the business address of each of the Directors, Proposed Directors and the Proposed Senior Manager will be the registered office of Ladbrokes at Imperial House, Imperial Drive, Rayners Lane, Harrow, Middlesex HA2 7JW. There is no intention that Andy Hornby will be appointed to the board of the Enlarged Group.

2. Directors' profiles

Set out below are profiles of each of the Directors, which set out their relevant management expertise and experience.

John Kelly

John was appointed as Senior Independent Non-Executive Director of Ladbrokes in September 2010, and subsequently as Chairman of Ladbrokes in December 2015.

John brings extensive experience from the gaming and betting industry having previously been a board member of a number of betting companies. With over 30 years' experience as a director in a wide range of leisure companies, John also has a wealth of experience to draw from in his role as Chairman and leader of the Board.

John was the founder and Chief Executive of Gala Coral Group, having led a management buy-in from Bass Plc in 1997 and subsequently became Chairman. After founding Gala Coral, he was a board member at Mecca Leisure Limited, the Chairman of Trainline.com and Chairman of Novus Leisure Limited. He was also a board member of The Prince of Wales' Business in the Community Charity.

John is currently Chairman of Kings Park Capital LLP Advisory Board and Kings Park Capital LLP Investment Committee and is a co-founder of Dunelmia Partners LLP.

Jim Mullen

Jim was appointed as Chief Executive Officer of Ladbrokes in April 2015 and a Director in May 2015.

Jim's extensive experience in the gaming and betting industry, particularly online gaming, brings valuable insight to lead the Ladbrokes Group and implement the strategy to grow its recreational customer base and build scale.

Jim joined Ladbrokes in November 2013 as Managing Director of the Digital business. Prior to joining Ladbrokes, Jim was Chief Operating Officer for William Hill's digital operations for three years and held senior positions at the Murray Group, Arc Worldwide and News International where he was Director of Digital Strategy.

Mark Clare

Mark was appointed as Senior Independent Non-Executive Director of Ladbrokes on 21 September 2016.

Mark brings substantial operational and financial experience to the Board and has a strong background operating in a regulated environment and considerable knowledge of customer facing businesses.

Mark was Chief Executive of Barratt Developments plc, an Executive Director of Centrica plc having also held a number of senior roles both within Centrica plc and British Gas, a Trustee of the Building Research Establishment and the UK Green Building Council and a Non-Executive Director of BAA plc.

Mark is currently the Senior Independent Non-Executive Director of United Utilities Group plc and a Non-Executive Director of United Utilities Water Limited and Premier Marina Holdings Limited.

Christine Hodgson

Christine was appointed as a Non-Executive Director of Ladbrokes in May 2012.

Christine has extensive experience in business leadership, finance, accounting and technology having worked in a number of international organisations. This brings valuable experience to Board and committee discussions.

Christine was a senior manager at Coopers & Lybrand and the Corporate Development Director of Ronson plc before joining Capgemini, where she has held various UK and global roles, including Chief Executive Officer of Technology Services North West Europe and Chief Financial Officer of Global Outsourcing.

Christine is currently Chairman of Capgemini UK plc and a Non-Executive Director of Standard Chartered PLC. Christine is a board member of The Prince of Wales' Business in the Community Charity, sits on the Audit Committee of The Queen Elizabeth Diamond Jubilee Trust and is the Chairman of The Careers & Enterprise Company, a government backed charity.

Mark Pain

Mark was appointed as a Non-Executive Director of Ladbrokes in December 2015.

Mark brings a range of skills and experience in financial management, strategic planning, business leadership and change. He also has over 17 years' experience as a board director in a number of sectors.

Mark held senior executive and board positions at Abbey National plc, was Group Finance Director of Barratt Developments PLC and has also been a Non-Executive Director on the boards of LSL Property Services plc, Punch Taverns plc and Spirit Pub Group plc.

Mark is currently Chairman and a Non-Executive Director of London Square Developments Limited, a Non-Executive Director of the Yorkshire Building Society and Aviva Insurance Ltd and a Trustee of Somerset House.

Stevie Spring

Stevie was appointed as a Non-Executive Director of Ladbrokes on 21 September 2016.

Stevie brings extensive skills in digital, marketing, and advertising as well as broad experience in non-executive roles, particularly as remuneration chair.

Stevie was previously CEO of Future plc and ClearChannel UK and held senior executive roles in international advertising groups.

Stevie is currently a Non-Executive Director and Chairman of the Remuneration Committee of the Co-operative Group and chairs the Inspired Thinking Group, tech start-up 'Kino-mo' and BBC Children in Need.

3. Information on the Proposed Directors

As disclosed above, Carl Leaver, Paul Bowtell and Rob Templeman who have been proposed as directors of the Company, will be appointed as Executive Deputy Chairman (with a one year fixed term), Chief Financial Officer and a Non-Executive Director of the Company, respectively, from Completion.

4. Profiles of the Proposed Directors

Set out below are profiles of each of the Proposed Directors, which set out their relevant management expertise and experience.

Carl Leaver

Carl is the current Chief Executive Officer of Gala Coral. Carl has a broad range of experience in consumer-oriented industries. Before joining Gala Coral in November 2010, he was director of International, Home and Direct for Marks & Spencer. Prior to this he was Chief Executive Officer at DeVere Group PLC and before that he worked for Whitbread where he held the position of Managing Director of Travel Inn. He has also previously held positions with Nomura International and Forte. He graduated in law from Nottingham University and started his career with Pedigree Petfoods (part of the Mars Inc. Group) as a business planner. He has also been the Non- Executive Chairman of Carluccio's since September 2016.

Paul Bowtell

Paul joined Gala Coral in October 2011 as Chief Financial Officer. Prior to that he was CFO of First Choice Holidays PLC and became Chief Financial Officer of TUI Travel PLC after its merger with First Choice Holidays PLC. A Chartered Accountant, he has extensive experience across the UK retail sector, having held a number of senior positions with Centrica, WH Smith and Forte. Paul brings significant financial and commercial knowledge to the Gala Coral Group Board. He is also currently a Non-Executive Director and Audit and Risk Committee Chairman of Capita Plc, positions he has held since June 2010 and from which he will step down in early 2017, and was a Non-Executive Director of Sthree Plc from November 2007 to April 2014. In addition, Paul is Chairman of Alua Hotels, a privately owned company.

Rob Templeman

As well as being Chairman of Gala Coral, a role he assumed in November 2010, Rob is also Chairman of the RAC.

Rob has over 25 years' experience in consumer-facing businesses. He has been the Chief Executive of some major UK companies, including Debenhams, Homebase, Harveys Furnishing Group and Halfords, where he was also the Chairman.

Previously, Rob has also held the roles of Chairman of the British Retail Consortium, and Chairman of the charity Graduate Fashion Week. In addition, Rob was also a Trustee of the charity Children with Cancer UK, and chaired the committee for their annual ball.

5. Profile of the Proposed Senior Manager

Set out below is the profile of the Proposed Senior Manager, which sets out his relevant management expertise and experience.

Andy Hornby

Andy joined Gala Coral in July 2011 and is Gala Coral's Chief Operating Officer. He was previously Group Chief Executive of Alliance Boots between November 2009 and March 2011. He has also held a range of roles at Asda, including Retail Managing Director and Managing Director of 'George' clothing. Andy has a degree in English literature from Oxford University and an MBA from Harvard Business School, where he graduated top of his class.

In addition to the roles referred to above, Andy was appointed a director of HBOS plc on 5 June 2001 and resigned on 16 January 2009. He was Chief Executive of HBOS plc from 31 July 2006 until his resignation on 16 January 2009, the date on which the acquisition of HBOS plc by Lloyds TSB Group plc completed. Andy joined Halifax plc on 1 November 1999 as Chief Executive, Halifax Retail and was appointed to the board of Halifax plc on 18 November 1999.

Following the merger of Bank of Scotland and Halifax plc in September 2001, he became Chief Executive of the Retail Division of HBOS plc. In July 2005, Andy was appointed Chief Operating Officer of HBOS plc until his appointment as Chief Executive of HBOS plc in 2006.

On 1 October 2008, whilst Andy Hornby was Chief Executive of HBOS plc and, according to a public report from the Bank of England, HBOS plc was approaching a point at which it was no longer able to meet its liabilities as they fell due, HBOS plc sought Emergency Liquidity Assistance from the Bank of England. On 15 January 2009, HM Treasury subscribed for £8.5 billion of new ordinary shares and £3.0 billion of preference shares in HBOS plc. HBOS plc was acquired by Lloyds TSB Group plc on 16 January 2009.

6. Directors', Proposed Directors' and Proposed Senior Manager's other directorships

6.1 Directors

The Directors hold or have held in the past five years the following directorships in companies (which includes companies that are subsidiaries of companies set out below) in addition to their directorships of Ladbrokes (and past or current members of the Ladbrokes Group) and are, or have been, a partner of the following partnerships in the past five years.

Director	Company/partnership	Position	Still Held
John Kelly	Kings Park Capital LLP	Chairman of Advisory Board and Investment Committee	Yes
	Dunelmia Partners LLP	Partner	Yes
	Old Bailey 2005 LLP	Member	Yes
	Kemnal Academies Trust	Director	No
	Novus Leisure Limited	Director	No
	Survivor Group Holdings Limited	Director	No
	Trainline Investments Holdings Limited	Director	No

Director	Company/partnership	Position	Still Held
Jim Mullen	WHG (International) Limited	Director	No
	WHG Services (Philippines) Limited	Director	No
	WHG Spain PLC	Director	No
	WHG Trading Limited	Director	No
Mark Clare	Geneff Limited	Director	Yes
	Premier Marinas Holdings Limited	Director	Yes
	The Apartment Network Limited	Director	Yes
	United Utilities Group plc	Director	Yes
	United Utilities Water Limited	Director	Yes
	Barratt Commercial Limited	Director	No
	Barratt Developments plc	Director	No
	Barratt Dormant (Harlow) Limited	Director	No
	Barratt Dormant (Walton) Limited	Director	No
	BDW Trading Limited	Director	No
	David Wilson Homes Limited	Director	No
	Frenchay Developments Limited	Director	No
	Kealoha 11 Limited	Director	No
	Kingsoak Homes Limited	Director	No
	Old Sarum Park Properties Limited	Director	No
	Roland Bardsley Homes Limited	Director	No
	Trencherwood Commercial Limited	Director	No
	Wards Construction (Industrial) Limited	Director	No
	Wards Construction (Investments) Limited	Director	No
	Ward Holdings Limited	Director	No
	Ward Homes Group Limited	Director	No
	Ward Homes Limited	Director	No
	Ward Homes (North Thames) Limited	Director	No
	Wilson Bowden Developments Limited	Director	No
	Wilson Bowden Limited	Director	No
Christine Hodgson	Capgemini UK plc	Chairman	Yes
	Capgemini Oldco Limited	Director	Yes

Director	Company/partnership	Position	Still Held
	Capgemini Saudi Limited	Director	No
	CGS Holdings Limited	Director	Yes
	Gemini Consulting Holding Limited	Director	Yes
	Gemini Consulting Limited	Director	Yes
	Standard Chartered PLC	Non-Executive Director	Yes
	The Prince of Wales' Business in the Community Charity	Board member	Yes
	The Careers and Enterprise Company Limited	Director	Yes
	The Queen Elizabeth Diamond Jubilee Trust	Audit Committee member	Yes
	IBX (UK) Limited	Director	No
	MacIntyre Care	Director	No
	Strategic Back-Office Solutions Limited	Director	No
	Strategic Systems Solutions Limited	Director	No
Mark Pain	Aviva Insurance Limited	Non-Executive Director	Yes
	London Square Developments (Holdings) Limited	Chairman	Yes
	LSQ Management Limited	Director	Yes
	Somerset House Enterprises Limited	Director	Yes
	Somerset House	Trustee	Yes
	Yorkshire Building Society	Vice Chairman/Senior Independent Director	Yes
	Aviva Insurance UK Limited	Director	No
	Aviva Life Holdings UK Limited	Director	No
	Johnston Press Plc	Senior Independent Director	No
	London Square (Caledonian Road) Limited	Director	No
	London Square (Crimscott Street) Limited	Director	No
	London Square (Holdings) Limited	Director	No
	London Square (Leonard St.) Limited	Director	No
	London Square (Streatham) Limited	Director	No
	LSL Property Services plc	Director	No
	Punch Taverns plc	Director	No
	Spirit Pub Company Limited	Director	No
	Virgin Money plc	Director	No
Stevie Spring	Authors' Licensing and Collecting Society Limited	Director	Yes

Director	Company/partnership	Position	Still Held
	BBC Children in Need	Director	Yes
	Co-operative Group Limited	Director	Yes
	ITG Topco Limited	Director	Yes
	Future Holdings 2002 Limited	Director	No
	Future plc	Director	No
	Future Publishing Limited	Director	No
	Professional Publishers Association Limited	Director	No
	The Engine Group Limited	Director	No

6.2 Proposed Directors

The Proposed Directors hold or have held in the past five years the following directorships in companies (which includes companies that are subsidiaries of companies set out below) in addition to their directorships of GC Group (Jersey) Limited (and past or current members of the Coral Group) and are, or have been, a partner of the following partnerships in the past five years.

Proposed Director	Company/partnership	Position	Still Held
Carl Leaver	Eurobet (Gibraltar) Limited	Director	Yes
	Gala Alderney Limited	Director	Yes
	Gala Casino (Gibraltar) Limited	Director	No
	Gala 1 Limited	Director	Yes
	Gala Casinos Limited	Director	Yes
	Eurobet UK Limited	Director	Yes
	Gala Electric Casinos Limited	Director	Yes
	2005 Propco One Limited	Director	No
	Gala Group II Limited	Director	Yes
	Gala Group Investments Limited	Director	Yes
	Gala Group Finance II Limited	Director	Yes
	Gala Group II Limited	Director	Yes
	Gala Group Holdings II Limited	Director	Yes
	Gala Coral Group Limited	Director	Yes
	Gala Group Two II Limited	Director	Yes
	C1 2014 Limited	Director	Yes
	C1 Acquisitions Limited	Director	Yes
	Gala Leisure Limited	Director	No
	2005 Propco Two Limited	Director	No
	2005 Propco Three Limited	Director	No
	Responsible Gambling Trust	Director	No
	GC Holdings Limited	Director	Yes
Paul Bowtell	Feel Hotels Group S.L.U.	Chairman	Yes
	Capita Plc	Non-Executive Director	Yes
	Beanacre Limited	Director	Yes
	Eurobet (Gibraltar) Limited	Director	Yes

Proposed Director	Company/partnership	Position	Still Held
	Gala Alderney Limited	Director	Yes
	Gala Casino (Gibraltar) Limited	Director	No
	2015 GC 2 Limited	Director	No
	Coral Finance Limited	Director	Yes
	Coral Finance 2 Limited	Director	Yes
	Coral Finance 3 Limited	Director	Yes
	Gala 1 Limited	Director	Yes
	Patmor Limited	Director	Yes
	2005 Propco Three Limited	Director	No
	Gala Casinos Limited	Director	Yes
	Gala Group Holdings II Limited	Director	Yes
	Gala Group Investments Limited	Director	Yes
	Coral Eurobet 3 Limited	Director	No
	Gala Group II Limited	Director	Yes
	Eurobet Holdings Limited	Director	Yes
	Eurobet UK Limited	Director	Yes
	Gala Group Finance II Limited	Director	Yes
	Eventday Limited	Director	Yes
	2005 Propco One Limited	Director	No
	2006 Propco Two Limited	Director	No
	Gala Electric Casinos Limited	Director	Yes
	Gala Coral Group Limited	Director	Yes
	Gala Group Two II Limited	Director	Yes
	CE Finance 2 Limited	Director	No
	Gala Croydon Limited	Director	No
	Suitcase One Limited	Director	No
	Suitcase Four Limited	Director	No
	Gala Bingo Limited	Director	No
	Gala Leisure Limited	Director	No
	Gala Bingo Holdings Limited	Director	No
	Gala County Clubs Limited	Director	No
	Gala Joint Activities Limited	Director	No
	Coral Eurobet 4 Limited	Director	No
	Coral Eurobet 2 Limited	Director	No
	Gala Coral Trustees Limited	Director	No
	Crossco (1253) Limited	Director	No
	Sthree Plc	Director	No
	GC Holdings Limited	Director	Yes
Rob Templeman	Eurobet (Gibraltar) Limited	Director	Yes
	Gala Alderney Limited	Director	Yes

Proposed Director	Company/partnership	Position	Still Held
	Gala Casino (Gibraltar) Limited	Director	No
	RAC Midco II Limited	Director	Yes
	Templeman Trustees Limited	Director	Yes
	Gala 1 Limited	Director	Yes
	2005 Propco Two Limited	Director	No
	Eurobet UK Limited	Director	Yes
	Gala Group Finance II Limited	Director	Yes
	2005 Propco Three Limited	Director	No
	Gala Group II Limited	Director	Yes
	Gala Casinos Limited	Director	Yes
	Gala Group Investments Limited	Director	Yes
	Gala Group Holdings II Limited	Director	Yes
	2005 Propco One Limited	Director	No
	Gala Electric Casinos Limited	Director	Yes
	Gala Group Two II Limited	Director	Yes
	Gala Coral Group Limited	Director	Yes
	Gala Leisure Limited	Director	No
	GC Holdings Limited	Director	Yes
	RAC Midco Limited	Director	Yes
	RAC Group (Holdings) Limited	Director	Yes
	RAC Bidco Limited	Director	Yes
	RAC Motoring Services (Holdings) Limited	Director	Yes
	RAC Management Limited	Director	No
	RAC Motoring Services	Director	Yes
	RAC Insurance Limited	Director	Yes
	RAC Financial Services Limited	Director	Yes
	RAC Group Limited	Director	Yes
	RAC Finance (Holdings) Limited	Director	Yes
	RAC Finance Limited	Director	Yes
	RAC Finance Group Limited	Director	Yes
	RAC Limited	Director	Yes
	Children With Cancer UK	Director	No
	British Retail Consortium	Director	No

6.3 Proposed Senior Manager

The Proposed Senior Manager holds or has held in the past five years the following directorships in companies (which includes companies that are subsidiaries of companies set out below) and is, or has been, a partner of the following partnerships in the past five years.

Proposed Senior Manager	Company/partnerhip	Position	Still Held
Andy Hornby	Pharmacy2u Limited	Director	Yes
	Gala Coral Group Limited	Director	No
	Coral Racing Limited	Director	No
	Coral Estates Limited	Director	No
	Chas. Kendall (Turf Accountant) Limited	Director	No

7. Directors', Proposed Directors' and Proposed Senior Manager's confirmations

Paul Bowtell was a director of 2005 Propco Two Limited, a company incorporated in England and Wales with company registered number 05465825. This company went into creditors' voluntary liquidation on 3 March 2015. The liquidators produced their final report on 20 July 2015 and the company was subsequently dissolved on 28 October 2015.

Paul Bowtell was a director of 2005 Propco Three Limited, a company incorporated in England and Wales with company registered number 05465822. This company went into creditors' voluntary liquidation on 3 March 2015. The liquidators produced their final report on 20 July 2015 and the company was subsequently dissolved on 28 October 2015.

Copies of relevant documents are publicly available at companieshouse.gov.uk.

Save as set out above, none of the Directors, the Proposed Directors or the Proposed Senior Manager as at the date of this Prospectus has, during the last five years, been:

(A) convicted in relation to a fraudulent offence;

(B) associated with any bankruptcy, receivership or liquidation while acting in the capacity of a member of the administrative, management or supervisory body or of a senior manager of any company;

(C) subject to any official public incrimination and/or sanction by statutory or regulatory authorities (including designated professional bodies); or

(D) disqualified by a court from acting as a member of the administrative, management or supervisory bodies of any issuer or from acting in the management or conduct of the affairs of any issuer.

The Directors, the Proposed Directors and the Proposed Senior Manager do not believe that there are any actual or potential conflicts of interest between their duties to Ladbrokes and their private interests or other duties.

Other than as described in this paragraph, none of the Directors, Proposed Directors or Proposed Senior Manager have a material interest in any significant contract with any member of the Ladbrokes Group or the Coral Group. Carl Leaver, Paul Bowtell, Rob Templeman and Andy Hornby are parties to the Merger Agreement and the Conduct Agreement.

The Merger Agreement includes provisions about the composition of the board and senior management team of the Company at Completion, which refer to some of the members of the Enlarged Board and Andy Hornby. There are no other arrangements or understandings with a major shareholder, customer, supplier or any other person relating to the appointment of any of the Directors, Proposed Directors or Proposed Senior Manager.

Other than described in this paragraph, there are no restrictions agreed by any Director, Proposed Director or Proposed Senior Manager on the disposal within a certain time of their holdings in Ladbrokes. As set out in section 7 of Part V (*Information on the Consideration Shares and the Playtech Shares*) of this Prospectus, in the 180 day period post-Completion, Carl Leaver, Paul Bowtell, Rob Templeman and Andy Hornby are (subject to certain customary exceptions, including the ability to sell Consideration Shares to raise cash to discharge certain tax liabilities) prohibited from selling, transferring or disposing of any Consideration Shares. Orderly sale provisions (which are also subject to certain customary exceptions) will then apply to any Consideration Shares held by Carl Leaver, Paul Bowtell, Rob Templeman and Andy Hornby (subject to the relevant individual being a PDMR of Ladbrokes) during the 180 day period following the initial lock-up period so as to ensure the maintenance of an orderly market for Ordinary Shares.

8. Interests of the Directors, Proposed Directors and Proposed Senior Manager

8.1 Ordinary Shares

As at the Latest Practicable Date, the interests (all of which are beneficial) of the Directors, the Proposed Directors and the Proposed Senior Manager, their immediate families (including dependants, children, step-children and relatives who have shared the same household for at least one year) and (so far as is known to them or could with reasonable diligence be ascertained by them) persons closely associated (within the meaning of article 3(26) of the Market Abuse Regulation) with the Directors, the Proposed Directors and the Proposed Senior Manager in the issued share capital of Ladbrokes, including those arising pursuant to transactions notified to Ladbrokes pursuant to DTR 3.1.2-AEU and article 19(1) of the Market Abuse Regulation, together with such interests as are expected to subsist immediately following Admission are set out in the following table.

	As at the Latest Practicable Date		Interests immediately following Admission	
	Number of Ordinary Shares	Percentage of issued share capital of Ladbrokes	Number of Ordinary Shares	Percentage of Enlarged Issued Share Capital, excluding Treasury Shares
Directors				
John Kelly	77,441	0.008%	77,441	0.004%
Jim Mullen	37,005	0.004%	37,005	0.002%
Mark Clare	0	0.000%	0	0.000%
Christine Hodgson	15,000	0.001%	15,000	0.001%
Mark Pain	50,000	0.005%	50,000	0.003%
Stevie Spring	0	0.000%	0	0.000%
Proposed Directors				
Carl Leaver	—	—	—	—
Paul Bowtell	—	—	—	—
Rob Templeman	—	—	—	—
Proposed Senior Manager				
Andy Hornby	—	—	—	—

Note:

Figures are calculated assuming: (i) that the interests in Ladbrokes of the Directors, the Proposed Directors and the Proposed Senior Manager as at close of business on the Latest Practicable Date do not change; (ii) that 866,518,803 Consideration Shares are issued; (iii) that 42,105,263 Playtech Shares are issued; and (iv) that no further issues of Ordinary Shares occur between the Latest Practicable Date and Admission. Following the Distribution, Carl Leaver, Paul Bowtell, Rob Templeman and Andy Hornby will hold some Consideration Shares. However, these shares are not included in the table as the number of shares held by each of them was not able to be calculated by the Latest Practicable Date.

8.2 Directors' interests in Ladbrokes Share Schemes

In addition to their interests disclosed above, as at the Latest Practicable Date, the following Directors had the following outstanding awards over Ordinary Shares under the Ladbrokes Share Schemes:

Director	Ladbrokes Share Scheme	Date of grant	Earliest exercise date	Expiry date	Number of interests as at the Latest Practicable Date
Jim Mullen	Performance Plan	19 August 2014	February 2017	N/A	415,543
Jim Mullen	Performance Plan	12 May 2015	February 2018	N/A	910,580
Jim Mullen	Performance Plan	10 May 2016	February 2019	N/A	752,364
Jim Mullen	Restricted Share Plan	6 November 2013	6 November 2016	N/A	157,348
Jim Mullen	Deferred Bonus Plan	24 March 2016	24 March 2019	N/A	29,543
Jim Mullen	SAYE Plan	6 June 2014	1 August 2017	31 January 2018	15,345

Notes:

(1) Vesting of awards made under the Performance Plan is dependent on the achievement of stretching performance measures over a three-year period, including the year in which the award is made. To the extent that the performance measures are achieved, awards will vest following the Company's announcement of its preliminary results for the financial year that is the third year of the performance period. Based on the assessment of achievement of performance measures, any awards that do not vest will immediately lapse. Full details of the relevant performance conditions are contained in the Directors' Remuneration Report in the Annual Report and Accounts 2015.

(2) The award under the Restricted Share Plan was made to Jim Mullen prior to him joining the Board. These shares are not subject to any performance conditions, and will vest on the third anniversary of the award but are forfeitable if the participant leaves employment before the vesting date (unless the Company's Remuneration Committee decides otherwise).

(3) A portion of any bonus paid (currently one third) is compulsorily deferred into an award of shares under the Deferred Bonus Plan. These shares are not subject to any further performance conditions, will not normally vest for a period of at least three years and are forfeitable if the participant leaves employment before the vesting date (unless the Company's Remuneration Committee decides otherwise).

9. Remuneration of the Directors and the Proposed Directors

The remuneration policy of Ladbrokes is set out on pages 53 to 63 of the Annual Report and Accounts 2015, which is incorporated by reference into this Prospectus. The Directors are (and the Enlarged Board will be) compensated in accordance with this remuneration policy.

9.1 Total remuneration

For the year ended 31 December 2015, the Directors received the following remuneration (all figures are shown in £'000):

	Salary and fees (£)	Benefits (£)	Cash allowance in lieu of pension (£)	Annual bonus (£)	Long-term incentives (£)	Other (£)	Total (£)
John Kelly	77	—	—	—	—	9	86
Jim Mullen	375	10	84	98	—	—	567
Mark Clare	N/A	—	—	—	—	—	N/A
Christine Hodgson	52	—	—	—	—	—	52
Mark Pain	6	—	—	—	—	—	6
Stevie Spring	N/A	—	—	—	—	—	N/A

9.2 Pension entitlements

The Ladbrokes Group did not set aside or accrue any amounts to provide pension, retirement or similar benefits for the Directors for the year ended 31 December 2015. The Executive Directors are entitled to an annual cash allowance and/or employer's pension contributions.

10. Details of Directors' service contracts

There are no existing or proposed service contracts between any Director and any member of the Ladbrokes Group except for the contracts and letters of appointment, details of which are included below.

10.1 Executive Directors

Director	Contract date	Notice period	Unexpired term	Annual salary (£)
Jim Mullen	1 April 2015 (effective date)	9 months from Ladbrokes, 6 months from Jim Mullen	N/A	525,000

The annual salary payable to Jim Mullen will increase to £650,000 on Completion and his notice period will be amended from Completion to 9 months from Ladbrokes, 9 months from Jim Mullen.

On giving or receiving notice to terminate the service contract of Jim Mullen, the Company may, at its discretion, make a PILON by either lump sum or monthly instalments. The PILON is paid to the Director for the unexpired relevant notice period of an amount equal to basic salary, loss of pension contributions of 22.5 per cent. of basic salary and the cost of other benefits receivable during the relevant notice period. Where a PILON is being made by instalments, Jim Mullen is required to use reasonable endeavours to find alternative paid employment and the PILON instalments will be reduced to take account of alternative employment secured.

10.2 Chairman and Non-Executive Directors

Director	Contract date	Notice period	Unexpired term	Annual fees (£)
John Kelly	25 January 2016	N/A	N/A	285,000
Mark Clare	21 September 2016	N/A	N/A	90,000
Christine Hodgson	1 May 2012	N/A	N/A	70,000
Mark Pain	3 December 2015	N/A	N/A	70,000
Stevie Spring	21 September 2016	N/A	N/A	90,000

Note:

The annual fees payable to Christine Hodgson and Mark Pain will increase to £80,000 and £90,000, respectively, on Completion.

The Chairman's appointment and those of the Non-Executive Directors are terminable without notice by either Ladbrokes or the relevant Director. The Chairman and Non-Executive Directors are not entitled to any compensation upon leaving office.

11. Proposed Directors' service contracts

Each of the Proposed Directors will be engaged pursuant to a service contract or letter of appointment with Ladbrokes, details of which are included below.

11.1 Proposed Executive Directors

Director	Contract date	Notice period	Unexpired term	Annual salary (£)
Carl Leaver	Date of Completion	N/A	12 months	585,000
Paul Bowtell	Date of Completion	9 months from Ladbrokes, 9 months from Paul Bowtell	N/A	535,500

Carl Leaver will have a fixed term service contract for 12 months from Completion of the Merger. The Company may terminate his service contract before the expiry of the fixed term by making a payment to Carl Leaver for the unexpired term of his service contract of an amount equal to basic salary and benefits. Any such payment will be made by way of lump sum.

In relation to Paul Bowtell, on giving or receiving notice to terminate his service contract, the Company will be able, at its discretion, to make a PILON by either lump sum or monthly instalments. The PILON will be paid to Paul Bowtell for the unexpired relevant notice period of an amount equal to basic salary, pension allowance and car allowance. Where a PILON is being made by instalments, Paul Bowtell will be obliged to seek alternative income and the PILON instalments will be reduced to take account of alternative employment found.

11.2 Proposed Non-Executive Director

Director	Contract date	Notice period	Unexpired term	Annual fees (£)
Rob Templeman	Date of Completion	N/A	N/A	65,000

The Proposed Non-Executive Director's appointment will be terminable without notice by either the Company or the Proposed Non-Executive Director. The Proposed Non-Executive Director will not be entitled to any compensation upon leaving office.

12. Corporate governance

The Ladbrokes Group is committed to ensuring high standards of corporate governance. Throughout the year ended 31 December 2015 and, as at the Latest Practicable Date, Ladbrokes fully complied with all relevant provisions of the UK Corporate Governance Code. On Completion, the Enlarged Group will comply with all relevant provisions of the UK Corporate Governance Code and intends to continue to comply with all such provisions.

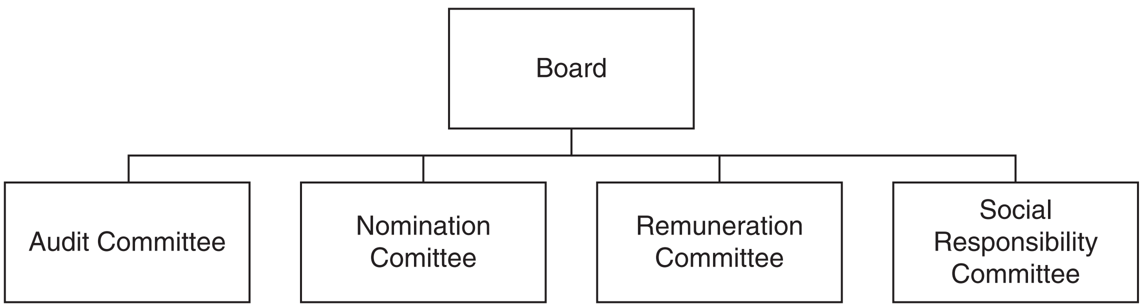
12.1 Enlarged Board structure

Currently the Board is composed of six members, consisting of the Chairman, the Chief Executive and four Non-Executive Directors. Once reconstituted as the Enlarged Board, there will be nine members, consisting of the Directors and the Proposed Directors.

In accordance with the requirements of the UK Corporate Governance Code, the roles of the Chairman and Chief Executive will continue to be distinct and separate under the Enlarged Board structure, with a clear division of responsibilities.

12.2 Board Committees

The Board has established an Audit Committee, Nomination Committee, Remuneration Committee and Social Responsibility Committee, the details of which are set out below. The terms of reference for each of these committees are available via Ladbrokes' website.



Audit Committee

The Audit Committee comprises Mark Pain, Christine Hodgson and Stevie Spring. Mark Pain serves as Chairman of the Audit Committee. There will not be any changes to the membership of the Audit

Committee at Completion. The Audit Committee oversees the Ladbrokes Group's financial reporting and internal controls and provides a formal reporting link with the external auditors. The main responsibilities of the Audit Committee include:

- monitoring the integrity of the financial statements of Ladbrokes and significant financial reporting issues and judgements;
- reviewing the effectiveness of Ladbrokes' internal financial controls, internal controls and risk management systems;
- overseeing and advising the board of Ladbrokes on the current risk exposures of Ladbrokes and future risk strategy;
- reviewing Ladbrokes' arrangements for its employees to raise concerns in confidence and procedures for detecting fraud and preventing bribery;
- considering and approving the remit of work of Ladbrokes' internal audit function, as well as monitoring and reviewing their effectiveness;
- considering and making recommendations to the board of Ladbrokes in relation to the appointment, re-appointment and removal of Ladbrokes' external auditors and overseeing the selection process for a new auditor;
- overseeing the relationship with the external auditor, including negotiating and agreeing the audit fee;
- reviewing and approving the external annual audit plan and reviewing the finding of the audit;
- implementing a policy on the supply of non-audit services by the external auditor; and
- reviewing and monitoring the external auditor's independence and objectivity and the effectiveness of the audit process.

Nomination Committee

The Nomination Committee comprises John Kelly, and Mark Clare, Christine Hodgson, Mark Pain and Stevie Spring. John Kelly serves as Chairman of the Nomination Committee. After Completion, Rob Templeman will join the Nomination Committee. The main responsibilities of the Nomination Committee include:

- reviewing the structure, size and composition of the board of Ladbrokes, taking into account the balance of skills, knowledge, experience and diversity, and making recommendations to the board of Ladbrokes with regard to any changes;
- considering succession planning for directors of Ladbrokes and other senior executives, taking into account the challenges and opportunities facing Ladbrokes;
- identifying and nominating for approval by the board of Ladbrokes, candidates to fill board vacancies as and when they arise;
- preparing a job specification for the appointment of the Chairman of Ladbrokes;
- identifying candidates for the role of Senior Independent Director of Ladbrokes and for membership of the Audit, Remuneration and Social Responsibility Committees, in consultation with the Chairmen of those Committees; and
- making recommendations to the board of Ladbrokes concerning the directors of Ladbrokes standing for re-election by Shareholders.

Remuneration Committee

The Remuneration Committee comprises Stevie Spring, Mark Clare, John Kelly, Christine Hodgson and Mark Pain. Stevie Spring serves as Chairman of the Remuneration Committee. There will not be any changes to the membership of the Remuneration Committee at Completion. The main responsibilities of the Remuneration Committee include:

- responsibility for setting the remuneration policy for Ladbrokes' Chairman, Chief Executive Officer, the Executive Directors and other senior executives;

- reviewing the remuneration policy and considering its ongoing appropriateness and relevance;
- determining the total individual remuneration package of the Chairman, each Executive Director, the Company Secretary and other designated senior executives;
- approving the design of, and determining the targets for, any performance related pay schemes operated by Ladbrokes and approving the total annual payments made under such schemes;
- reviewing the design of all new share incentive plans and determining each year whether awards will be made under such plans and, if so, the amount of such awards;
- determining the policy for, and scope of, pension arrangements for each Executive Director and other designated senior executives; and
- ensuring that contractual terms on termination, and any payments made, are fair and that failure is not rewarded.

Social Responsibility Committee

The Social Responsibility Committee comprises Mark Clare, Christine Hodgson and Stevie Spring. Mark Clare serves as Chairman of the Social Responsibility Committee. There will not be any changes to the membership of the Social Responsibility Committee at Completion. The main responsibilities of the Social Responsibility Committee include:

- reviewing and advising the board of Ladbrokes on the effectiveness of the Ladbrokes Group's strategy and policies for ensuring that the Ladbrokes Group operates a socially responsible and sustainable business;
- receiving reports from management, monitoring performance and reviewing the Ladbrokes Group's policies on regulatory compliance, including responsible gambling, underage gambling, anti-money laundering, bribery, health and safety, security, human rights and ethics; and
- monitoring progress on the implementation of key social responsibility programmes.

13. Employees

The average number of staff employed by the Ladbrokes Group (including Executive Directors) for the years ended 31 December 2013, 2014 and 2015 is set out below:

	2015	2014	2013
Number of employees	14,231	14,141	14,763

14. Employee Share Plans

Set out below are the details of the share plans pursuant to which employees of Ladbrokes are involved in the share capital of Ladbrokes.

14.1 Performance Share Plan ("Performance Plan")

(A) Operation

The Remuneration Committee supervises the operation of the Performance Plan and the making of awards under the Performance Plan (each a "**Performance Plan Award**") in respect of the Executive Directors and the broader senior management team of Ladbrokes.

(B) Eligibility

Employees (including Executive Directors) of Ladbrokes and all companies that are part of the Ladbrokes Group are eligible to participate in the Performance Plan. Actual participation will be determined by the Remuneration Committee.

(C) Form of award

Performance Plan Awards may be granted in the form of a conditional awards or nil-cost options or in such other form so as to offer the participant equivalent economic benefit.

(D) Level of award

The Remuneration Committee will set the level for individual Performance Plan Awards from time to time up to 250 per cent. of the relevant participant's base salary.

(E) Performance conditions

The Remuneration Committee will determine the specific performance criteria to be applied to each Performance Plan Award or award cycle under the Performance Plan. The Remuneration Committee may vary a performance condition or performance period if events happen that cause the Remuneration Committee to consider that the original performance conditions require amendment to continue to achieve their original purpose or take account of other circumstances as appropriate.

(F) Vesting

Performance Plan Awards will normally be subject to a performance period of at least three years from beginning on the plan year in which the award was made at the end of the performance period to the extent that the performance criteria have been met.

The participant will not be entitled to the legal or beneficial ownership of the shares awarded under nil-cost options or restricted share awards until vesting.

On vesting or exercise of a Performance Plan Award (as the case may be), the participant will be entitled to receive the vested Shares subject to the Articles of Association, but free from restrictions other than any applicable dealing restrictions.

(G) Rights attaching to the shares

On vesting, a participant will be entitled to receive a payment in cash or shares equal to the value of dividends that would have been paid on the shares comprised in a Performance Plan Award since its award date. However, the Remuneration Committee may decide not to award dividend equivalent supplements on all or a portion of the Performance Plan Award that vests.

All shares allotted under the Performance Plan will otherwise carry the same rights as any other issued ordinary share capital in Ladbrokes and application will be made, as required, for any newly issued shares to be listed by the UKLA and traded on the London Stock Exchange.

(H) Cessation of employment

Performance Plan Awards will generally lapse immediately when a participant ceases employment. Performance Plan Awards will not lapse in certain specified circumstances, including where the employment ceases because of death, injury, ill-health, disability, redundancy, retirement (with employer consent) or because the employing company or business ceases to be within the Ladbrokes Group or in other circumstances at the discretion of the Remuneration Committee.

Vesting will usually be pro rata to the length of time that has elapsed between the date of award and the date of the relevant event; and performance will continue to be measured until the end of the performance period unless the Remuneration Committee determines otherwise.

(I) Change of control or winding up

If there is a takeover of Ladbrokes, winding up or similar other major corporate event, Performance Plan Awards will only vest to the extent that any performance conditions have been met at the date of the event, as determined by the Remuneration Committee. In addition, Performance Plan Awards will only vest on such time-apportioned basis as the Remuneration Committee determines appropriate.

(J) Variation of share capital

If there is a variation of the share capital of Ladbrokes (including without limitation a capitalisation issue, rights issue, consolidation, subdivision, reduction of share capital, demerger or other exceptional event that, in the opinion of the Remuneration Committee, justifies an adjustment) the Remuneration Committee may make such adjustments to Performance Plan Awards as it reasonably considers appropriate to reflect that variation.

(K) Amendments to the relevant share plan rules

The Remuneration Committee may at any time alter or add to any of the provisions of the Performance Plan. However, no amendment to the material advantage of participants may be made to provisions relating to the key features of the Performance Plan without the prior approval of Shareholders in general meeting unless the alteration or addition is minor and made to benefit the administration of the Performance Plan, is necessary or desirable to take account of a change in legislation or to obtain or maintain favourable tax, exchange control, accounting or regulatory treatment for Ladbrokes, a member of the Ladbrokes Group or any participant.

(L) Termination of the share plan

The Performance Plan shall terminate on the tenth anniversary of its approval (being 18 May 2017) unless it is terminated earlier at the board of Ladbrokes' discretion. The termination of the Performance Plan will not affect any existing Performance Plan Awards made under the Performance Plan.

(M) Limits on the issue of shares

The Performance Plan will be subject to the limits that:

(i) no more than 10 per cent. in aggregate of Ladbrokes' ordinary share capital is to be issued or issuable under all the Company's share plans in any 10 year period, taking into account any shares issued or issuable under such plans (but adjusted for cancellations); and

(ii) no more than five per cent. in aggregate of Ladbrokes' ordinary share capital is to be issued or issuable (but adjusted for cancellations) under executive (discretionary) schemes in any 10 year period.

(N) Benefits are not pensionable

Any benefits received under the Performance Plan shall not form part of pensionable remuneration.

14.2 Ladbrokes Executive Deferred Bonus Plan ("Deferred Bonus Plan")

(A) Status

Under the Deferred Bonus Plan, the board of Ladbrokes may, within certain limits and on a discretionary basis, determine the proportions of any annual bonus that shall be deferred and awarded as:

- nil-cost options over Ordinary Shares ("**Deferred Bonus Plan Options**"); or
- conditional awards (i.e., a right to receive free Ordinary Shares) ("**Deferred Bonus Plan Conditional Awards**"),

(together, the "**Deferred Bonus Plan Awards**").

No payment is required for the grant of a Deferred Bonus Plan Award or the exercise of a Deferred Bonus Plan Option.

(B) Eligibility

Employees (including Executive Directors) may be eligible for selection to participate in the Deferred Bonus Plan at the discretion of the board of Ladbrokes.

(C) Limits

Unless agreed by Shareholders at a general meeting, the awards will be satisfied using existing Ordinary Shares.

(D) Grant of Deferred Bonus Plan Awards

The board of Ladbrokes may determine that a proportion of a participant's annual bonus will be in the form of Deferred Bonus Plan Options or Deferred Bonus Plan Conditional Awards but not a mixture of the two. If the board of Ladbrokes makes a determination that a Deferred Bonus Plan Award will be granted to a participant, it will relate to Ordinary Shares with a total market value not exceeding the amount of the bonus being deferred.

Deferred Bonus Plan Awards may be granted: (i) within 30 days of the announcement by the Company of its results for any period; or (ii) as soon as reasonably practicable after the expiry of 30 days from when the directors of Ladbrokes or other persons discharging managerial responsibilities are prohibited from dealing in shares, rights or an interest in shares by any dealing code operated by Ladbrokes or under statute.

Deferred Bonus Plan Awards are not transferable other than to the participant's personal representatives in the event of his death. The benefits received under the Deferred Bonus Plan are not pensionable.

(E) Vesting and exercise

Deferred Bonus Plan Options will normally become exercisable, and Deferred Bonus Plan Conditional Awards will normally vest, on the second anniversary of the date of granting the Deferred Bonus Plan Award. Deferred Bonus Plan Options are deemed to be exercised immediately on vesting.

Shares will be delivered to participants on exercise of their Deferred Bonus Plan Options or on vesting of their Deferred Bonus Plan Conditional Awards.

(F) Malus

The board of Ladbrokes may decide, in respect of awards granted on or after 13 February 2014, at any time prior to the vesting of the Deferred Bonus Plan Award that the number of Ordinary Shares subject to a Deferred Bonus Plan Award shall be reduced (including to nil) or to impose conditions on a Deferred Bonus Plan Award on such basis that the board of Ladbrokes in its discretion determines where there is a material misstatement of the Ladbrokes Group's financial results or gross misconduct.

(G) Cessation of employment

As a general rule, a Deferred Bonus Plan Award will lapse upon a participant ceasing to be employed by or hold office with the Group. However, if a participant so ceases employment by reason of death, disability or illness or statutory redundancy or in such other circumstances as the board of Ladbrokes determines, his unvested Deferred Bonus Plan Awards will be released. If a participant so ceases in circumstances in which his unvested Deferred Bonus Plan Award is released (each a "**Deferred Bonus Plan Good Leaver Reason**"), his Deferred Bonus Plan Award will ordinarily vest on the date 30 days after the relevant participant ceased to be a Ladbrokes Group employee or director.

(H) Change of control

In the event of a change of control, Deferred Bonus Plan Awards will normally vest.

(I) Variation of capital

If there is a variation, reduction, subdivision or consolidation of share capital of Ladbrokes, then the board of Ladbrokes may make such adjustments as it considers appropriate to the number or class of Ordinary Shares under Deferred Bonus Plan Awards to take account of such event.

(J) Dividend equivalents

Unless the board of Ladbrokes decides otherwise, participants will receive a cash payment equal in value to any dividends that would have been paid on the Ordinary Shares which vest under their Deferred Bonus Plan Awards by reference to dividend record dates falling between the time when the Deferred Bonus Plan Awards were granted and the time when the Deferred Bonus Plan Awards vested.

(K) Amendments

The board of Ladbrokes may, at any time, amend the provisions of the Deferred Bonus Plan in any respect, except that no alteration shall be made to the detriment of eligible employees, ineligible employees or participants. The board of Ladbrokes may alter the Deferred Bonus Plan in a fair and reasonable manner having consulted with Ladbrokes' auditors in the event of a corporate reorganisation.

14.3 Ladbrokes Restricted Share Plan ("Restricted Share Plan")

(A) Operation

The board of Ladbrokes or a duly authorised committee supervises the operation of the Restricted Share Plan. Awards are granted by the Trustee of an employee benefit trust established by the Company.

(B) Eligibility

Any employee (who is not an Executive Director) of Ladbrokes and all the companies that are under its control is eligible to participate in the Restricted Share Plan. Actual participation will be determined by the board of Ladbrokes.

(C) Limits

Unless agreed by Shareholders at a general meeting, the awards will be satisfied using existing Ordinary Shares.

(D) Form of RSP Awards

Awards under the Restricted Share Plan ("**RSP Awards**") will take the form of a contingent right to receive shares ("**RSP Contingent Awards**") or an option to acquire shares ("**RSP Options**"). RSP Awards will normally vest after a three year restricted period determined on grant. No payment will be required for the grant of a RSP Award or the exercise of RSP Options.

(E) Level of RSP Awards

No RSP Award may be made to a participant in any year in excess of 80 per cent. of his/her base salary.

(F) Vesting

RSP Awards will vest in whole or in part on the date determined at the date of grant. On vesting of a RSP Award, the participant will be entitled to receive the vested shares subject to the Articles of Association but free from restrictions other than applicable dealing restrictions.

(G) Cessation of employment

Awards will generally lapse immediately when a participant ceases employment. However, the grantor has discretion to vest the RSP Awards in certain specified circumstances, including death, injury, ill-health or disability, redundancy, retirement (by agreement with the participant's employer) or such other circumstance as the grantor determines.

(H) Change of control or winding-up

If there is a takeover of Ladbrokes, by order of a scheme of arrangement, the trustees may decide the extent to which (if at all) RSP Awards vest to the extent any applicable performance conditions are satisfied as determined by the grantor and, if there are no such conditions, in full.

(I) Variation of share capital

The Remuneration Committee may make such adjustments to RSP Awards as it reasonably considers appropriate following any capitalisation, demerger, rights issue, subdivision, consolidation, reduction or other variation of share capital or other exceptional event.

(J) Alterations

The board of Ladbrokes may at any time alter or add to any of the provisions of the Restricted Share Plan. No alteration or addition shall be made that would abrogate or adversely affect the subsisting rights of a participant unless it has been approved by participants holding 75 per cent. of the relevant RSP Awards.

(K) Termination

The Restricted Share Plan will terminate 10 years after the date of its approval by the board of Ladbrokes (being 17 April 2017) or at any earlier time by the passing of a resolution by the board of Ladbrokes. The termination will not affect any existing RSP Awards made under the Restricted Share Plan.

(L) Benefits not pensionable

Any benefits received under the Restricted Share Plan shall not form part of pensionable remuneration.

14.4 Ladbrokes Share Incentive Plan ("Share Incentive Plan")

(A) Status

The Share Incentive Plan is an all-employee share ownership plan established on 9 July 2001. The Share Incentive Plan has been designed to comply with the relevant legislation and was approved by HMRC on 16 July 2001, in order to provide Ordinary Shares to UK employees under the Share Incentive Plan in a tax-efficient manner.

Under the Share Incentive Plan, eligible employees may be:

- awarded up to £3,600 worth of free Ordinary Shares ("**Free Shares**") each year;
- offered the opportunity to buy Ordinary Shares with a value of up to the lower of £1,800 and 10 per cent. of the employee's pre-tax salary a year ("**Salary Shares**");
- given up to two free Ordinary Shares ("**Bonus Shares**") for each Salary Share bought; and/or
- allowed or required to purchase Ordinary Shares using any dividends received on Ordinary Shares held in the Share Incentive Plan ("**Dividend Shares**").

The limits set out above are the current limits in the rules. The board of Ladbrokes may determine that different limits shall apply in the future should the relevant legislation change in this respect.

(B) Share Incentive Plan Trust

The Share Incentive Plan operates through a UK-resident trust (the "**SIP Trust**"). The SIP Trust purchases or subscribes for Ordinary Shares that are awarded to or purchased on behalf of employees under the Share Incentive Plan.

An employee will be the beneficial owner of any Ordinary Shares held on his behalf by the trustee of the SIP Trust. Any Ordinary Shares held in the SIP Trust will rank equally with Ordinary Shares then in issue. If an employee ceases to be employed by the Group, he will be required to withdraw his Free, Salary, Bonus and Dividend Shares from the SIP Trust (or the Free Shares or Bonus Shares may be forfeited as described below).

(C) Eligibility

Each time that the board of Ladbrokes decides to operate the Share Incentive Plan, all UK resident tax-paying employees (including Executive Directors) must be offered the opportunity to participate. Other employees may be permitted to participate. Employees invited to participate must have completed a minimum qualifying period of employment before they can participate. That period must not exceed 18 months or, in the case of Salary Shares where there is an accumulation period, six months.

(D) Limits

The rules of the Share Incentive Plan provide that, in any period of 10 calendar years, not more than 10 per cent. of the Company's issued ordinary share capital may be issued under the Share Incentive Plan and under any other employees' share scheme adopted by the Company. Ordinary Shares issued out of treasury for the Share Incentive Plan will count towards this limit for so long as this is required under institutional shareholder guidelines.

No awards of any Free Shares, Salary Shares, Bonus Shares or Dividend Shares may be granted more than 10 years after the date the Share Incentive Plan was adopted unless it is extended by a resolution of the directors of the Company or Shareholders of Ladbrokes. Free Shares, Salary Shares, Bonus Shares or Dividend Shares are not transferable other than to the participant's personal representatives in the event of his death. The benefits received under the Share Incentive Plan are not pensionable except that any pre-tax salary used to purchase Salary Shares will continue to count towards pensionable salary.

(E) Free Shares

Up to £3,600 worth of Free Shares may be awarded to each employee in a tax year. Free Shares must be awarded on the same terms to each employee, but the number of Free Shares awarded can be determined by reference to the employee's remuneration, length of service, number of hours worked and/or objective performance criteria. The award of Free Shares can, if Ladbrokes so chooses, be subject to the satisfaction of a pre-award performance target that measures the objective success of the individual, team, division or business.

There is a holding period of between three and five years (the precise duration to be determined by the board of Ladbrokes) during which the employee cannot withdraw the Free Shares from the SIP Trust (or otherwise dispose of the Free Shares) unless the employee leaves employment with the Ladbrokes Group.

At its discretion, the board of Ladbrokes may provide that some or all of the Free Shares will be forfeited if the employee leaves employment with the Ladbrokes Group other than in the circumstances of injury, disability, redundancy, transfer of the employing business or company out of the Ladbrokes Group, on retirement or on death (each a "**SIP Good Leaver Reason**").

(F) Salary Shares

The board of Ladbrokes may allow an employee to use pre-tax salary to buy Salary Shares. The maximum limit is the lower of £1,800 or 10 per cent. of pre-tax salary in any tax year. If a minimum amount of deductions is set, it shall not be greater than £10. The board of Ladbrokes may determine that salary allocated to Salary Shares can be accumulated for a period of up to 12 months (the "**Accumulation Period**") or that Salary Shares are purchased out of deductions from the employee's pre-tax salary when those deductions are made.

In either case, Salary Shares must be bought within 30 days of, as appropriate, the end of the Accumulation Period or the deduction from pay. If there is an Accumulation Period, the number of Ordinary Shares purchased shall be determined by reference to the lower of: (i) the market value of the Ordinary Shares at the start of the Accumulation Period; and (ii) the market value of the Ordinary Shares at the end of the Accumulation Period.

An employee may stop and start (or, with the agreement of Ladbrokes, vary) deductions at any time. Once acquired, Salary Shares may be withdrawn from the Share Incentive Plan by the employee at any time (subject to the deduction of income tax and National Insurance contributions) and will not be capable of forfeiture.

(G) Bonus Shares

The board of Ladbrokes may offer Bonus Shares free to an employee who has purchased Salary Shares. If awarded, Bonus Shares must be awarded on the same basis to all employees up to a maximum of two Bonus Shares for every Salary Share purchased.

There is a holding period of between three and five years (the precise duration to be determined by the board of Ladbrokes) during which the employee cannot withdraw the Bonus Shares from the SIP Trust unless the employee leaves employment with the Group.

The board of Ladbrokes can, at its discretion, provide that the Bonus Shares will be forfeited if the associated Salary Shares are withdrawn by the employee (other than on a corporate event or where the employee leaves employment with the Group for a SIP Good Leaver Reason) or if the employee leaves employment with the Group other than for a SIP Good Leaver Reason. Forfeiture can only take place within three years of the Bonus Shares being awarded.

(H) Re-investment of dividends

The board of Ladbrokes may allow or require an employee to re-invest the whole or part of any dividends paid on Ordinary Shares held in the Share Incentive Plan. Dividend Shares must be held in the SIP Trust for the holding period (between three and five years as determined by the board of Ladbrokes), unless the employee leaves employment with the Ladbrokes Group. Once acquired, Dividend Shares are not capable of forfeiture.

(I) Corporate events

In the event of a general offer being made to Shareholders – or a similar takeover event taking place – employees will be able to direct the trustee of the SIP Trust as to how to act in relation to their Ordinary Shares held in the Share Incentive Plan.

(J) Variation of capital

Ordinary Shares acquired on a variation of share capital of Ladbrokes will usually be treated in the same way as the Ordinary Shares acquired or awarded under the Share Incentive Plan in respect of which the rights were conferred and as if they were acquired or awarded at the same time. In the event of a rights issue, participants will be able to direct the trustee of the SIP Trust as to how to act in respect of their Ordinary Shares held in the Share Incentive Plan.

(K) Rights attaching to Ordinary Shares

Any Ordinary Shares allotted under the Share Incentive Plan will rank equally with Ordinary Shares then in issue (except for rights arising by reference to a record date prior to their allotment).

(L) Amendments

The board of Ladbrokes (with the consent of the trustees of the SIP Trust) may at any time amend the rules of the Share Incentive Plan.

The prior approval of Shareholders at a general meeting of Ladbrokes must be obtained in the case of any amendment to the advantage of participants, save that there are exceptions for any minor amendment to benefit the administration of the Share Incentive Plan, to take account of any change in legislation or proposed reconstruction or takeover or to obtain or maintain favourable tax, exchange control or regulatory treatment for employees, Ladbrokes and/or its subsidiaries or the trustees of the SIP Trust.

14.5 Ladbrokes 1983 Savings Related Share Option Plan ("SAYE Plan")

(A) Status

The SAYE Plan is an all-employee share ownership plan. The SAYE Plan has been designed to comply with the relevant legislation and has been registered with HMRC to provide Ordinary Shares to UK employees under the SAYE Plan in a tax-efficient manner.

Under the SAYE Plan, the board of Ladbrokes may within certain limits grant options over Ordinary Shares to eligible employees (the "**SAYE Options**"). No payment is required for the grant of an SAYE Option.

(B) Eligibility

Each time that the board of Ladbrokes decides to operate the SAYE Plan, all UK resident tax-paying employees (including Executive Directors) must be offered the opportunity to participate. Other employees may be permitted to participate at the discretion of the board of Ladbrokes. The board of Ladbrokes may require employees to have completed a qualifying period of employment of up to five years before granting SAYE Options.

(C) Limits

The rules of the SAYE Plan provide that, in any period of 10 calendar years, not more than 10 per cent. of Ladbrokes' issued ordinary share capital may be issued under the SAYE Plan and under any other employees' share scheme adopted by Ladbrokes. Ordinary Shares issued out of treasury for the SAYE Plan will count towards these limits for so long as this is required under institutional shareholder guidelines.

(D) Grant of SAYE Options

The board of Ladbrokes may, in its absolute discretion, issue invitations to eligible employees to apply for the grant of SAYE Options. Invitations may be issued during the period of 42 days following:

- any annual financial results of Ladbrokes;
- the date of the announcement of Ladbrokes' results in respect of any financial half-year; or
- if any statute or regulation prohibits the granting of options under the SAYE Plan, the first date on which such prohibition begins.

If the board of Ladbrokes receives applications for the grant of SAYE Options over Ordinary Shares that in aggregate exceed the number of Ordinary Shares which has been made available for the purpose of that issue of invitations, the applications will be scaled down accordingly.

No SAYE Options may be granted after 28 April 2023. SAYE Options are not transferable other than to the participant's personal representatives in the event of his death. The benefits received under the SAYE Plan are not pensionable.

It is a condition of participation in the SAYE Plan that an eligible employee enters into a savings contract under a "certified contractual savings scheme" (as defined in the relevant legislation) maturing after three or five years.

Ordinary Shares subject to an SAYE Option granted under the SAYE Plan may be acquired only out of the proceeds (including any interest or bonus) due under the related savings contract. The number of Ordinary Shares subject to an SAYE Option is that number that, at the exercise price per Ordinary Share under the SAYE Option, may be acquired out of the expected proceeds of the related savings contract (including any interest or bonus).

The minimum amount that an employee may save under a savings contract is currently £5 per month and the maximum amount is £500 per month pursuant to the applicable sharesave legislation. The board of Ladbrokes may determine that different limits shall apply in the future should the relevant legislation change in this respect.

(E) Exercise price

A SAYE Option will entitle the holder to acquire Ordinary Shares at a price determined by the board of Ladbrokes, which may not be less than the higher of:

- 80 per cent. of the average closing middle market quotation of an Ordinary Share for one day or the three dealing days immediately preceding the day on which invitations to apply for the grant of options are issued; and
- if the SAYE Option relates to the new issue Ordinary Shares, the nominal value of an Ordinary Share.

(F) Exercise of SAYE Options

Options may normally only be exercised during the six-month period following the set bonus date (being the third or fifth anniversary of the commencement of the related savings contract).

(G) Cessation of employment

As a general rule, a SAYE Option will lapse immediately upon a participant ceasing to be employed by the Ladbrokes Group. However, if a participant so ceases because of his injury, disability, redundancy, retirement, or his employing company or the business for which he works being transferred out of the Group, his SAYE Option will be exercisable for six months from the date of cessation to the extent of any savings made up to the point of exercise.

If a participant dies, his SAYE Option will be exercisable for 12 months from the date of his death to the extent of any savings made up to the point of exercise.

If SAYE Options are not so exercised, they will lapse at the end of the relevant period.

(H) Corporate events

In the event of a change of control, employees will be able to exercise their SAYE Options to the extent of their savings or may exchange their SAYE Options for equivalent options over shares in the new holding company provided certain conditions are met.

(I) Variation of capital

If there is a variation of share capital of Ladbrokes then the board of Ladbrokes may make such adjustments as it considers appropriate to the number of Ordinary Shares under SAYE Option and the exercise price may be varied in such manner as the board of Ladbrokes considers appropriate and provided that following any adjustment the SAYE Option continues to satisfy the conditions set out in the applicable sharesave legislation.

(J) Rights attaching to Ordinary Shares

SAYE Options will not confer any rights on any employee holding such SAYE Options until the relevant SAYE Option has been exercised and the employee in question has received the underlying Ordinary Shares. Any Ordinary Shares allotted when an SAYE Option is exercised will rank equally with Ordinary Shares then in issue (except for rights arising by reference to a record date prior to their allotment).

(K) Amendments

The board of Ladbrokes may at any time amend the rules of the SAYE Plan.

The prior approval of Shareholders at a general meeting of Ladbrokes must be obtained in the case of any amendment to the advantage of participants that is made to the provisions relating to eligibility, individual or overall limits, the basis for determining an employee's entitlement to, and the terms of, Ordinary Shares provided under the SAYE Plan, the adjustments that may be made in the event of any variation to the share capital of Ladbrokes and/or the rule relating to such prior approval.

PART XIII
ADDITIONAL INFORMATION

1. Responsibility statement

Ladbrokes, the Directors and the Proposed Directors, whose names appear at the beginning of this Prospectus, accept responsibility for the information contained in this Prospectus. To the best of the knowledge and belief of Ladbrokes, the Directors and the Proposed Directors (who have taken all reasonable care to ensure that such is the case) the information contained in this Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information.

2. Company details

2.1 The Company was first incorporated and registered in England and Wales as a private limited company with the name Beaver Holdings Limited (registered number: 566221) on 16 May 1956 under the Companies Act 1948. On 13 September 1967, the Company's name was changed to Ladbroke Group Limited. Upon issue of a certificate of incorporation on re-registration as a public company on 25 February 1982, the Company's name was changed to Ladbroke Group plc on the same date. The Company's name was changed again on 14 May 1999 to Hilton Group plc and finally to Ladbrokes plc on 23 February 2006. On or around Completion, the Company will be renamed Ladbrokes Coral Group plc.

2.2 The principal legislation under which the Company operates is the Act and the regulations made thereunder. The registered office of Ladbrokes is at Imperial House, Imperial Drive, Rayners Lane, Harrow, Middlesex HA2 7JW. The telephone number of the registered office is 020 8868 8899.

2.3 The Directors and their respective functions are set out in Part XII (*Directors and Employees*) of this Prospectus. The business address of each of the Directors is Imperial House, Imperial Drive, Rayners Lane, Harrow, Middlesex HA2 7JW.

3. Information on the share capital of Ladbrokes

3.1 Issued share capital

The issued and fully paid share capital of Ladbrokes as at the close of business on the Latest Practicable Date consists of:

Class of share	Issued and fully paid	Aggregate nominal value
Ordinary Shares	1,050,455,117	£297,628,950

At the Latest Practicable Date, Ladbrokes holds 31,760,568 Ordinary Shares in treasury with a nominal value of £8,998,828, which amounts to 2.9 per cent. of the issued ordinary share capital (including treasury shares).

3.2 History of share capital

As at 1 January 2013, the first day covered by the historical financial information incorporated by reference in this Prospectus, the Company's issued share capital amounted to £266,455,030.84 divided into 940,430,627 Ordinary Shares. Since 1 January 2013, during the period covered by the historical financial information incorporated by reference in this Prospectus, the following changes have occurred to the issued share capital of the Company:

(i) Between 1 January 2013 and 31 January 2013, the issued share capital of the Company was increased by 39,936 Ordinary Shares to 940,470,563 Ordinary Shares by allotments of 39,936 Ordinary Shares.

(ii) Between 1 February 2013 and 28 February 2013, the issued share capital of the Company was increased by 8,885,493 Ordinary Shares to 949,356,056 Ordinary Shares by allotments of 8,885,493 Ordinary Shares.

(iii) Between 1 March 2013 and 31 March 2013, the issued share capital of the Company was increased by 98,198 Ordinary Shares to 949,454,254 Ordinary Share by allotments of 98,198 Ordinary Shares.

(iv) Between 1 April 2013 and 30 April 2013, the issued share capital of the Company was increased by 21,038 Ordinary Shares to 949,475,292 Ordinary Shares by allotments of 21,038 Ordinary Shares.

(v) Between 1 May 2013 and 31 May 2013, the issued share capital of the Company was increased by 8,043 Ordinary Shares to 949,483,335 Ordinary Shares by allotments of 8,043 Ordinary Shares.

(vi) Between 1 June 2013 and 30 June 2013, the issued share capital of the Company was increased by 8,479 Ordinary Shares to 949,491,814 Ordinary Shares by allotments of 8,479 Ordinary Shares.

(vii) Between 1 July 2013 and 31 July 2013, the issued share capital of the Company was increased by 9,257 Ordinary Shares to 949,501,071 Ordinary Shares by allotments of 9,257 Ordinary Shares.

(viii) Between 1 August 2013 and 31 August 2013, the issued share capital of the Company was increased by 1,132,406 Ordinary Shares to 950,633,477 Ordinary Shares by allotments of 1,132,406 Ordinary Shares.

(ix) Between 1 September 2013 and 30 September 2013, the issued share capital of the Company was increased by 265,537 Ordinary Shares to 950,899,014 Ordinary Shares by allotments of 265,537 Ordinary Shares.

(x) Between 1 October 2013 and 31 October 2013, the issued share capital of the Company was increased by 24,271 Ordinary Shares to 950,923,285 Ordinary Shares by allotments of 24,271 Ordinary Shares.

(xi) Between 1 November 2013 and 30 November 2013, the issued share capital of the Company was increased by 26,655 Ordinary Shares to 950,949,940 Ordinary Shares by allotments of 26,655 Ordinary Shares.

(xii) Between 1 December 2013 and 31 December 2013, the issued share capital of the Company was increased by 215,281 Ordinary Shares to 951,165,221 Ordinary Shares by allotments of 215,281 Ordinary Shares.

(xiii) Between 1 January 2014 and 31 January 2014, the issued share capital of the Company was increased by 158,267 Ordinary Shares to 951,323,488 Ordinary Shares by allotments of 158,267 Ordinary Shares.

(xiv) Between 1 February 2014 and 28 February 2014, the issued share capital of the Company was increased by 1,271,639 Ordinary Shares to 952,595,127 Ordinary Shares by allotments of 1,271,639 Ordinary Shares.

(xv) Between 1 March 2014 and 31 March 2014, the issued share capital of the Company was increased by 22,236 Ordinary Shares to 952,617,363 Ordinary Shares by allotments of 22,236 Ordinary Shares.

(xvi) Between 1 April 2014 and 30 April 2014, the issued share capital of the Company was increased by 17,973 Ordinary Shares to 952,635,336 Ordinary Shares by allotments of 17,973 Ordinary Shares.

(xvii) Between 1 May 2014 and 31 May 2014, the issued share capital of the Company was increased by 7,707 Ordinary Shares to 952,643,043 Ordinary Shares by allotments of 7,707 Ordinary Shares.

(xviii) Between 1 June 2014 and 30 June 2014, the issued share capital of the Company was increased by 25,291 Ordinary Shares to 952,668,334 Ordinary Shares by allotments of 25,291 Ordinary Shares.

(xix) Between 1 July 2014 and 31 July 2014, the issued share capital of the Company was increased by 9,081 Ordinary Shares to 952,677,415 Ordinary Shares by allotments of 9,081 Ordinary Shares.

(xx) Between 1 August 2014 and 31 August 2014, the issued share capital of the Company was increased by 1,631,373 Ordinary Shares to 954,308,788 Ordinary Shares by allotments of 1,631,373 Ordinary Shares.

(xxi) Between 1 September 2014 and 30 September 2014, the issued share capital of the Company was increased by 220,668 Ordinary Shares to 954,529,456 Ordinary Shares by allotments of 220,668 Ordinary Shares.

(xxii) Between 1 October 2014 and 31 October 2014, the issued share capital of the Company was increased by 32,383 Ordinary Shares to 954,561,839 Ordinary Shares by allotments of 32,383 Ordinary Shares.

(xxiii) Between 1 November 2014 and 30 November 2014, the issued share capital of the Company was increased by 36,371 Ordinary Shares to 954,598,210 Ordinary Shares by allotments of 36,371 Ordinary Shares.

(xxiv) Between 1 December 2014 and 31 December 2014, the issued share capital of the Company was increased by 27,119 Ordinary Shares to 954,625,329 Ordinary Shares by allotments of 27,119 Ordinary Shares.

(xxv) Between 1 January 2015 and 31 January 2015, the issued share capital of the Company was increased by 42,065 Ordinary Shares to 954,667,394 Ordinary Shares by allotments of 42,065 Ordinary Shares.

(xxvi) Between 1 February 2015 and 28 February 2015, the issued share capital of the Company was increased by 22,724 Ordinary Shares to 954,690,118 Ordinary Shares by allotments of 22,724 Ordinary Shares.

(xxvii) Between 1 March 2015 and 31 March 2015, the issued share capital of the Company was increased by 24,242 Ordinary Shares to 954,714,360 Ordinary Shares by allotments of 24,242 Ordinary Shares.

(xxviii) Between 1 April 2015 and 30 April 2015, the issued share capital of the Company was increased by 28,403 Ordinary Shares to 954,742,763 Ordinary Shares by allotments of 28,403 Ordinary Shares.

(xxix) Between 1 May 2015 and 31 May 2015, the issued share capital of the Company was increased by 25,664 Ordinary Shares to 954,768,427 Ordinary Shares by allotments of 25,664 Ordinary Shares.

(xxx) Between 1 June 2015 and 30 June 2015, the issued share capital of the Company was increased by 17,993 Ordinary Shares to 954,786,420 Ordinary Shares by allotments of 17,993 Ordinary Shares.

(xxxi) Between 1 July 2015 and 31 July 2015, the issued share capital of the Company was increased by 93,139,643 Ordinary Shares to 1,047,926,063 Ordinary Shares by allotments of 93,139,643 Ordinary Shares. This includes the 92,378,680 Ordinary Shares that were issued as part of the placing announced on 24 July 2015.

(xxxii) Between 1 August 2015 and 31 August 2015, the issued share capital of the Company was increased by 1,976,733 Ordinary Shares to 1,049,902,796 Ordinary Shares by allotments of 1,976,733 Ordinary Shares.

(xxxiii) Between 1 September 2015 and 30 September 2015, the issued share capital of the Company was increased by 31,945 Ordinary Shares to 1,049,934,741 Ordinary Shares by allotments of 31,945 Ordinary Shares.

(xxxiv) Between 1 October 2015 and 31 October 2015, the issued share capital of the Company was increased by 27,076 Ordinary Shares to 1,049,961,817 Ordinary Shares by allotments of 27,076 Ordinary Shares.

(xxxv) Between 1 November 2015 and 30 November 2015, the issued share capital of the Company was increased by 29,315 Ordinary Shares to 1,049,991,132 Ordinary Shares by allotments of 29,315 Ordinary Shares.

(xxxvi) Between 1 December 2015 and 31 December 2015, the issued share capital of the Company was increased by 21,937 Ordinary Shares to 1,050,013,069 Ordinary Shares by allotments of 21,937 Ordinary Shares.

(xxxvii) Between 1 January 2016 and 31 January 2016, the issued share capital of the Company was increased by 91,354 Ordinary Shares to 1,050,104,423 Ordinary Shares by allotments of 91,354 Ordinary Shares.

(xxxviii) Between 1 February 2016 and 29 February 2016, the issued share capital of the Company was increased by 23,789 Ordinary Shares to 1,050,128,212 Ordinary Shares by allotments of 23,789 Ordinary Shares.

(xxxix) Between 1 March 2016 and 31 March 2016, the issued share capital of the Company was increased by 21,266 Ordinary Shares to 1,050,149,478 Ordinary Shares by allotments of 21,266 Ordinary Shares.

(xl) Between 1 April 2016 and 29 April 2016, the issued share capital of the Company was increased by 22,845 Ordinary Shares to 1,050,172,323 Ordinary Shares by allotments of 22,845 Ordinary Shares.

(xli) Between 1 May 2016 and 31 May 2016, the issued share capital of the Company was increased by 23,937 Ordinary Shares to 1,050,196,260 Ordinary Shares by allotments of 23,937 Ordinary Shares.

(xlii) Between 1 June 2016 and 30 June 2016, the issued share capital of the Company was increased by 18,122 Ordinary Shares to 1,050,214,382 Ordinary Shares by allotments of 18,122 Ordinary Shares.

There have been no other changes in the share capital of Ladbrokes during the period covered by the historical financial information incorporated into this Prospectus.

3.3 Authorities in relation to share capital

On 24 November 2015, at the General Meeting of Ladbrokes, Shareholders resolved (among other things), without prejudice to the authorities conferred on the directors of the Company at the annual general meeting of Ladbrokes on 7 May 2015, that the directors of the Company be authorised in accordance with article 55 of the Articles of Association to allot shares in the Company and to grant rights to subscribe for or convert any security into shares in the Company, credited as fully paid up, up to an aggregate nominal amount equal to £246,480,908 in connection with: (i) the Merger; and (ii) any allotment of shares to Playtech or its nominee pursuant to contractual arrangements entered into between the relevant parties on 23 July 2015, such authorities to expire on the conclusion of the Company's annual general meeting in 2017, but during this period the Company may make offers and enter into agreements which would, or might, require shares to be allotted or rights to subscribe for or convert securities into shares to be granted after the authority ends and the directors of the Company may allot shares or grant rights to subscribe for or convert securities into shares under such offer or agreement as if the authority had not ended (the "**General Meeting Authorities**").

On 5 May 2016, at the annual general meeting of Ladbrokes, the Shareholders resolved that in substitution for all previous authorities to allot shares in the Company and to grant rights to subscribe for, or to convert securities into, shares in the Company conferred upon the directors of the Company (save to the extent relied upon prior to the passing of this resolution or as granted at the General Meeting, which authorities shall remain in force), the directors of the Company be authorised:

(A) for the purposes of section 551 of the Act to allot shares in the Company and to grant rights to subscribe for, or to convert any security into, shares in the Company up to a maximum nominal amount of £96,181,163; and

(B) to exercise all the powers of the Company to allot shares in connection with a rights issue up to a maximum nominal amount of £96,181,163,

such authorities to expire at the conclusion of the Company's an nual general meeting in 2017, or, if earlier, on 30 June 2017, but during this period the Company may make offers and enter into agreements which would, or might, require shares to be allotted or rights to subscribe for, or to convert securities into, shares in the Company to be granted, after this authorisation expires.

The Consideration Shares and Playtech Shares are being allotted under the relevant authorities. Further details of the resolutions, authorisations and approvals by virtue of which the Consideration Shares and Playtech Shares will be issued are set out in the Notice of General Meeting of the Circular, and the notice of annual general meeting dated 16 March 2016.

3.4 Issued ordinary share capital immediately following the issue and allotment of the Consideration Shares and the Playtech Shares

Immediately following Admission, assuming that 42,105,263 Playtech Shares are issued and allotted, it is expected that Ladbrokes will have 1,959,079,183 fully paid Ordinary Shares in issue (of which 31,760,568 will be held in treasury).

3.5 Dilution on issue and allotment of the Consideration Shares and the Playtech Shares

If Admission occurs, it will result in the issue and allotment of 866,518,803 Consideration Shares and up to 42,105,263 Playtech Shares. If Completion occurs, Existing Shareholders will suffer an immediate dilution as a result of Admission, following which they will hold approximately 53.62 per cent. of the Enlarged Issued Share Capital (including Treasury Shares, assuming that 42,105,263 Playtech Shares are issued and allotted).

3.6 Major Shareholders

As at the Latest Practicable Date, Ladbrokes had been notified in accordance with Rule 5 of the Disclosure Guidance and Transparency Rules of the following interests in its Existing Ordinary Shares:

Name of Shareholder	Number of Ordinary Shares held (1)	Percentage of Existing Ordinary Shares (2)	Percentage of Enlarged Issued Share Capital (2)
Playtech plc	98,589,095	9.68%	7.30%
FIL Limited	87,247,794	8.56%	4.53%
The Capital Group Companies, Inc.	71,234,245	6.99%	3.70%
Old Mutual Plc	61,966,392	6.08%	3.22%
UBS Group AG	51,315,865	5.04%	2.66%
Jupiter Asset Management Limited	45,953,525	4.51%	2.38%

(1) For each Shareholder, this table details the interest in Ladbrokes' voting rights that (as at the Latest Practicable Date) was most recently notified by that Shareholder to Ladbrokes under Rule 5 of the Disclosure Guidance and Transparency Rules. Therefore such details may not be accurate as at the Latest Practicable Date.

(2) This table assumes that 866,518,803 Consideration Shares are issued to Coral and 42,105,263 Playtech Shares are issued to Coral and that no further issue of Ordinary Shares occurs between the Latest Practicable Date and Admission. The percentage share ownership is calculated by reference to the Company's issued share capital excluding Ordinary Shares held in treasury.

Ladbrokes is not aware of any arrangements the operation of which may at a subsequent date result in a change of control of Ladbrokes.

None of the Shareholders referred to in this section 3.6 has different voting rights from any other holder of Ordinary Shares in respect of any Ordinary Shares held by them.

4. Related party transactions

Details of related party transactions (which for these purposes are those set out in the standards adopted according to Regulation (EC) No 1606/2002) that the Ladbrokes Group has entered into are set out below:

(A) during the financial year ended 31 December 2013, such transactions are disclosed in accordance with the respective standard adopted according to Regulation (EC) No 1606/2002 in note 32 on pages 92 to 93 of the Annual Report and Accounts 2013, which is hereby incorporated by reference into this Prospectus;

(B) during the financial year ended 31 December 2014, such transactions are disclosed in accordance with the respective standard adopted according to Regulation (EC) No 1606/2002 in note 32 on pages 116 to 118 of the Annual Report and Accounts 2014, which is hereby incorporated by reference into this Prospectus;

(C) during the financial year ended 31 December 2015, such transactions are disclosed in accordance with the respective standard adopted according to Regulation (EC) No 1606/2002 in note 33 on pages 123 to 128 of the Annual Report and Accounts 2015, which is hereby incorporated by reference into this Prospectus; and

(D) during the half year ended 30 June 2016, such transactions are disclosed in accordance with the respective standard adopted according to Regulation (EC) No 1606/2002 in note 11 on page 34 of the Interim Results 2016, which is hereby incorporated by reference into this Prospectus.

The Ladbrokes Group has not entered into any related party transactions between 30 June 2016 and the Latest Practicable Date.

Details of related party transactions that the Coral Group has entered into are set out in note 26 to Coral Group historical financial information, which is included in Part IX (*Historical Financial Information relating to the Coral Group*) of this Prospectus.

The Coral Group has not entered into any related party transactions between 2 July 2016 and the Latest Practicable Date other than those in the ordinary course of business with other members of the Gala Coral Group.

5. Summary of the Articles of Association

The Articles of Association, which are available for inspection at the address specified in section 16 of this XIII (*Additional Information*) of this Prospectus below, contain, among others, provisions to the following effect.

5.1 Unrestricted objects

The objects of the Company are unrestricted.

5.2 Limited liability

The liability of the Company's members is limited to any unpaid amount on the shares in the Company held by them.

5.3 Change of name

The Articles of Association allow the Company to change its name by resolution of the directors of the Company. This is in addition to the Company's statutory ability to change its name by special resolution under the Act.

5.4 Share rights

Subject to the Act, but without prejudice to the rights attached to any existing shares, the Company may allot and/or issue additional shares (and grant rights to subscribe for or to convert any security into shares) with such rights or restrictions attached to them as may be determined by ordinary resolution and, so far as the resolution so authorises them or does not make specific provision, as the directors of the Company may decide.

The Company may issue shares that are to be redeemed, or are liable to be redeemed at the option of the Company or the holder, and the directors of the Company may determine the terms, conditions and manner of redemption of any such shares.

5.5 Voting rights

Shareholders will be entitled to vote at a general meeting or class meeting whether on a show of hands or a poll. The Act provides that:

(i) on a show of hands, every member present in person has one vote and every proxy present who has been duly appointed by one or more members will have one vote, except that a proxy has one vote for and one vote against if the proxy has been duly appointed by more than one member and the proxy has been instructed by one or more members to vote for and by one or more other members to vote against. Where a proxy is instructed by one or more members to vote in one direction and is given a discretion in which direction to vote by one or more other members, then, on a vote on a resolution on a show of hands, the proxy has one vote in the direction the proxy has been so instructed and may (at the proxy's discretion) cast another vote in the other direction; and

(ii) on a poll, every member has one vote per share held by him and he may vote in person or by one or more proxies. Where he appoints more than one proxy, the proxies appointed by him taken together shall not have more extensive voting rights than he could exercise in person.

This is subject to any rights or restrictions that are given to any shares or on which shares are held.

If more than one joint shareholder votes (including voting by proxy), the only vote that will count is the vote of the person whose name is listed before the other voters on the register for the share.

5.6 Restrictions on rights

No voting rights attached to a share may be exercised at any general meeting, at any adjournment of it, or on any poll called in relation to it, unless all amounts payable to the Company in respect of the share have been paid.

If a member, or any other person appearing to be interested in shares held by that member, has been issued with a notice pursuant to section 793 of the Act and has failed in relation to any shares (the "**default shares**") to give the company the information thereby required within the prescribed period from the date of the notice, then that member (the "**relevant member**") shall not be entitled in respect of the default shares to be present or to vote (either in person or by representative or proxy) at any general meeting or at any separate meeting of the holders of any class of shares or on any poll or to exercise any other right conferred by membership in relation to any such meeting or poll.

If it determines that a Shareholder Regulatory Event (as defined in the Articles of Association) has occurred, and provided that it follows the procedure set out in the Articles of Association, the Company may in its absolute discretion and at any time, by notice in writing to a holder of any shares in the Company to whom the Shareholder Regulatory Event relates (or to whom the company reasonably believes it relates) or in whose shares a person is interested to whom the Shareholder Regulatory Event relates (or to whom the company reasonably believes it relates) suspend with immediate effect (or with effect from such date as the notice may specify) the right to attend and to speak at meetings and to vote and to demand a poll exercisable in respect of the shares.

5.7 Dividends and other distributions

The Company may by ordinary resolution declare dividends and the directors of the Company may decide to pay interim dividends. But, if the Company's share capital is divided into different classes, no interim dividend may be paid on shares carrying deferred or non-preferred rights if, at the time of payment, any preferential dividend is in arrears.

The directors of the Company may pay at intervals any dividend payable at a fixed rate if it appears to them that the profits available for distribution justify the payment.

Unless the members' resolution to declare or directors of the Company's decision to pay a dividend, or the directors of the Company's recommendation as to the amount of the dividend, or the terms on which shares are issued, specify otherwise, a dividend must be paid by reference to each member's holding of shares on the date of the resolution or decision to declare or pay it.

Except as otherwise provided by the Articles of Association or the rights attached to shares, all dividends must be declared and paid according to the amounts paid up on the shares on which the dividend is paid and apportioned and paid proportionately to the amounts paid up on the shares during any portion or portions of the period in respect of which the dividend is paid.

If the directors of the Company act in good faith, they do not incur any liability to the holders of shares conferring preferred rights for any loss they may suffer by the lawful payment of an interim dividend on shares with deferred or non-preferred rights.

Subject to the Act, the directors of the Company may, with the prior authority of an ordinary resolution of the Company and subject to such conditions as the directors of the Company may determine, offer to any holders of Ordinary Shares the right to elect to receive Ordinary Shares, credited as fully paid, instead of the whole (or some part, to be determined by the directors of the Company) of any dividend specified by the ordinary resolution.

The directors of the Company may withhold all or any part of any dividend or other money payable in respect of the Company's shares from a relevant member (as defined in paragraph 5.6 above) with a 0.25 per cent. or greater holding of the existing shares of a class (calculated excluding any shares held as treasury shares).

If it determines that a Shareholder Regulatory Event (as defined in the Articles of Association) has occurred, and provided that it follows the procedure set out in the Articles of Association, the Company may in its absolute discretion and at any time, by notice in writing to a holder of any shares in the Company to whom the Shareholder Regulatory Event relates (or to whom the Company reasonably believes it relates) or in whose shares a person is interested to whom the Shareholder Regulatory Event relates (or to whom the company reasonably believes it relates) suspend with immediate effect (or with effect from such date as the notice may specify) the right to receive any payment (whether by dividend or otherwise).

If a person fails to comply with a call notice (as defined in the Articles of Association) then that person shall not be entitled to receive any dividend.

If a share is subject to the company's lien (as defined in the Articles of Association) and the directors of the Company are entitled to issue a lien enforcement notice (as defined in the Articles of Association) in respect of it they may, instead of issuing a lien enforcement notice, deduct from any dividend or other sum payable in respect of the share any sum of money that is payable to the Company in respect of that share to the extent that they are entitled to require payment under a lien enforcement notice.

All dividends or other sums that are payable in respect of shares and unclaimed after having been declared or become payable may be invested or otherwise made use of by the directors of the Company for the benefit of the Company until claimed. If 12 years have passed from the date on which a dividend or other sum became due for payment and the distribution recipient has not claimed it, the distribution recipient is no longer entitled to that dividend or other sum and it ceases to remain owing by the Company.

5.8 Variation of rights

The rights attached to any class of shares may be changed in accordance with applicable statutes. Section 630 of the Act provides that rights attaching to a class of a company's shares may only be varied if this is approved either in writing by shareholders holding at least three-quarters in nominal value of the issued shares of that class (calculated excluding any shares held as treasury shares), or by a special resolution passed by a separate meeting of the holders of those shares (this is called a "**class meeting**"). At every such meeting (except an adjourned meeting) the quorum is two persons holding or representing by proxy not less than one-third in nominal value of the issued shares of the class (calculated excluding any shares held as treasury shares).

Subject to the terms on which any shares may be issued, the rights or privileges attached to any class of shares shall be deemed to be varied by the reduction of the capital paid up on such shares or by the allotment of further shares ranking in priority thereto in any respect, but shall not be deemed to be varied by the creation or issue of any new shares ranking pari passu in all respects (save as to the date from which such new shares shall rank for dividend) with or subsequent to those already issued or by the purchase or redemption by the company of its own shares in accordance with the provisions of the Act and the Articles of Association.

5.9 Transfer of shares

Any shares may be held in uncertificated form and, unless the Articles of Association say otherwise, a shareholder may transfer some or all of his uncertificated shares through CREST. Any provision in the Articles of Association that is inconsistent with the Uncertificated Securities Rules must be disregarded, to the extent that it is inconsistent, whenever the Uncertificated Securities Rules apply.

Certificated shares may be transferred by means of an instrument of transfer in any usual form or any other form approved by the directors of the Company, which is executed by or on behalf of the transferor and (if any of the shares is partly paid) the transferee.

The directors of the Company shall refuse to register the transfer of a certificated share where required to by law and may refuse to register the transfer of a certificated share if:

(A) the share is not fully paid;

(B) the transfer is not lodged at the Company's registered office or such other place as the directors of the Company have appointed;

(C) the transfer is not accompanied by the certificate for the shares to which it relates, or such other evidence as the directors of the Company may reasonably require to show the transferor's right to make the transfer, or evidence of the right of someone other than the transferor to make the transfer on the transferor's behalf;

(D) the transfer is in respect of more than one class of share; or

(E) the transfer is in favour of more than four transferees.

The directors of the Company may refuse to register a transfer of uncertificated shares in such circumstances as may be permitted or required by the Uncertificated Securities Rules or if the transfer is in favour of more than four transferees.

The directors of the Company may also refuse to recognise any transfer of shares:

(A) by a relevant member (as defined in paragraph 5.6 above) unless the relevant member is not himself in default as regards supplying the information required and the relevant member proves to the satisfaction of the directors of the Company that no person in default as regards supplying such information is interested in any of the shares that are the subject of the transfer; or

(B) if in their opinion (and with the concurrence of the FCA) exceptional circumstances so warrant.

5.10 General meetings

The Articles of Association rely on the provisions of the Act dealing with the calling of general meetings. Under the Act, an annual general meeting must be called by notice of at least 21 clear days. The Company is a "traded company" for the purposes of the Act and as such is required to give at least 21 clear days' notice of any other general meeting unless a special resolution reducing the period to not less than 14 clear days has been passed at the immediately preceding annual general meeting or at a general meeting held since that annual general meeting. Notice of a general meeting must be given in hard copy form, in electronic form, or by means of a website and must be sent to every member and every director. It must state the time and date and the place of the meeting and the general nature of the business to be dealt with at the meeting. As the Company is a traded company, the notice must also state the website address where information about the meeting can be found in advance of the meeting, the voting record time, the procedures for attending and voting at the meeting, details of any forms for appointing a proxy, procedures for voting in advance (if any are offered), and the right of members to ask questions at the meeting. In addition, a notice calling an annual general meeting must state that the meeting is an annual general meeting.

Each director of the Company shall be entitled to attend and speak at any general meeting. The chairman of the meeting may permit persons who are not members of the Company or otherwise entitled to exercise the right of members in relation to general meetings to attend and speak at a general meeting.

5.11 Directors

(A) Number of directors

The Company must have a minimum of two directors.

(B) Appointment of directors

Directors may be appointed by the Shareholders by ordinary resolution or by the directors of the Company.

(C) Retirement of directors by rotation

At every annual general meeting of the Company, any director of the Company who has been appointed by the directors of the Company since the last annual general meeting or any director of the Company who was not appointed or re-appointed as director of the Company at one of the preceding two annual general meetings must retire from office (notwithstanding any agreement the director of the Company may have with the Company).

(D) Vacation of office

A person ceases to be a director of the Company as soon as:

(i) that person ceases to be a director of the Company by virtue of any provision of the Act or is prohibited from being a director of the Company by law;

(ii) a bankruptcy order is made against that person;

(iii) a composition is made with that person's creditors generally in satisfaction of that person's debts, an interim receiving order is made against that person, or that person applies to the court for an interim order under section 253 of the Insolvency Act 1986 in connection with a voluntary arrangement under that Act (or any equivalent event occurs under the law of any other jurisdiction to which that person is subject);

(iv) a registered medical practitioner who is treating that person gives a written opinion to the Company stating that that person has become physically or mentally incapable of acting as a Director of the Company and may remain so for more than three months;

(v) by reason of that person's mental health, a court makes an order that wholly or partly prevents that person from personally exercising any powers or rights that that person would otherwise have;

(vi) notification is received by the Company from the director that the director is resigning from office as a director of the Company, and such resignation has taken effect in accordance with its terms;

(vii) that person is absent, without the permission of the directors of the Company, from meetings of the directors of the Company for six consecutive months and the directors of the Company resolve, within six months of the date of the last meeting from which that person was so absent in such period, that that person cease to be a director of the Company; or

(viii) a notice in writing signed by all the other directors of the Company that that person is removed from office, which has been sent or supplied to the Company is sent or supplied by the Company to that person (whose removal shall be without prejudice to any claim for damages that he or she may have for breach of any contract between him or her and the Company).

(E) Directors' meetings

A directors' meeting is called by giving notice of the meeting to the directors of the Company. Notice of any directors' meeting must indicate its proposed date and time, where it is to take place and, if it is anticipated that the directors of the Company participating in the meeting will not be in the same place, how it is proposed that they should communicate with each other during the meeting. Notice of a directors' meeting must be given to each director of the Company, but need not be in writing.

The quorum for directors' meetings may be fixed from time to time by a decision of the directors of the Company, but it must never be less than two, and unless otherwise fixed it is two.

The directors of the Company may appoint one of their number to be the Chairman or a Deputy Chairman and may at any time remove him from that office. Subject to the Articles of Association, a decision is taken at a directors' meeting by a majority of the votes of the participating directors of the Company. In the case of an equality of votes, the chairman of the meeting shall have a second or casting vote.

Subject to the Articles of Association, directors of the Company participate in a directors' meeting, or part of a directors' meeting, when the meeting has been called and takes place in accordance with the Articles of Association and they can each communicate to the others any information or opinions they have on any particular item of the business of the meeting. In determining whether directors of the Company are participating in a directors' meeting, it is irrelevant where any director of the Company is or how they communicate with each other.

Subject to the Articles of Association, the directors of the Company may delegate any of the powers (including for these purposes any authorities or discretions) that are conferred on them under the Articles of Association to such person or persons or committee, by such means, to such an extent, in relation to such matters or territories, and on such terms and conditions as they think fit.

(F) Remuneration of directors

A director of the Company may undertake any services for the Company that the directors of the Company decide. A director of the Company may be employed by the Company in an executive role for such period and on such other terms and conditions as (subject to the provisions of the Act) the directors of the Company think fit.

A director of the Company is entitled to such remuneration as the directors of the Company determine for his or her services to the Company as a director. The total amount that the directors of the Company shall be entitled to receive from the Company by way of fees for their services as directors of the Company shall not exceed £600,000 in any financial year or such greater sum as shall be determined from time to time by the Company in general meeting.

A director of the Company is also entitled to such remuneration as the directors of the Company determine for any other service that he or she undertakes for the Company, for any other special duties or services outside his or her ordinary duties as a director of the Company (and not in his or her capacity as holder of employment or executive office) and as an employee of the Company.

Subject to the Articles of Association, a director of the Company's remuneration may take any form and include any arrangements in connection with the payment of a pension, allowance or gratuity, or any death, sickness or disability benefits, to or in respect of that director.

The Company may pay any reasonable expenses that any director of the Company properly incurs in connection with his or her attendance at directors' meetings or committee meetings, general meetings or separate class meetings or otherwise in connection with the exercise of his or her powers and the discharge of his or her responsibilities in relation to the Company.

(G) Director's interests

Subject to complying with the provisions of the Act regarding the declaration of his or her interest in any transaction or arrangement, a director of the Company, notwithstanding his or her office:

(i) may enter into or otherwise be interested in any contract, arrangement, transaction or proposal with the Company or in which the Company is otherwise interested, either in regard to that director's tenure of any office or place of profit or as vendor, purchaser or otherwise;

(ii) may act personally or through any partnership or body corporate in a professional capacity (other than that of auditor) for the Company or any other body corporate promoted by the Company or in which the Company is directly or indirectly interested; and

(iii) may be a director or other officer of, or employed by, or a party to any contract, arrangement, transaction or proposal with, or otherwise interested in, any body corporate promoted by the Company or in which the Company is directly or indirectly interested or as regards which the Company has any power of appointment.

The directors of the Company (other than the relevant director, and any other director of the Company with a similar interest, who shall not be counted in the quorum at the meeting and shall not vote on the resolution) may authorise a current or potential breach of a director's duty to avoid conflicts of interests on such terms as they may determine, including terms regulating the continuing performance by the relevant director of his or her duties as a director of the Company.

(H) Restrictions on voting

A director of the Company cannot vote on any resolution or be counted in the quorum for any directors' meeting or part of any directors' meeting that is concerned with an actual or proposed transaction or arrangement with the Company in which that director has an interest, save to the extent specifically permitted in the Articles of Association.

Where proposals are under consideration concerning:

(i) the appointment (including fixing or varying the terms of appointment or its termination) of two or more directors of the Company to offices or places of profit with the Company or any Company in which the Company is interested;

(ii) the provision of an indemnity in favour of two or more directors of the Company; or

(iii) the funding of expenditure by two or more directors of the Company on defending proceedings against such director or directors.

such proposals may be divided and a separate resolution considered in relation to each director of the Company. In such case, each of the directors of the Company concerned (if not otherwise debarred from voting under the Articles of Association) shall be entitled to vote (and be counted in the quorum) in respect of each resolution except that concerning that director's own appointment, indemnity or funding of defence expenditure.

(I) Borrowing powers

The directors of the Company, in exercising the powers of the Company to borrow money, shall procure that the aggregate amount for the time being remaining undischarged of all monies borrowed or secured by the Company and/or its subsidiary undertakings (exclusive of intra-group borrowing) shall not at any time without the previous sanction of the Company in general meeting exceed £3 billion, but no debt incurred or security given in excess of such limit shall be invalid or ineffectual except in the case of express notice to the lender or the recipient of the security at the time when the debt was incurred or security given that the limit hereby imposed had been or was thereby exceeded.

(J) Indemnity, insurance and defence expenditure

To the extent permitted by the Act, the Company may indemnify any director or former director of any member of the Ladbrokes Group (and, if Completion occurs, the Enlarged Group) against any liability and may purchase and maintain for any such director or former director insurance against any liability.

To the extent permitted by the Act, the Company may provide any director or former director of any member of the Ladbrokes Group (and, if Completion occurs, the Enlarged Group) with funds to meet expenditure incurred or to be incurred by such director in defending any criminal or civil proceedings or any regulatory investigations.

6. Ladbrokes Group material contracts

Save as set out below, no contracts have been entered into (other than contracts entered into in the ordinary course of business) by any member of the Ladbrokes Group, either: (a) within the two years immediately preceding the date of this Prospectus that are or may be material; or (b) that contain any provision under which any member of the Ladbrokes Group has any obligations or entitlements that are or may be material as at the date of this Prospectus, save as disclosed below. Not all of the contracts referred to in this section are material contracts and the descriptions below are included for convenience only.

(A) Merger Agreement and the Conduct Agreement

Details of the Merger Agreement and the Conduct Agreement are set out in Part V (Principal Terms of the Merger Agreement and Other Related Documentation) of the Circular, which is incorporated by reference into this Prospectus.

(B) Ladbrokes Business Transfer Agreements

The Ladbrokes Business Transfer Agreements transfer the business and assets, including the employees, in connection with 185 Ladbrokes Group LBOs to the Purchasers.

The total consideration payable under the Ladbrokes Business Transfer Agreements is expected to be £28,959,019, which will be satisfied in cash on the fifth business day after notice is given to the Purchasers of Completion of the Merger.

The Ladbrokes Business Transfer Agreements are conditional on Completion of the Merger. Following Completion of the Merger, the relevant LBOs will be transferred to the relevant Purchaser on a phased basis under the Ladbrokes Business Transfer Agreements with a long stop date for all LBOs to be transferred by 31 January 2017 in the case of Stan James and 31 March 2017 in the case of Betfred.

Ladbrokes Betting & Gaming Limited has given certain customary warranties and indemnities in relation to the business and assets transferring to the Purchasers, including an indemnity in respect of all matters arising in connection with the operation of the business transferring to the Purchasers prior to completion of the Ladbrokes Business Transfer Agreements.

The Additional Transfer Agreement has entered into on substantially the same terms as the Ladbrokes Business Transfer Agreements.

(D) Financing arrangements

(i) Senior Credit Facility Agreements

Ladbrokes Group Finance plc has entered into bilateral agreements with five separate banks each on substantially similar terms for the provision by those banks of multi-currency revolving credit facilities of up to £350 million in aggregate on a committed basis (the "**2019 Bilateral Senior Credit Facilities**"). The 2019 Bilateral Senior Credit Facilities were amended and restated in June 2014 and, among other changes, the maturity of these agreements was extended to June 2019. The principal commercial terms of the 2019 Bilateral Senior Credit Facilities were not changed. Obligations of Ladbrokes Group Finance plc under the 2019 Bilateral Senior Credit Facilities are guaranteed by Ladbrokes.

Ladbrokes Group Finance plc agrees to pay interest on the loans advanced to it under the 2019 Bilateral Senior Credit Facilities at a percentage rate per annum equal to an aggregate of LIBOR (or IBOR in some cases), a margin and in some cases the mandatory cost rate, if any. Certain commitment and other fees are payable to the lenders under the 2019 Bilateral Senior Credit Facilities.

Covenants

The 2019 Bilateral Senior Credit Facilities have a net borrowings to EBITDA financial covenant of 3.5 times and an EBITDA to net borrowing costs financial covenant of 3.0 times. The net borrowings to EBITDA financial covenant widens to 4.25 times for the test period during which a class 1 acquisition is made and the two immediately following test periods.

In addition, the 2019 Bilateral Senior Credit Facilities contain certain other covenants, including, without limitation, a restriction on certain sales and other disposals, a restriction on the creation or subsistence of security subject to certain exceptions and a restriction on financial indebtedness of subsidiaries of Ladbrokes (other than Ladbrokes Group Finance plc) subject to certain exceptions.

Change of control, regulatory events and events of default

The 2019 Bilateral Senior Credit Facilities contain change of control provisions, provisions relating to the occurrence of regulatory events (including breaches of certain gambling laws) and events of default.

The events of default include, without limitation, failure to make payments under the relevant 2019 Bilateral Senior Credit Facilities, breach of the financial covenants mentioned above, breach of other obligations contained in the relevant 2019 Bilateral Senior Credit Facilities, breach of representations, certain events of liquidation or reorganisation and similar events, insolvency, cross-default in excess of specified amounts, suspension of operations, invalidity of the relevant 2019 Bilateral Senior Credit Facilities and creditors' process or enforcement of security in respect of property having a value in excess of specified amounts.

If an event of default, a change of control of Ladbrokes or a regulatory event occurs, the relevant bank may give notice of cancellation of all available commitments and/or declare all outstanding advances, together with accrued interest, to be immediately due and payable. On the giving of such notice the outstanding amounts would be repayable immediately.

Undrawn commitments

As at the Latest Practicable Date, the Ladbrokes Group had undrawn committed facilities under the 2019 Bilateral Senior Credit Facilities of £346.8 million.

(ii) New Facilities Agreement

Ladbrokes Group Finance plc, as borrower, Ladbrokes as guarantor and Barclays Bank PLC as agent on behalf of the lenders have entered into the New Facilities Agreement dated 8 October 2015. The New Facilities Agreement comprises: (i) a £600,000,000 sterling term loan facility ("**Facility A**"), which is due to mature one year after the date of the New Facilities Agreement, subject to three extension options, which would, if all three were exercised, extend the maturity of this facility to July 2018 (the first of the Facility A extension options was exercised on 19 September 2016); (ii) a £400,000,000 multi-currency revolving loan facility ("**Facility B**"), which is due to mature on the fifth anniversary of the date of the New Facilities Agreement; and (iii) a £350,000,000 multi-currency revolving loan facility ("**Facility C**"), which is due to mature on 13 June 2019. The New Facilities Agreement also allows for any lender to make available to Ladbrokes Group Finance plc and any of Ladbrokes' subsidiaries in the Enlarged Group various ancillary facilities in place of all or part of its Facility B and Facility C commitment.

Ladbrokes Group Finance plc agrees to apply all amounts borrowed under Facility A towards the repayment of certain financial indebtedness of the Coral Group. All amounts borrowed under Facility B will be applied towards the repayment of certain financial indebtedness of the Coral Group, and following such repayment, towards the general corporate purposes of the Enlarged Group, including, without limitation, for working capital purposes. The amounts borrowed under Facility C are to be applied to refinance the Senior Credit Facility Agreements that are due to mature in 2019 and, following such repayment, towards the general corporate purposes of the Enlarged Group, including, without limitation, for working capital purposes. Since Facility C will be used to refinance the outstanding amounts under the 2019 Bilateral Senior Credit Facilities, it is a condition to drawdown of Facility C that the 2019 Bilateral Senior Credit Facilities lenders receive notices of cancellation in relation to these bilateral agreements.

Drawdown under the New Facilities Agreement generally is conditional upon, among other things: (i) evidence that Completion (including Merger Admission) has taken place; (ii) evidence that all fees, costs and expenses have been or will be paid on or before the date of first utilisation; and (iii) delivery of certain customary conditions precedent, such as corporate authorisations from Ladbrokes and Ladbrokes Group Finance plc, and a structure chart of the Enlarged Group following Completion.

Interest and fees

Loans under the New Facilities Agreement will bear interest at the percentage rates per annum equal to the aggregate of IBOR and the applicable margin.

The New Facilities Agreement is also subject to ticking fees payable in relation to Facility A and Facility B from the date of the New Facilities Agreement until the earlier of: (i) the cancellation of the commitments; or (ii) Completion. Additionally, commitment fees are payable on the aggregate undrawn and uncancelled amount of each facility during each facility's availability period. An arrangement fee was separately agreed between Ladbrokes Group Finance plc and the lenders.

Guarantee

Ladbrokes provides a continuing guarantee of all amounts payable to the finance parties under the New Facilities Agreement and undertakes to pay any amount on demand when due.

Representations and warranties

The New Facilities Agreement contains customary representations and warranties that are broadly in line with the representations and warranties in the Senior Credit Facility Agreements (subject to certain agreed qualifications and with certain representations being repeated), including, without limitation:

- corporate representations (including status and incorporation, binding obligations, non-conflict with constitutional documents, laws or other obligations, validity and admissibility in evidence and true and fair financial statements);
- no event of default;
- pari passu ranking with all other unsubordinated and unsecured indebtedness;
- sanctions;
- no misleading information; and
- no proceedings pending or threatened.

Covenants and undertakings

The New Facilities Agreement has a net borrowings to EBITDA financial covenant of 3.5 times and an EBITDA to net borrowing costs financial covenant of 3.0 times. The net borrowings to EBITDA financial covenant widens to 4.25 times for the test period during which a class 1 acquisition is made and the two immediately following test periods.

In addition, the New Facilities Agreement contains certain undertakings, including, without limitation, a restriction on certain sales and other disposals, a restriction on the creation or subsistence of security subject to certain exceptions, a sanctions undertaking and a restriction on financial indebtedness of subsidiaries of Ladbrokes (other than Ladbrokes Group Finance plc) subject to certain exceptions.

Change of control, regulatory events, mandatory prepayment and events of default

The New Facilities Agreement contains a change of control provision, provisions relating to the occurrence of regulatory events (including breaches of certain gambling laws), a mandatory prepayment provision and events of default.

Under the terms of the mandatory prepayment provision, Ladbrokes Group Finance plc must prepay and/or cancel Facility A using: (i) at least 50 per cent. of any proceeds received from the disposal of assets to satisfy potential CMA requirements; and (ii) all proceeds received from any bond issuance.

The events of default include, without limitation, failure to make payments under the New Facilities Agreement, breach of the financial covenants, breach of other obligations contained in the New Facilities Agreement, breach of representations, certain events of liquidation or reorganisation and similar events, insolvency, cross-default in excess of specified amounts, suspension of operations, invalidity of the New Facilities Agreement and creditors' process or enforcement of security in respect of property having a value in excess of specified amounts.

If an event of default, a change of control of Ladbrokes or a regulatory event occurs, the agent bank may give notice of cancellation of all available commitments and/or declare all outstanding advances, together with accrued interest, to be immediately due and payable. On the giving of such notice the outstanding amounts would be repayable immediately.

(iii) Existing Notes/Bonds

2017 Notes

Ladbrokes Group Finance plc has issued £225,000,000 7.625 per cent. notes due 2017 (the "**2017 Notes**") pursuant to a prospectus and a subscription agreement dated 1 March 2010 and a trust deed dated 5 March 2010. Payment obligations under the 2017 Notes are guaranteed by Ladbrokes.

The 2017 Notes are subject to certain covenants, including, without limitation: (i) a covenant that restricts, subject to certain exceptions, the creation or subsistence of security for indebtedness for borrowed monies unless the 2017 Notes are secured equally and rateably with such indebtedness to the satisfaction of the trustee of the 2017 Notes (the "**2017 Notes Trustee**") (or certain other alternative arrangements are made); (ii) a limitation on the incurrence of financial indebtedness by any member of the Ladbrokes Group subject to certain exceptions and provided that the issuer of the notes and any guarantor may incur indebtedness if the Fixed Charge Coverage Ratio (as defined in the 2017 Notes) is equal to or greater than 2.75 to 1.00 after giving effect to the new indebtedness on a pro forma basis; and (iii) a covenant that restricts merger, consolidation and the sale of substantially all assets, subject to certain exceptions.

The 2017 Notes are also subject to certain events of default, including, without limitation, failure to make payments in respect of the 2017 Notes, certain events of liquidation or reorganisation and similar events, cessation of payment of debts generally or cessation of business, creditors' process, insolvency, composition with creditors, cross-acceleration in excess of specified amounts and breach of other obligations under the 2017 Notes.

In an event of default (in certain cases only after certification by the 2017 Notes Trustee that the relevant event is, in its opinion, materially prejudicial to the interests of the holders of such notes) the 2017 Notes Trustee may, or if requested or directed by a certain proportion of the holders of the 2017 Notes, shall declare the 2017 Notes immediately due and payable.

The intention is for the 2017 Notes to remain in place following Completion.

2022 Notes

Ladbrokes Group Finance plc has issued £100,000,000 5.125 per cent. notes due 2022 (the "**2022 Notes**") pursuant to a prospectus dated 27 May 2014 and a subscription agreement dated 13 June 2014 and a trust deed dated 16 June 2014. Payment obligations under the 2022 Notes are guaranteed by Ladbrokes.

The 2022 Notes are subject to certain covenants, including, without limitation: (i) a covenant that restricts, subject to certain exceptions, the creation or subsistence of security for indebtedness for borrowed monies unless the 2022 Notes are secured equally and rateably with such indebtedness to the satisfaction of the trustee of the 2022 Notes (the "**2022 Notes Trustee**") (or certain other alternative arrangements are made); (ii) a limitation on the incurrence of financial indebtedness by any member of the Ladbrokes Group subject to certain exceptions and provided that the issuer of the notes and any guarantor may incur indebtedness if the Fixed Charge Coverage Ratio (as defined in the 2022 Notes) is equal to or greater than 2.75 to 1.00 after giving effect to the new indebtedness on a pro forma basis; and (iii) a covenant that restricts merger, consolidation and the sale of substantially all assets, subject to certain exceptions.

The 2022 Notes are also subject to certain events of default, including, without limitation, failure to make payments in respect of the 2022 Notes, certain events of liquidation or reorganisation and similar events, cessation of payment of debts generally or cessation of business, creditors' process, insolvency, composition with creditors, cross-acceleration in excess of specified amounts and breach of other obligations under the 2022 Notes.

In an event of default (in certain cases only after certification by the 2022 Notes Trustee that the relevant event is, in its opinion, materially prejudicial to the interests of the holders of such notes) the 2022 Notes Trustee may, or if requested or directed by a certain proportion of the holders of the 2022 Notes, shall declare the 2022 Notes immediately due and payable.

The intention is for the 2022 Notes to remain in place following Completion.

(iv) Bank guarantees and letters of credit

Bank guarantees and letters of credit have been issued on behalf of certain subsidiaries of Ladbrokes and certain joint ventures in which the Ladbrokes Group has an interest.

As at 30 June 2016, the principal outstanding amount of such guarantees and letters of credit was £15.0 million, of which £3.2 million in principal outstanding amount was issued under one of the Senior Credit Facility Agreements. The remainder was issued under certain uncommitted lines of credit. Ladbrokes has provided a counter-indemnity in respect of some of the guarantees and letters of credit issued under uncommitted lines of credit.

Certain issue and other fees are payable to the issuers of the bank guarantees and letters of credit.

(E) Playtech

(i) Playtech Marketing Services Agreement

On 10 March 2013, Ladbrokes International entered into a marketing services agreement with PT Turnkey Services Limited ("**PTS**") (the "**Marketing Services Agreement**"). Pursuant to the terms of the Marketing Services Agreement, PTS agreed to provide marketing and advisory services, including sophisticated business intelligence and customer relationship management systems, to Ladbrokes International in order to grow Ladbrokes' digital business. The Marketing Services Agreement commenced on 1 May 2013 and terminates on 31 December 2017.

The fees payable to PTS under the Marketing Services Agreement are calculated on a success-fee basis linked to the growth in the EBITDA of Ladbrokes' digital business as between 31 December 2012 and 31 December 2017. In addition, should EBITDA of, Ladbrokes digital business in the financial year ending 31 December 2017 be more than £100 million higher than for financial year ending 31 December 2012, PTS will receive a one off bonus equal to 75 per cent. of the excess over and above the £100 million target. This is subject to a cap of £50 million. The Marketing Services Agreement provides that at least 25 per cent. of the fees will be settled by way of the issue of Ordinary Shares to PTS and PTS may elect to have up to 100 per cent. of the fees settled by the issue of Ordinary Shares.

On 23 July 2015, Ladbrokes International and PTS agreed to amend the Marketing Services Agreement conditional upon Completion (the "**Marketing Amendment Agreement**"). Pursuant to the Marketing Amendment Agreement, if Completion occurs, the existing terms of the Marketing Services Agreement will cease to apply and will be replaced with new provisions that provide for: (i) the payment to PTS of £40 million at Completion, which will be satisfied by way of the issue of shares in the Enlarged Group at Completion, and (ii) the payment to PTS of a further guaranteed £35 million in cash payable upon delivery of key operational milestones but, in any event, within 42 months from Completion.

(ii) Playtech Software Agreement

On 10 March 2013, Ladbrokes International entered into a new software licence and services agreement with Playtech Software Limited ("**PSL**") (as amended from time to time, the "**Software Agreement**"). Pursuant to the terms of the Software Agreement, PSL agreed to provide services in relation to online casino and gaming activities and a software licence to allow Ladbrokes access to PSL's full product suite and technology. The Software Agreement commenced on 25 March 2014 and has an initial term of 10 years followed by rolling five-year terms. There is a break clause in the Software Agreement that entitles Ladbrokes International to terminate the Software Agreement on 25 December 2019. The fees payable to PSL under the Software Agreement are calculated on a product-by-product basis (principally by reference to the revenue generated by products).

On 23 July 2015, Ladbrokes International and PSL agreed to amend the Software Agreement conditional upon Completion (the "**Software Amendment Agreement**"). Pursuant to the Software Amendment Agreement, if Completion occurs, the existing break clause in the Software Agreement will terminate and cease to apply and will be replaced with a new break clause that entitles Ladbrokes International to terminate the Software Agreement on the date that is the later of: (i) 54 months from Completion; and (ii) 31 December 2020. Ladbrokes International has also agreed revised fee arrangements to apply following Completion.

7. Coral Group material contracts

Save as set out below, no contracts have been entered into (other than contracts entered into in the ordinary course of business) by any member of the Coral Group, either (a) within the two years immediately preceding the date of this Prospectus that are or may be material; or (b) that contain any provision under which any member of the Coral Group has any obligations or entitlements that are or may be material as at the date of this Prospectus, save as disclosed below. Not all of the contracts referred to in this section are material contracts and the descriptions below are included for convenience only.

(A) Merger Agreement and the Conduct Agreement

Details of the Merger Agreement and the Conduct Agreement are set out in Part V (Principal Terms of the Merger Agreement and Other Related Documentation) of the Circular, which is incorporated by reference into this Prospectus.

(B) Coral Business Transfer Agreements

The Coral Business Transfer Agreements transfer the business and assets, including the employees, in connection with 174 Coral Group LBOs to the Purchasers.

The total consideration payable under the Coral Business Transfer Agreements is expected to be £26,540,981, which will be satisfied in cash on the fifth business day after notice is given to the Purchasers of Completion of the Merger.

The Coral Business Transfer Agreements are conditional on Completion of the Merger. Following Completion of the Merger, the relevant LBOs will be transferred to the relevant Purchaser on a phased basis under the Coral Business Transfer Agreements with a long stop date for all LBOs to be transferred by 31 January 2017 in the case of Stan James and 31 March 2017 in the case of Betfred.

Coral Racing Limited has given certain customary warranties and indemnities in relation to the business and assets transferring to the Purchasers, including an indemnity in respect of all matters arising in connection with the operation of the business transferring to the Purchasers prior to completion of the Coral Business Transfer Agreements.

(D) Financing arrangements

As a result of the New Facilities Agreement, it is not envisaged that the Coral Senior Facilities Agreement, the Coral 2018 Notes or the Coral 2019 Notes (each as defined below) will transfer into the Enlarged Group on Completion. Consequently, it is intended that certain proceeds of the New Facilities Agreement will be used to: (i) prepay amounts outstanding under the Coral Senior Facilities Agreement; and (ii) repay the Coral 2018 Notes and the Coral 2019 Notes. The descriptions of the Coral Senior Facilities Agreement, the Coral 2018 Notes and the Coral 2019 Notes set out below have, therefore, been included for convenience only, as it is not envisaged that any of these financing arrangements will remain in place following Completion.

(i) Coral Senior Facilities Agreement

Coral has entered into a senior facilities agreement with, among others, Barclays Bank PLC as Facility Agent and Security Agent (the "**Coral Senior Facilities Agreement**") for the provision by the lenders of sterling term loan facilities of up to £712 million in aggregate on a committed basis (the "**Term Loans**") and a multi-currency revolving credit facility of up to £100 million in aggregate on a committed basis (the "**Committed RCF**"). The Term Loans mature in May 2018 and the Committed RCF matures in May 2017. Obligations of Coral under the Coral Senior Facilities Agreement are guaranteed and secured by Coral's parent company and the material subsidiaries of Coral.

Coral agrees to pay interest on the loans advanced to it under the Coral Senior Facilities Agreement at a percentage rate per annum equal to an aggregate of LIBOR (or EURIBOR in some cases), a margin and mandatory costs, if any. Certain commitment and other fees are payable to the lenders under the Coral Senior Facilities Agreement.

For the fourth quarter of the 2016 financial year, the Coral Senior Facilities Agreement had a net debt to EBITDA financial covenant of 4.60 times, a cash flow to funding costs financial covenant of 1.0 times and an EBITDA to interest financial covenant of 1.85 times.

In addition, the Coral Senior Facilities Agreement contains certain other covenants, change of control provisions, provisions relating to the occurrence of regulatory events (including breaches of certain gambling laws) and events of default.

If a change of control of Coral's direct parent company occurs, the facilities are immediately cancelled and all outstanding utilisations and ancillary outstandings, together with accrued interest, and all other amounts accrued under the finance documents become immediately due and payable. If an event of default occurs, the facility agent may give notice of cancellation of all available commitments and/or declare all outstanding advances, together with accrued interest and all other amounts accrued or outstanding, to be immediately due and payable. On the giving of such notice the outstanding amounts would be repayable immediately.

(ii) Existing Notes/Bonds

Coral 2018 Notes

Coral issued 8.875 per cent. senior secured notes due on 1 September 2018 (the "**Coral 2018 Notes**") pursuant to an indenture dated 27 May 2011 (the "**Coral 2018 Notes Indenture**"). Currently, £88,000,000 principal amount of Coral 2018 Notes are outstanding. Payment obligations under the Coral 2018 Notes are guaranteed by Gala Electric Finance Limited (the "**Parent Guarantor**") and all the material and certain other subsidiaries of Coral that guarantee obligations under the Coral Senior Facilities Agreement, other than Coral's subsidiaries in Italy (the "**Coral 2018 Note Guarantees**"). The Coral 2018 Notes and the Coral 2018 Note Guarantees are secured by certain first-priority security over all the assets that secure the obligations under Coral Senior Facilities Agreement, other than security provided by subsidiaries incorporated in Italy.

The Coral 2018 Notes are subject to certain covenants, including, without limitation, limitations on dividend distributions and other payments, indebtedness, asset sales, liens, guarantees and on mergers and consolidations. Upon the occurrence of certain change of control events, each holder of Coral 2018 Notes may require Coral to repurchase all or a portion of its Coral 2018 Notes at a purchase price equal to 101 per cent. of the principal amount of such Coral 2018 Notes, plus accrued and unpaid interest and additional amounts, if any, to the purchase date.

The Coral 2018 Notes are also subject to certain events of default. In an event of default (in certain cases only after the lapse of a certain time period and providing notification), Coral shall declare the Coral 2018 Notes immediately due and payable, provided that as long as any bank indebtedness remains outstanding, no acceleration of the Coral 2018 Notes shall occur until the earlier of (a) five Business Days after written notice is given to Coral and the representative of the bank debt, and (b) the acceleration of the bank debt.

On 15 September 2016, Coral issued a notice of conditional redemption for all of its outstanding Coral 2018 Notes at a redemption price of 102.219 per cent. of the principal amount of the Coral 2018 Notes plus accrued and unpaid interest and additional amounts, if any. Such redemption is conditional on the Completion occurring. On or around Completion, all amounts due at redemption in respect of the Coral 2018 Notes will be deposited as directed by the trustee for such notes, the Coral 2018 Notes Indenture will be satisfied and discharged and the liens securing such notes will be released. The Coral 2018 Notes will be redeemed thereafter.

Coral 2019 Notes

The Parent Guarantor issued 11.5 per cent. senior notes due on 1 June 2019 (the "**Coral 2019 Notes**") pursuant to an indenture dated 27 May 2011 (the "**Coral 2019 Notes Indenture**"). Currently, £175,000,000 principal amount of Coral 2019 Notes are outstanding. Payment obligations under the Coral 2019 Notes are guaranteed on a senior subordinated basis by Coral and all the material and certain other subsidiaries of Coral that guarantee obligations under the Coral Senior Facilities Agreement, other than Coral's subsidiaries in Italy (the "**Coral 2019 Note Guarantees**"). The Coral 2019 Notes and the Coral 2019 Note Guarantees are secured by second-ranking pledge of all of the issued capital stock of Coral and a second-ranking security interest in Coral's rights under a proceeds loan entered into between the Parent Guarantor and Coral concerning the proceeds of the Coral 2019 Notes.

The Coral 2019 Notes are subject to certain covenants, including, without limitation, limitations on dividend distributions and other payments, indebtedness, asset sales, liens, guarantees and on mergers and consolidations. Upon the occurrence of certain change of control events, each holder of

Coral 2019 Notes may require the Parent Guarantor to repurchase all or a portion of its Coral 2019 Notes at a purchase price equal to 101 per cent. of the principal amount of such Coral 2019 Notes, plus accrued and unpaid interest and additional amounts, if any, to the purchase date.

The Coral 2019 Notes are also subject to certain events of default. In an event of default (in certain cases only after the lapse of a certain time period and providing notification), the Parent Guarantor shall declare the Coral 2019 Notes immediately due and payable, provided that as long as any bank indebtedness remains outstanding, no acceleration of the Coral 2019 Notes shall occur until the earlier of: (a) five Business Days after written notice is given to the Parent Guarantor and the representative of the bank debt; and (b) the acceleration of the bank debt.

On 15 September 2016, Coral issued a notice of conditional redemption for all of its outstanding Coral 2019 Notes at a redemption price of 102.875 per cent. of the principal amount of the Coral 2019 Notes plus accrued and unpaid interest and additional amounts, if any. Such redemption is conditional on the Completion occurring. On or around Completion, all amounts due at redemption in respect of the Coral 2019 Notes will be deposited as directed by the trustee for such notes, the Coral 2019 Notes Indenture will be satisfied and discharged and the liens securing such notes will be released. The Coral 2019 Notes will be redeemed thereafter.

(E) Playtech Software Agreement

On 19 July 2011, Gala Coral Interactive (Gibraltar) Limited ("**GCI**") entered into an agreement for the provision of online gambling services with PSL and Playtech Limited (collectively, "**PT**"), as amended by deeds of variation dated 3 May 2012, 9 October 2013 and 6 November 2013 (the "**Coral Software Agreement**"). Pursuant to the terms of the Coral Software Agreement, PT agreed to set up, integrate, launch and maintain an online gaming system on behalf of GCI, and to provide games to GCI for use on that system. The Coral Software Agreement commenced on 19 July 2011 and has an initial term of 10 years followed by rolling five-year terms. There is a break clause in the Coral Software Agreement that entitles GCI to terminate the Coral Software Agreement on 19 July 2017 and 19 July 2019. The fees payable to GCI under the Coral Software Agreement are calculated on a product-by-product basis (principally by reference to the revenue generated by products).

On 23 July 2015, GCI and PSL entered into a letter agreement pursuant to which, inter alia, GCI agreed that it would not exercise its right to terminate the Coral Software Agreement prior to 31 March 2017 and, if requested by PSL, GCI would amend the Coral Software Agreement to reflect the changes to the termination provisions of the Coral Software Agreement envisaged by the Software Amendment Agreement and Marketing Amendment Agreement.

8. Working capital

Ladbrokes is of the opinion that, taking into account the bank facilities available to the Enlarged Group, the Enlarged Group has sufficient working capital for its present requirements, that is for at least the next 12 months from the date of this Prospectus.

9. Significant changes

9.1 Ladbrokes Group

There has been no significant change in the financial or trading position of the Ladbrokes Group since 30 June 2016, being the date to which the interim financial statements of the Ladbrokes Group were made up.

9.2 Coral Group

There has been no significant change in the financial or trading position of the Coral Group since 2 July 2016, being the date to which the most recent financial information has been prepared.

10. Legal and arbitration proceedings

10.1 Ladbrokes Group

(A) Save as disclosed in this section 10.1(A), there are no, nor have there been any, governmental, legal or arbitration proceedings (including any such proceedings that are pending or threatened of which Ladbrokes is aware) during the 12 months prior to the date of this Prospectus that may have, or have had in the recent past, significant effects on Ladbrokes and/or the Ladbrokes Group's financial position or profitability.

The Ladbrokes Group is assisting Leicester City Council with its enquiries following an incident at one of the Ladbrokes Group's LBOs. In terms of enforcement action, the Council has issued an improvement notice in connection with specific Ladbrokes Group LBOs that are located in the area regulated by Leicester City Council, which is being appealed by the Ladbrokes Group, with the appeal scheduled to be heard on 3 November 2016, unless adjourned. The Ladbrokes Group has also taken formal steps to prohibit Leicester City Council from retaining and relying upon privileged material acquired during the course of its investigation. If the Ladbrokes Group's appeal is unsuccessful, the Ladbrokes Group may be required to make changes to the operations of the relevant LBOs. The potential impact of the improvement notice and any related operational changes on the Ladbrokes Group cannot currently be quantified.

(B) The Ladbrokes Group has received communications from Mr. Dermot Desmond threatening litigation arising out of the Ladbrokes Group's acquisition of Global Betting Exchange Alderny Limited ("**Betdaq**") in 2013. The communications received do not quantify the amount of any claim which Mr. Dermot Desmond may make, but the Ladbrokes Group considers his claims without merit and would defend such claims were he (or any associated entity) to issue proceedings. As the Ladbrokes Group considers such claims to be without merit, it has not included such claims in section 10.1(A) above. However, given the high profile nature of Ladbrokes' relationship with Mr. Dermot Desmond, Ladbrokes has included this summary in the Prospectus to ensure that all Shareholders and prospective Shareholders are properly informed.

10.2 Coral Group

There are no, nor have there been any, governmental, legal or arbitration proceedings (including any such proceedings that are pending or threatened of which GC Group (Jersey) Limited is aware) during the 12 months prior to the date of this Prospectus that may have, or have had in the recent past, significant effects on GC Group (Jersey) Limited and/or the Coral Group's financial position or profitability.

11. Mandatory takeover bids, squeeze-out rules, sell-out rules and takeover bids

11.1 Mandatory takeover bids

The City Code applies to Ladbrokes. Under the City Code, if an acquisition of interests in shares were to increase the aggregate holding of an acquirer and persons acting in concert with it to an interest in shares carrying 30 per cent. or more of the voting rights in Ladbrokes, the acquirer and, depending upon the circumstances, persons acting in concert with it, would be required (except with the consent of the Panel) to make a cash offer for the outstanding shares at a price not less than the highest price paid for any interest in shares by the acquirer or his concert parties during the previous 12 months. A similar obligation to make such a mandatory offer would also arise on the acquisition of an interest in shares by a person holding (together with any persons acting in concert) an interest in shares carrying between 30 per cent. and 50 per cent. of the voting rights in Ladbrokes if the effect of such acquisition were to increase that person's percentage of the voting rights.

As a result of the issue of Consideration Shares to Coral at Completion, Coral will hold over 30 per cent. of the voting rights of Ladbrokes and a mandatory offer normally would be required to be made by Coral and the Concert Party under Rule 9 of the City Code.

The Panel has agreed, however, that following the Whitewash Resolution being passed on a poll by independent Shareholders at the General Meeting, it will waive the requirement under Rule 9 of the City Code for a mandatory offer to be made by Coral and the Concert Party for the Ordinary Shares not already owned by Coral as a result of Completion and the issue of the Consideration Shares.

For further detail of the Rule 9 waiver granted by the Panel, please see section 10 of Part I (Letter from the Chairman) of the Circular, which is incorporated by reference into this Prospectus.

11.2 Squeeze-out rules

Under the Act, if a "takeover offer" (as defined in section 974 of the Act) is made for the Ordinary Shares and the offeror were to acquire, or unconditionally contract to acquire, not less than 90 per cent. in value of the shares to which the offer relates (the "**Offer Shares**") and not less than 90 per cent. of the voting rights attached to the Offer Shares, within three months of the last day on which its offer can be accepted, it could acquire compulsorily the outstanding shares not assented to the offer. It would do so by sending a notice to outstanding Shareholders telling them that it will acquire compulsorily their shares and then, six weeks later, it would execute a transfer of the outstanding shares in its favour and pay the consideration to Ladbrokes, which would hold the consideration on trust for outstanding Shareholders. The consideration offered to the Shareholders whose shares are acquired compulsorily under the Act must, in general, be the same as the consideration that was available under the takeover offer.

11.3 Sell-out rules

The Act also gives minority Shareholders a right to be bought out in certain circumstances by an offeror who has made a takeover offer. If a takeover offer related to all the Ordinary Shares and at any time before the end of the period within which the offer could be accepted the offeror held or had agreed to acquire not less than 90 per cent. of the Ordinary Shares to which the offer relates, any holder of Ordinary Shares to which the offer related who had not accepted the offer could by a written communication to the offeror require it to acquire those Ordinary Shares. The offeror would be required to give any shareholder notice of his right to be bought out within one month of that right arising. The offeror may impose a time limit on the rights of the minority Shareholders to be bought out, but that period cannot end less than three months after the end of the acceptance period. If a Shareholder exercises his or her rights, the offeror is bound to acquire those Ordinary Shares on the terms of the offer or on such other terms as may be agreed.

11.4 Takeover bids

No public takeover bid has been made in relation to Ladbrokes during the last financial year or the current financial year.

12. General

12.1 The financial information concerning Ladbrokes contained in this Prospectus does not constitute statutory accounts within the meaning of section 434(3) of the Act. The statutory audited accounts of Ladbrokes in respect of the three years ended 31 December 2013, 2014 and 2015 (incorporated by reference in this Prospectus) have been delivered to the Registrar of Companies and each include an unqualified audit report and contain no statement under section 498(2) or 498(3) of the Act.

12.2 Ladbrokes remains subject to the continuing obligations of the Listing Rules with regard to the issue of securities for cash, and the provisions of section 561 of the Act (which confers on Shareholders rights of pre-emption in respect of the allotment of equity securities that are, or are to be, paid up in cash) apply to any further issuances of share capital of Ladbrokes.

12.3 The Existing Ordinary Shares are in registered form, are capable of being held in uncertificated form and are admitted to the premium listing segment of the Official List and are traded on the main market for listed securities of the London Stock Exchange.

12.4 The Consideration Shares and the Playtech Shares will be in registered form and, from Merger Admission or Playtech Shares Admission, as applicable, will be capable of being held in uncertificated form and title to such shares may be transferred by means of a relevant system (as defined in the CREST Regulations). Where Consideration Shares or Playtech Shares are held in certificated form, share certificates will be sent to the registered members by first-class post. Where Consideration Shares or Playtech Shares are held in CREST, the relevant CREST stock account of the registered members will be credited. The Consideration Shares and Playtech Shares both have the ISIN GB00B0ZSH635.

12.5 Ladbrokes will make an appropriate announcement(s) to a Regulatory Information Service if Merger Admission and/or Admission occurs, which is expected to be on 1 November 2016.

12.6 The aggregate costs and expenses of the Merger (including the placing announced on 24 July 2015) payable by Ladbrokes are estimated to amount to approximately £41 million (inclusive of VAT).

13. Consents

13.1 PwC

PwC has given, and has not withdrawn, its written consent to the inclusion in this Prospectus of its report in Section B of Part X (*Unaudited Pro Forma Financial Information*) of this Prospectus, in the form and context in which it appears and has authorised the contents of the report for the purposes of Rule 5.5.3(R)2(f) of the Prospectus Rules.

13.2 KPMG

KPMG has given, and has not withdrawn, its written consent to the inclusion in this Prospectus of the references to its name in the form and context in which it is included and its report in Section A of Part IX (*Historical Financial Information relating to the Coral Group*) of this Prospectus, in the form and context in which it appears and has authorised the contents of the report for the purposes of Rule 5.5.3(R)2(f) of the Prospectus Rules.

14. Auditors

The auditor of the Company for the financial year ended 31 December 2013 was Ernst & Young LLP of 1 More London Place, London, SE1 2AF, which is registered to carry out audit work by the Institute of Chartered Accountants of England and Wales.

The auditor of the Company for each of the financial years ended 31 December 2014 and 31 December 2015 was PricewaterhouseCoopers LLP of 1 Embankment Place, London, WC2N 6RH, which is registered to carry out audit work by the Institute of Chartered Accountants of England and Wales.

The auditor of the Coral Group for each of the 52 weeks ended 28 September 2013, 27 September 2014 and 26 September 2015 and the 40 weeks ended 2 July 2016 was KPMG LLP of 15 Canada Square, Canary Wharf, London, E14 5GL, which is registered to carry out audit work by the Institute of Chartered Accountants of England and Wales.

15. Sources and bases of financial information

(A) Unless otherwise stated, financial information relating to Ladbrokes has been extracted or provided (without material adjustment) from the Annual Report and Accounts 2013, the Annual Report and Accounts 2014, the Annual Report and Accounts 2015 and the unaudited Interim Results 2016.

(B) Financial information relating to the Coral Group has been extracted or provided on the basis stated in this Prospectus.

Where information has been sourced from a third party, Ladbrokes confirms that the information has been accurately reproduced and, as far as Ladbrokes is aware and able to ascertain from information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading. Where the third party information has been used, the source of such information has been identified wherever it appears in this Prospectus.

16. Documents available for inspection

Copies of the following documents may be inspected at (a) Ladbrokes' website at www.ladbrokesplc.com, (b) Ladbrokes plc, Imperial House, Imperial Drive, Rayners Lane, Harrow, Middlesex HA2 7JW, and (c) the offices of Slaughter and May, One Bunhill Row, London EC1Y 8YY, during normal business hours (in respect of (b) and (c) above) on any Business Day from the date of this Prospectus up to and including the date of Admission:

(A) the Articles of Association;

(B) the Annual Report and Accounts 2013, the Annual Report and Accounts 2014, and the Annual Report and Accounts 2015;

(C) the Interim Results 2016;

(D) the Q3 Trading Update;

(E) the Circular;

(F) the Historical Financial Information set out in Section B of Part IX (*Historical Financial Information relating to the Coral Group*) of this Prospectus;

(G) KPMG's report set out in Section A of Part IX (*Historical Financial Information relating to the Coral Group*) of this Prospectus;

(H) PWC's report set out in Section B of Part X (*Unaudited Pro Forma Financial Information*) of this Prospectus; and

(I) the consent letters referred to in section 13 of this Part XIII (*Additional Information*) of this Prospectus.

Any Shareholder, person with information rights or other person to whom this Prospectus is sent may request a copy of this Prospectus and each of the documents set out above in hard copy form. Hard copies will only be sent where valid requests are received from such persons. Requests for hard copies are to be submitted to the Company Secretary, by calling 020 8868 8899 if calling from the UK and 00 44 20 8868 8899 if calling from overseas. Calls to this number are charged at the national rate if made from inside the UK. Calls from outside the UK are chargeable at applicable international rates. Lines are open 9:00 a.m. (London time) to 5:00 p.m. (London time), Monday to Friday (with the exception of UK bank and public holidays). Requests can also be made in writing to The Company Secretary, Ladbrokes plc, Imperial House, Imperial Drive, Rayners Lane, Harrow, Middlesex HA2 7JW. All valid requests will be dealt with as soon as possible and hard copies mailed by no later than two Business Days following such request.

DEFINITIONS

The definitions set out below apply throughout this Prospectus, unless the context requires otherwise.

"2017 Notes"	as defined in section 6(D)(iii) Part XIII (*Additional Information*) of this Prospectus;
"2019 Bilateral Senior Credit Facilities"	as defined in section 6(D)(i) Part XIII (*Additional Information*) of this Prospectus;
"2022 Notes"	as defined in section 6(D)(iii) Part XIII (*Additional Information*) of this Prospectus;
"Act"	the Companies Act 2006;
"Additional Transfer Agreement"	as defined in section 3.2 Part I (*Information about the Merger*) of this Prospectus;
"ADM"	L'Agenzia delle Dogane e dei Monopoli;
"Admission"	Merger Admission and Playtech Shares Admission;
"Anchorage Shareholders"	1. Anchorage Capital Master Offshore, Ltd.; and 2. Anchorage Illiquid Opportunities Offshore Master III, L.P.;
"Annual Report and Accounts 2013"	annual report and audited accounts of Ladbrokes for the financial year ended 30 December 2013;
"Annual Report and Accounts 2014"	annual report and audited accounts of Ladbrokes for the financial year ended 30 December 2014;
"Annual Report and Accounts 2015"	annual report and audited accounts of Ladbrokes for the financial year ended 30 December 2015;
"Apollo Shareholders"	1. AIE Eurolux S.à r.l.; 2. Broadleaf (Lux) S.à r.l.; 3. Lily (Lux) S.à r.l.; 4. SOMA Lux SPV S.à r.l.; 5. AEC (Lux) S.à r.l.; 6. Apollo Fund VI BC L.P.; and 7. ANS Europe (Lux) S.à r.l.;
"Articles of Association"	the articles of association of Ladbrokes;
"Associate"	has the meaning given to it in paragraph 5 of the definition of that term in Appendix 1 of the Listing Rules;
"BBSW"	the average bid rate administered by the Australian Financial Markets Association (or any other person that takes over administration of that rate);
"Betfred"	Done Brothers (Cash Betting) Limited (trading as Betfred);

"Board" or the **"Directors"**	the current directors of Ladbrokes whose names are set out in Part XII (*Directors and Employees*) of this Prospectus;
"Business Day"	a day (excluding Saturdays, Sundays and public holidays in England and Wales) on which banks are generally open for business in London for the transaction of normal banking business;
"**Business Transfer Agreements**"	the Ladbrokes Business Transfer Agreements and the Coral Business Transfer Agreements;
"Circular"	the circular sent to Shareholders dated 30 October 2015 in connection with the Merger;
"City Code"	the City Code on Takeovers and Mergers;
"CMA"	the Competition and Markets Authority;
"Company" or **"Ladbrokes"**	Ladbrokes plc, a company incorporated in England and Wales (registered number 00566221) with its registered office at Imperial House, Imperial Drive, Rayners Lane, Harrow, Middlesex HA2 7JW;
"Completion"	completion of the Merger;
"Concert Party"	the Anchorage Shareholders, the Apollo Shareholders and Promontoria Holding 156 B.V.;
"Conduct Agreement"	the conduct agreement entered into between Ladbrokes, Coral, the Four Principal Coral Shareholders and the Coral Management Shareholders, dated 24 July 2015;
"Consideration Shares Admission"	admission of the Consideration Shares to the premium listing segment of the Official List and to trading on the London Stock Exchange's main market for listed securities;
"Consideration Shares"	the 866,518,803 Ordinary Shares to be issued to Coral on Completion pursuant to the Merger Agreement;
"Coral 2018 Notes"	as defined in section 7(D)(ii) Part XIII (*Additional Information*) of this Prospectus;
"Coral 2019 Notes"	as defined in section 7(D)(ii) Part XIII (*Additional Information*) of this Prospectus;
"Coral Board"	the board of directors of GC Group (Jersey) Limited;
"**Coral Business Transfer Agreement**"	as defined in section 3.2 of Part I (*Information about the Merger*) of this Prospectus;
"Coral Group"	GC Group (Jersey) Limited and its subsidiaries and subsidiary undertakings from time to time;
"Coral Management Shareholders"	Rob Templeman, Carl Leaver, Paul Bowtell and Andy Hornby;
"Coral Parties"	GCG Manager S.A. Luxco SCA, Gala Coral Group Limited, Gala Electric Casinos Limited and Coral;

“Coral Retail”	the division of the Coral Group responsible for operating the Coral Group’s UK based LBOs;
“Coral Senior Facilities Agreement”	as defined in section 7(D)(i) of Part XIII (*Additional Information*) of this Prospectus;
“Coral UK Online”	the business of the Coral Group which operates through the websites www.coral.co.uk, www.galabingo.com and www.galacasino.com;
“Coral”	Gala Group Finance Limited;
“CREST Regulations”	the Uncertificated Securities Regulations 2001 (SI 2001 No. 3755), as amended from time to time;
“CREST”	the relevant system (as defined in the CREST Regulations) in respect of which Euroclear is the operator (as defined in the CREST Regulations);
“**CRM**”	customer relationship management;
“Deferred Bonus Plan”	the Ladbrokes Executive Deferred Bonus Plan;
“DGOJ”	Dirección General de Ordenación del Juego;
“Disclosure Guidance and Transparency Rules” or **“DTRs”**	the Disclosure Guidance and Transparency Rules of the UKLA;
“Distribution”	the distribution which is explained in section 10.1 of the Circular, which is incorporated by reference into this Prospectus;
“EBITDA”	earnings before exceptional items, interest income and expenses, taxation, depreciation and amortisation;
“EFTPOS”	electronic funds transfer at point of sale;
“Enlarged Board”	the Directors and the Proposed Directors;
“Enlarged Group”	the Ladbrokes Group, as at and from Completion, as enlarged by the Merger;
“Enlarged Issued Share Capital”	the Existing Ordinary Shares and the Consideration Shares and the Playtech Shares, excluding treasury shares;
“ESOP”	Employee Share Ownership Plan;
“EU”	European Union;
“EURIBOR”	the euro interbank offered rate administered by the European Money Markets Institutes (or any other person which takes over the administration of that rate);
“Eurobet Online”	business of the Coral Group that operates through the website www.eurobet.it;
“Eurobet Retail”	the division of the Coral Group responsible for the conduct of operations within the market for operation of LBOs in Italy;
“Eurobet”	Eurobet Retail and Eurobet Online;

"Euroclear"	Euroclear UK & Ireland Limited, the operator of CREST;
"Excluded Territory"	Australia, Canada, Hong Kong, Japan, New Zealand, Singapore, the Republic of South Africa or the United States or any other state or jurisdiction in, into or from which the release, publication or distribution, directly or indirectly, in whole or in part, of this Prospectus would be restricted, unlawful or unauthorised;
"Existing Ordinary Shares"	the Ordinary Shares in issue immediately prior to Completion, excluding treasury shares;
"Existing Shareholder"	a holder of Existing Ordinary Shares (and "**Existing Shareholders**" shall be construed accordingly);
"FCA"	the UK Financial Conduct Authority;
"FOBTs"	fixed-odds betting terminals;
"Four Principal Coral Shareholders"	the Apollo Shareholders, Promontoria Holding 156 B.V., Park Square Capital I S.A R.L. and the Anchorage Shareholders;
"FSMA"	the Financial Services and Markets Act 2000;
"Gala Coral Group"	Gala Coral Group Limited and its subsidiaries and subsidiary undertakings from time to time;
"Gala Coral"	Gala Coral Group Limited;
"Gala Group"	Gala LuxCo and its subsidiaries and subsidiary undertakings from time to time but excluding members of the Coral Group;
"Gala LuxCo"	GCG Manager S.A. LuxCo SCA, a partnership limited by shares incorporated in Luxembourg, which is the parent entity of the Gala Group;
"Gambling Commission"	the body established under the Gambling Act 2005 to regulate commercial gambling in Great Britain;
"General Meeting"	the meeting of the Shareholders convened on 24 November 2015 at which the resolutions in relation to the Merger were approved;
"Greenhill"	Greenhill & Co. International LLP;
"GTECH"	International Gaming Technology plc or IGT plc or, if relevant, its subsidiaries and/or subsidiary undertakings;
"HMRC"	HM Revenue & Customs;
"IAS"	the International Accounting Standards;
"IASB"	the International Accounting Standards Board;
"IBOR"	BBSW, EURIBOR and/or LIBOR, as appropriate;
"IFRIC"	the International Financial Reporting Interpretations Committee;
"IFRS"	the International Financial Reporting Standards;
"Interim Results 2016"	the unaudited interim results of the Ladbrokes Group for the half year ended 30 June 2016;

"IP"	Internet Protocol;
"Joint Sponsors"	UBS and Greenhill;
"KPMG"	KPMG LLP;
"**Ladbrokes Business Transfer Agreement**"	as defined in section 3.2 of Part I (*Information about the Merger*) of this Prospectus;
"Ladbrokes Group"	Ladbrokes, its subsidiaries and subsidiary undertakings;
"Ladbrokes International"	Ladbrokes International plc;
"Ladbrokes Share Schemes"	the Performance Plan, Restricted Share Plan, SAYE Plan, Deferred Bonus Plan and Share Incentive Plan;
"Ladbrokes"	Ladbrokes plc, to be renamed Ladbrokes Coral Group plc on Completion;
"Latest Practicable Date"	25 October 2016, being the latest practicable date prior to the publication of this Prospectus;
"LBO"	licensed betting office;
"LIBOR"	the London interbank offered rate administered by ICE Benchmark Administration Limited (or any other person that takes over the administration of that rate);
"Listing Rules"	the Listing Rules of the UKLA;
"London Stock Exchange"	London Stock Exchange plc;
"Market Abuse Regulation"	Market Abuse Regulation (596/2014/EU);
"Marketing Amendment Agreement"	as defined in section 6(E)(i) of Part XIII (*Additional Information*) of this Prospectus;
"Marketing Services Agreement"	as defined in section 6(E)(i) of Part XIII (*Additional Information*) of this Prospectus;
"Merger Admission"	Readmission and Consideration Shares Admission;
"Merger Agreement"	the agreement entered into between, among others, Ladbrokes and Coral relating to the Merger dated 24 July 2015 (as amended from time to time);
"Merger"	the proposed merger of Ladbrokes with certain businesses of Gala Coral, including Coral Retail, Eurobet Retail and Online on the terms set out in the Merger Agreement;
"MGD"	UK Machine Gaming Duty;
"Nevada Act"	the Nevada Gaming Control Act and the regulations promulgated thereunder;
"Nevada Board"	the Nevada State Gaming Control Board;
"Nevada Commission"	the Nevada Gaming Commission;
"New Facilities Agreement"	as defined in section 8 of Part I (*Information about the Merger*) of this Prospectus;

"Notice"	notice of the General Meeting, which is set out at the end of the Circular;
"Official List"	the official list of the UKLA;
"Online"	Coral UK Online and Eurobet Online;
"Ordinary Shares"	ordinary shares in the capital of the Company with a nominal value of 28⅓ pence each;
"OTC"	over the counter;
"Panel"	The Panel on Takeovers and Mergers;
"Parent Guarantor"	as defined in section 7(D)(ii) of Part XIII (*Additional Information*) of this Prospectus;
"PD Regulation"	regulation number 809/2004 of the European Commission;
"PDMR"	person discharging managerial responsibilities (as such term is defined in the Market Abuse Regulation);
"Performance Plan"	the Ladbrokes Performance Share Plan;
"PILON"	payment in lieu of notice;
"Playtech Issue"	as defined in section 3.1 of Part I (*Information about the Merger*) of this Prospectus;
"Playtech Shares Admission"	admission of the Playtech Shares to the premium listing segment of the Official List and to trading on the London Stock Exchange's main market for listed securities;
"Playtech Shares"	the Ordinary Shares to be issued to Playtech on Completion pursuant to the Marketing Services Agreement;
"Playtech"	Playtech plc or, if relevant, its subsidiaries and/or subsidiary undertakings;
"POCT"	point of consumption tax;
"Pounds Sterling"	pounds sterling, the lawful currency of the UK;
"PRA"	Prudential Regulation Authority;
"Proposed Directors"	Carl Leaver (current Gala Coral Chief Executive Officer), Paul Bowtell (current Gala Coral Chief Financial Officer) and Rob Templeman (current Gala Coral Non-Executive Chairman);
"Proposed Senior Manager"	Andy Hornby (current Gala Coral Chief Operating Officer);
"Prospectus Rules"	the Prospectus Rules of the FCA;
"Prospectus"	this document;
"PSL"	as defined in section 6(E)(ii) of Part XIII (*Additional Information*) of this Prospectus;
"Purchasers"	Betfred and Stan James;
"PwC"	PricewaterhouseCoopers LLP;

"**Q3 Trading Update**"	Ladbrokes' Trading Update for the three months ended 30 September 2016;
"Readmission"	readmission of the Existing Ordinary Shares to the premium listing segment of the Official List and to trading on the London Stock Exchange's main market for listed securities;
"Remuneration Committee"	the Remuneration Committee of the Company;
"Restricted Share Plan"	the Ladbrokes Restricted Share Plan;
"Retail Disposals"	the disposal of 360 LBOs by the Ladbrokes Group and Coral Group to satisfy CMA requirements;
"SAYE Plan"	the Ladbrokes 1983 Savings Related Share Option Scheme;
"SDRT"	stamp duty reserve tax;
"Share Incentive Plan"	the Ladbrokes Share Incentive Plan;
"Shareholder"	a holder of Ordinary Shares (and "**Shareholders**" shall be construed accordingly);
"Sisal"	Sisal Group S.p.A. or, if relevant, its subsidiaries and/or subsidiary undertakings;
"Snai"	Snai S.p.A. or, if relevant, its subsidiaries and/or subsidiary undertakings;
"Software Amendment Agreement"	as defined in section 6(E)(ii) of Part XIII (*Additional Information*) of this Prospectus;
"**SSBT**"	self service betting terminals;
"Stan James"	Stan James (Abingdon) Limited (trading as Stan James);
"Telebet"	the sports betting business provided over the telephone operated by the Coral Group;
"UBS"	UBS Limited;
"UK"	the United Kingdom of Great Britain and Northern Ireland;
"UKLA"	the FCA acting in its capacity as the competent authority for the purposes of Part VI of the FSMA;
"Uncertificated Securities Rules"	any applicable provision of the Act about the holding, evidencing of title to, or transfer of shares other than in certificated form and any applicable legislation, rules or other arrangements made under or by virtue of such provision;
"US" or **"United States"**	the United States of America, its territories and possessions, any state of the United States and the District of Columbia and all areas other areas subject to its jurisdiction;
"**VAT**"	value added tax as provided for in the Value Added Tax Act 1994 and regulations made thereunder and shall include any other tax of a similar nature which is introduced in substitution or in addition to such tax and by any equivalent tax in any jurisdiction; and

"Whitewash Resolution"	the ordinary resolution numbered 3 in the Notice of General Meeting, which was approved by Shareholders at the General Meeting.

In this Prospectus, references to "**£**" are to the currency of the UK and references to "**pence**" and "**p**" represent pence in Pounds Sterling.

In this Prospectus, references to any statute or statutory provision shall be construed as a reference to the same as it may have been, or may from time to time be, amended, modified or re-enacted.

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