

GALA CORAL
GROUP



**Condensed Consolidated
Interim Financial Information
(unaudited)**

Gala Coral Group Limited

Forty week period ended 6 July 2013

Registered Number: 07254686

Gala Coral Group Limited

Forward Looking Statements

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

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

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

Gala Coral Group Limited

Use of Non-GAAP Financial Measures

The Group uses the EBITDA-based financial measure of EBITDA before exceptional items in this report. The Group defines EBITDA before exceptional items as financial result for the period before income tax expense, net finance costs depreciation and amortisation and exceptional items (including profit/(loss) on disposal of fixed assets). For a discussion of exceptional items, see “*Note 4: Exceptional Items*” herein. The Group utilises EBITDA before exceptional items for the Group and for all of its divisions.

This EBITDA-based measure is a non-U.K. GAAP measure. The Group uses EBITDA-based measures as internal measures of performance to benchmark and compare performance, both between its own operations and as against other companies. EBITDA-based measures are measures used by the Group, together with measures of performance under U.K. GAAP, to compare the relative performance of operations in planning, budgeting and reviewing the performances of various businesses. The Group believes EBITDA-based measures are useful and commonly used measures of financial performance in addition to operating profit and other profitability measures under U.K. GAAP because they facilitate operating performance comparisons from period to period and company to company. By eliminating potential differences in results of operations between periods or companies caused by factors such as depreciation and amortisation methods, financing and capital structures, taxation positions or regimes and exceptional items, the Group believes EBITDA-based measures can provide a useful additional basis for comparing the current performance of the underlying operations being evaluated. For these reasons, the Group believes EBITDA-based measures and similar measures are regularly used by the investment community as a means of comparison of companies in the Group’s industry. Different companies and analysts may calculate EBITDA-based measures differently, so making comparisons among companies on this basis should be done very carefully. EBITDA-based measures are not measures of performance under U.K. GAAP and should not be considered in isolation or construed as substitutes for operating profit or net profit as an indicator of the Group’s operations in accordance with U.K. GAAP.

In addition to this EBITDA-based measure, the Group has included other non-U.K. GAAP financial measures in this report, some of which the Group refers to as “key performance indicators”. The Group believes that it is useful to include these non-U.K. GAAP measures as they are used by the Group for internal performance analysis and the presentation by its business divisions of these measures facilitates comparability with other companies in the Group’s industry, although the Group’s measures may not be comparable with similar measurements presented by other companies. These other non-U.K. GAAP measures should not be considered in isolation or construed as a substitute for U.K. GAAP measures in accordance with U.K. GAAP. For a discussion of certain of the Group’s key performance indicators, see “*Overview for the Quarter and Year to date*”.

Notice

These interim accounts have been prepared at the level of Gala Coral Group Limited.

As permitted by the bond indentures, the Group is allowed to prepare interim accounts at the level of either Gala Coral Group Limited or Gala Electric Casinos plc. In order to harmonise external reporting where possible for the Group, Gala Coral Group Limited is the preferred reporting entity.

From a profit and loss account perspective, the difference between accounts consolidated at Gala Coral Group Limited and those at Gala Electric Casinos plc is an immaterial amount of group interest payable. From a balance sheet perspective there is a small difference in net assets relating to the amount due in respect of subordinated group debt (the GCGL loan notes) and there are some classification differences in capital and reserves.

Overview of the quarter

The key trading highlights for the Continuing Operations ^{1/2} for the twelve weeks ended 6 July 2013 were as follows:

- Turnover was 9% ahead of last year and gross profit was £6.4 million or 3% ahead of last year, reflecting growth in all retained businesses except Gala Retail.
- EBITDA (pre exceptionals) was £3.9 million or 7% ahead of last year.
- Coral Retail gross profit was £4.4 million or 4% higher than last year, driven by new shop openings and the roll-out of the new Infinity machines.
- Coral Interactive demonstrated accelerating growth with gross profit £3.9 million or 105% higher than last year. There was a 41% increase in active player numbers and a 128% increase in amounts staked.
- Eurobet Italia continued to grow its market share, with Retail sports betting share increasing to 7.5% (FY12: 6.3%) and online market share now standing at 9% (FY12: 7.2%). Gross profit was £0.1 million or 6% ahead of last year.
- Gala Retail gross profit declined by 9% as a result of continued lower admissions and weak spend per head levels.
- Gala Interactive had another positive quarter with a 28% increase in actives and a 44% increase in stakes resulting in a £2.6 million or 27% increase in gross profit.
- The sale of 19 UK Casinos to the Rank Group Plc for total proceeds of £179.0 million completed on 12th May 2013. A prepayment of the Term Loan B debt of £113.1 million was made, leaving covenant net debt at the end of Q3 of £1,193.2 million, an improvement of £128.9 million since the year end, and reducing the net debt/EBITDA (pre-exceptionals) LTM covenant by 0.4x on a pro-forma basis.

{1} Results include all revenue and expenses for the retained group and exclude the disposed casinos

{2} The FY12 Q3 comparative has been adjusted for Euros 2012 and the Aintree Festival (which was in Q2 last year).

Overview of the quarter by division

Note: All commentary is against FY12 rebased for the impact of the Euro 2012 football championships and the Aintree Festival.

Coral Retail

Coral Retail's underlying EBITDA (pre exceptionals) was £2.6 million or 8% higher driven by new openings and machines performance, as well as the phasing of certain costs within gross profit.

Machines gross win was £3.2 million or 4% ahead of last year with machines gross win margin 0.24pp higher at 3.76%. The increased margin was primarily due to a change in mix from B2 to higher margin B3 games following the introduction of the new Infinity machines.

OTC gross win was £1.9 million or 3% adverse as a result of a £4.8 million or 1% fall in OTC stakes and a gross win margin 0.7pp behind last year at 16.3%. The decrease in gross win margin was primarily as a result of poor horse racing results. This was partially offset by continued strong football margin performance, which was 8.8pp ahead of last year as a consequence of favourable results and the successful implementation of a range of new products.

Total gross win was £1.3 million or 1% ahead of last year. Favourable costs movements within gross profit, including lower duty costs and the recognition of a £2.0 million cost phasing credit (detailed on page 3) resulted in gross profit £4.4 million or 4% ahead.

Operating costs were £1.8 million or 2% higher than last year. Cost increases as a result of estate development, increased shop TV content costs and increased irrecoverable VAT (resulting from the introduction of MGD that came into effect on the 1st February 2013), were partially offset by a lower level of bonus accrual.

The average number of LBOs increased by 51 units compared to the same quarter last year.

Overview of the quarter by division (continued)

Coral Interactive

Coral Interactive continued to show strong year on year growth with actives up by 15% to 197.1 thousand, partly as a result of a new television advertising campaign. Sports gross win was £2.5 million or 119% ahead of last year at £4.6 million and gaming gross win was £3.5 million or 90% ahead.

Site performance improved significantly during the quarter, with no major technical issues or platform downtime impacting revenue. Platform development work continues to ensure the stability of both the website and mobile applications during future high volume events.

Gross profit was £3.9 million or 105% ahead of last year at £7.6 million. Operating costs were £3.3 million or 89% greater than last year at £7.0 million, of which £2.1 million of the increase related to marketing costs. This was in line with expectations and reflects the investment in the business required to drive future growth. EBITDA (pre-exceptionals) was £0.6 million ahead of last year.

Coral Telebet EBITDA (pre-exceptionals) was £0.7 million ahead of last year at £0.6 million as a result of strong margins.

Italy

Eurobet Italia continued to achieve significant market share gains. LBO sports market share was 7.5% (prior year: 6.3%), online share was 9.0% (prior year 7.2%) and total sports market share was 7.5% (prior year 6.6%).

Eurobet Italia was successful in its application for 500 new licences and was the first operator to receive its licences on the 8th July. The first shops were operational at the end of July with the roll out programme expected to be three quarters complete by the end of the calendar year.

Sports margin was 0.6pp ahead of last year at 15.3% and total sports stakes were £9.1 million or 24% ahead at £47.6 million. Sports gross win was £1.3 million or 22% ahead of last year £7.2 million.

Other gross win was £0.7 million or 15% ahead of last year at £5.4 million driven by a 25% increase in stakes, primarily as result of the availability of a wider range of online games.

Net costs recognised within gross profit increased by 48% due to a decrease in other income (primarily rental of fixtures and fittings to franchisees) and a change in the mix of online games resulting in higher revenue share costs. As a result gross profit was only £0.1 million or 2% ahead of last year at £4.7 million. Operating costs were £0.2 million or 7% lower than last year due to exchange rate gains. EBITDA (pre-exceptionals) was, therefore, 17% ahead of last year at £2.0 million.

Gala Retail

Admissions trends improved compared to Q1 and Q2, with the year on year fall in admissions reducing to 6% in the quarter (Q1: -9%, Q2: -9%). Latest industry data suggests that the market is down by 6%. This continued decline is due to reduced frequency of visit, rather than a reduction in the number of active members.

Overall spend per head levels were 4% behind last year. The reduction has been driven by lower spend on mainstage bingo following the re-introduction of free bingo and price trials aimed at increasing admissions through offering customers better value. Initial results from these trials have been encouraging, although recent weeks have been adversely impacted by the warm weather. Machine spend per head levels continued to outperform last year by 3% due to the upgrade of machines areas that was undertaken during FY12.

Operating costs were £1.8 million or 5% below last year primarily due to a 7% reduction in payroll costs and a reduced level of bonus accrual, offset by increased irrecoverable VAT following the implementation of MGD.

EBITDA (pre-exceptionals) was £3.1 million or 21% below that of the prior year.

Overview of the quarter by division (continued)

Gala Interactive

Gala Interactive had another positive quarter of growth with EBITDA (pre-exceptionals) increasing by £1.3 million or 25% to £6.6 million.

Galabingo actives increased by 4% driven by continued investment in TV campaigns and a further release of the new mobile app at the end of the quarter. The same period last year benefited from a very high level of bonus-led customer acquisition activity. Stakes were 23% ahead of last year reflecting the improved content of the new website, and a strong margin performance resulted in a £3.7 million or 33% increase in gross win to £15.1 million.

Galacasino.com stakes increased by £57.5 million or 128% to £102.6 million with gross win increasing by £2.6 million or 190% to £3.9 million, underpinned by further investment in player acquisition and a number of newly acquired VIP players making high contributions in the quarter.

Overall gross profit increased by £2.6 million or 27% to £12.4 million. Operating costs increased by £1.3 million or 29% to £5.8 million primarily as a result of increased marketing costs.

Gala Casino

The Group completed the sale of 19 of its 24 casinos to the Rank Group Plc on the 12th May for total proceeds of £179.0 million. The performance of the total Group for quarter 3 therefore includes 4 weeks and 1 day of trading for the disposed casinos. The Casino division as a whole delivered EBITDA (pre-exceptionals) in the quarter of £2.6 million. These results are split between the disposed casinos and the retained casinos as follows:

P&L	12 weeks ended 6 July 2013 ^{1} £m	12 weeks ended 30 June 2012 £m	Year on Year variance
Retained Casinos gross profit	4.4	4.6	(4%)
Retained Casinos EBITDA (pre-exceptionals)	0.8	0.8	(8%)
Disposed Casinos gross profit ^{1}	7.5	22.7	(67%)
Disposed Casinos EBITDA (pre-exceptionals) ^{1}	1.7	4.4	(60%)

{1} The disposal took place on 12th May and therefore the disposed casinos traded for 4 weeks and 1 day of quarter 3 in FY13 versus the full 12 weeks in FY12.

Overview of the quarter

Group turnover for the third quarter decreased by £5.8 million or 2% to £269.4 million (2012: £275.2 million). 5%. On a like for like basis (excluding discontinued operations and the impact of Euro 2012) turnover increased by 9% and gross profit by 3%.

Group EBITDA (pre-exceptionals) increased by £3.9 million or 7% on a like for like basis.

A depreciation charge (including trading potential write down) of £14.3 million (2012: £15.8 million) and an amortisation charge of £4.0 million (2012: £4.4 million) were incurred in the quarter.

The loss on disposal of fixed assets of £0.9 million in the quarter (2012: £5.2 million).

On 12 May 2013 the Group completed the sale of 19 of its UK casinos to The Rank Group Plc for total proceeds of £179.0 million plus adjustments for certain working capital movements. This resulted in a loss on disposal of £59.1 million.

Profit before interest and tax was £27.8 million in the third quarter of 2013 (2012: £32.4 million).

Overview of the quarter (continued)

Interest payable has increased from £53.1 million in the third quarter of 2012 to £55.3 million in the third quarter of 2013, primarily reflecting the roll-up of interest on the GCGL loan notes. Key elements of the interest charge include loan and bond interest of £29.2 million (2012: £30.8 million), of which £4.9 million (2012: £5.0 million) relates to the Gala Propco Three Limited loan, and non-cash interest on GCGL loan notes of £21.8 million (2012: £18.9 million). Interest payable also includes £2.2 million of costs (2012: £2.0 million) associated with the amortisation of debt issue costs and amortisation costs of interest rate cap premia. On 14 May 2013, following the receipt of proceeds from the sale of Casinos, the Group repaid £113.1 million of the Senior secured credit facilities resulting in a write off of £2.1 million of its issue costs.

Other finance costs in the quarter were £0.9 million (2012: £1.3 million) associated with the unwinding of discount on provisions and finance costs in relation to the pension scheme.

The overall result after taxation for the third quarter is a loss of £29.2 million, compared to a loss of £22.4 million in the prior year.

Cash generated from operations in the quarter

During the quarter net cash inflow from operations was £29.9 million (2012: £46.6 million). This included exceptional cash payments of £4.6 million.

Of the cash inflows, £32.0 million (2012: £29.2 million) was reinvested in the Group to fund capital expenditure.

The Group received £0.4 million in net receipts (2012: £nil) from the sale of tangible assets in the quarter.

In the quarter £47.2 million of cash outflows was utilised to meet interest and other financing costs (2012: £49.0 million) with a further £1.6 million (2012: £1.3 million) repaid on the Gala Propco Three Limited loan.

Unlevered free cashflow for the quarter (cash available to pay net cash interest costs and service financing) was £1.8 million (2012: £17.0 million).

Total cash inflow for the quarter was £9.9 million (2012: outflow of £34.5 million).

Net Debt and Liquidity

Total net debt of £2,150.7 million (29 September 2012: £2,241.2 million) has decreased since the year end due to the cash received on the casino sale offset by the roll up of non-cash interest on subordinated loans from the ultimate parent company (GCGL loan notes). Total net debt includes the GCGL loan notes of £690.6 million and the Gala Propco Three Limited loan of £339.0 million which is ring fenced from the trading group.

Cash at bank and in hand of £183.4 million includes cash for covenant purposes of £163.1 million.

Exceptional items in the quarter

Exceptional items in the quarter amounted to a debit of £11.0 million (2012: £6.3 million). The primary components of this were costs associated with corporate simplification projects that are focused on ensuring the businesses can operate on a stand-alone basis, current year share-based payments charge (non-cash) and a non-cash onerous lease charge associated with a change in the discount rate applied to future costs.

Exceptional cash outflows in the quarter were £4.6 million (FY12: £9.3 million). This is lower than the P&L charge of £11.0 million due to the non-cash element of the adjustment to onerous lease provisions.

Overview of the year to date

The key trading highlights for the forty weeks ended 6 July 2013 were:

- Turnover of £940.4 million (30 June 2012: £912.4 million), was £28.0 million (3%) ahead of the prior year, and £50.7 million ahead on a like for like basis.
- Gross profit growth in all continuing business except Gala Retail.
- Total cash inflow for the period was £47.5 million (2012: outflow of £36.1 million). Net proceeds on the sale of the Casino division were £174.1 million of which £113.1 million was paid against the Group's senior debt.

Overview of the year to date by division

Coral Retail

Turnover for the year to date was £32.5 million higher than the prior year, £35.2 million or 8% higher on a like-for-like basis at £497.9 million. EBITDA (pre-exceptionals) of £124.5 million was £0.8 million or 1% lower than last year after removing the impact of Euro 2012.

After excluding the impact of the Euro 2012 football championship, OTC stakes were £62.1 million or 4% lower than last year, however OTC Gross win was £6.9 million or 3% higher driven primarily by margin performance in football which was 6.4pp ahead of FY12.

Machines stakes were £197.5 million or 3% lower than last year, however higher margin products drove an overall increase in gross win of £8.2 million or 3%.

Operating costs were £12.3 million or 5.0% higher, as a result of estate development, increased shop communications costs, and increased irrecoverable VAT costs. The average number of LBOs increased by 41 units compared to the same period last year.

Coral Interactive

Sports actives increased by 120.3 thousand or 67% to 299.2 thousand compared to the same period last year, while gaming actives increased by 98.6 thousand or 164% to 158.9 thousand.

Turnover in the year to date at £26.8 million was £7.5 million ahead of last year, £7.9 million or 42% ahead on a like for like basis. Excluding the impact of Euro 2012 gross profit was £7.8 million or 67% ahead of last year at £19.4 million with operating costs £12.7 million or 111% higher primarily as a result of marketing spend.. The increased spend resulted in an EBITDA (pre-exceptionals) including Telebet of £(3.8) million which was £4.1 million behind last year excluding the impact of Euro 2012.

Italy

Turnover in the year to date was ahead of last year by £4.6 million, £5.9 million or 12% excluding Euro 2012. On a like for like basis combined sports stakes were £26.3 million or 16% ahead of last year at £190.3 million with gross win margin in line, leaving sports gross win £4.5 million or 13% up at £38.5 million. Other gross win was up £1.3 million or 8% at £18.4 million. Operating costs increased by £0.7 million or 7% to £10.6 million it, leaving EBITDA (pre-exceptionals) up by £1.5 million or 13% excluding Euro 2012.

Gala Retail

Turnover for the year to date was 4% below last year primarily driven by club closures, with four fewer clubs operating, and a LFL admissions decline of 8%. This decline offset by a £2.3 million reduction in operating costs resulted in EBITDA (pre-exceptionals) £6.6 million or 13% lower than last year. The year to date impact on EBITDA (pre-exceptionals) of adverse weather is estimated at £1.3 million. Adjusting for this, EBITDA (pre-exceptionals) was £5.3 million or 10% below the prior year.

Overview of the year to date by division (continued)

Gala Interactive

Turnover in the year to date increased by £11.6 million or 34% to £45.6 million, and gross profit increased by £8.8 million or 28% to £40.2 million. An increase in operating costs of £4.2 million or 32% to £18.1 million, driven by a £5.6 million increase in marketing costs, resulted in an EBITDA (pre-exceptionals) of £21.2 million which is £3.9 million or 23% ahead of last year.

Galabingo.com unique active players increased by 56.8 thousand or 26% to 221.7 thousand, while stakes increased by £117.2 million or 19% to £728.1 million. Galacasino.com unique active players increased by 45.7 thousand or 243% to 64.5 thousand, while stakes increased by £138.8 million or 128% to £247.4 million. Galabingo.com gross win increased by £13.2 million or 36% to £50.1 million and Galacasino.com gross win increased by £6.2 million or 188% to £9.5 million.

Gala Casino

The Group completed the sale of 19 of its 24 Casinos to Rank Group Plc on 12 May for total proceeds of £179.0 million plus certain working capital movements. The performance of the total Group YTD includes the period from 12 May to 6 July with only five Casinos operating.

Turnover for the year to date was £18.6 million or 18% lower than the prior year at £87.3 million, with gross profit £18.6 million or 21% lower than prior year, primarily driven by 19 casinos no longer being part of the Group in P9 and P10. EBITDA (pre-exceptionals) was 14% down on last year at £15.5 million but in line on a comparable period length.

Overview of the year to date

Group turnover for the period increased by £28.0 million or 3% to £940.4 million (2012: £912.4 million), and by £50.7 million or 6% on a like for like basis.

Group EBITDA (pre-exceptionals) decreased by £7.5 million to £206.9 million (2012: £214.4 million).

Central overheads, including bonus provision but excluding other income (before depreciation and amortisation) were £3.2 million lower than in the prior year at £2.9 million (2012: £6.1 million).

During the period the Group paid operating lease costs of £79.2 million (2012: £75.6 million), including revenue share payments on gaming machines of £22.4 million (2012: £19.4 million).

A depreciation charge (including trading potential write down) of £55.1 million (2012: £52.7 million) and an amortisation charge of £13.4 million (2012: £14.6 million) were incurred in the year to date.

The profit on disposal of fixed assets of £9.3 million in the period (2012: loss of £5.5 million) includes the profit on disposal of three freehold properties disposed of in Gala Propco Three Limited and a profit in relation to the disposal of a licence in the casino division.

The loss on disposal of a subsidiary of £59.1 million in the period has been discussed as part of the quarterly review.

As a result of the above the profit before interest and tax is £89.2 million in the period (2012: £78.4 million).

Interest payable has increased from £173.5 million in 2012 to £181.7 million in 2013, primarily reflecting the roll-up of interest on the GCGL loan notes. Key elements of the interest charge include loan and bond interest of £100.1 million (2012: £102.7 million), of which £16.3 million (2012: £16.7 million) relates to the Gala Propco Three Limited loan, and non-cash interest on GCGL loan notes of £71.6 million (2012: £62.0 million). Interest payable also includes £7.5 million of costs (2012: £7.4 million) associated with the amortisation of debt issue costs and amortisation costs of interest rate cap premia. On 14 May 2013 the Group repaid £113.1 million of the Senior secured credit facilities and wrote off £2.1 million of its issue costs following the receipt of £179.0 million from The Rank Group Plc on the completion of the sale of 19 of its UK casinos. In addition the period included the payment of break fees amounting to £0.4 million on the early repayment of a portion of the Gala Propco Three Limited loan following certain property disposals.

During the period the Group received interest of £6.0 million (2012: £nil) on VAT refunds from HMRC on 'Condé Nast' claims.

Gala Coral Group Limited **Management Report** (continued)

Overview of the year to date (continued)

Other finance costs in the period were £4.4 million (2012: £4.3 million) associated with the unwinding of discount on provisions and finance costs in relation to the pension scheme.

The overall result after taxation for the period is a loss of £97.2 million, compared to a loss of £103.7 million in the prior year.

Cash generated from operations in the year to date

During the period net cash inflow from operations was £161.9 million (2012: £173.5 million). This included exceptional cash payments of £17.4 million and additional cash payments to the pension scheme of £2.6 million.

Of the cash inflows, £62.9 million (2012: £86.5 million) was reinvested in the Group to fund capital expenditure. In addition, the Group acquired a number of LBOs in the period for £3.7 million.

The Group received £14.1 million in net receipts (2012: £0.2 million) from the sale of tangible assets in the period of which £4.3 million was received as a result of three freehold property disposals in Gala Propco Three Limited and £7.4 million from the sale of a licence in the casino division.

On 12 May 2013 the Group completed the sale of 19 of its UK casinos to The Rank Group Plc for total proceeds of £179.0 million plus adjustments for certain working capital movements. On 14 May 2013 the Group repaid £113.1 million of the Senior secured credit facilities.

In the period £114.3 million of cash outflows was utilised to meet interest and other financing costs (2012: £118.3 million) with a further £10.0 million (2012: £3.4 million) repaid on the Gala Propco Three Limited loan, of which an amount was repaid early due to the sale of three freehold properties.

Unlevered free cashflow for the period (cash available to pay net cash interest costs and service financing) was £109.4 million (2012: £86.6 million).

Total cash inflow for the period was £47.5 million (2012: outflow of £36.1 million).

Going concern

The directors have continued to review the Group's cash flow forecasts and trading budgets and after making appropriate enquiries, have formed the view that the Group is operationally and financially robust and will generate sufficient cash to meet its ongoing requirements for at least the next 12 months.

The Group's Gala Propco Three Limited loan is repayable in April 2014. This funding is ring-fenced from the operating Group and therefore the maturity of this loan has no direct impact on the directors' assessment of the Group.

Current trading

Trading since the end of the quarter has become increasingly challenging with the hot weather having a significant impact on footfall in our UK Retail businesses. Our bookmaking businesses have also been impacted by adverse horse racing margins during the 5 weeks since the end of Quarter 3 as smaller fields have impacted results. We anticipate that period 11 will be materially behind year on year in all UK Retail businesses. Coral Interactive and Gala Interactive continue to show positive year on year growth in active users and stakes.

Gala Coral Group Limited
Group Profit and Loss Account

	Notes	Unaudited forty weeks to 6 July 2013 £m	Unaudited forty weeks to 30 June 2012 As restated £m
Turnover	3		
Continuing operations	2	870.6	824.3
Discontinued operations	2	69.8	88.1
		940.4	912.4
Cost of sales		(230.5)	(204.9)
Gross profit			
Continuing operations	2	657.6	639.4
Discontinued operations	2	52.3	68.1
		709.9	707.5
Administrative expenses		(573.8)	(626.3)
Operating profit before other operating income		136.1	81.2
Operating profit before other operating income, analysed as:			
Before exceptional items		138.1	144.4
Impairments	4	(2.6)	(0.1)
Casino disposal	4	-	(2.7)
FRS 20 'Share Based Payment' charge	4	(5.4)	(48.5)
Release/(creation) of onerous lease provisions	4	14.5	(3.3)
Other restructuring costs and VAT rebates	4	(8.5)	(8.6)
Operating profit before other operating income		136.1	81.2
Other operating income		2.9	2.7
Operating profit	3		
Continuing operations	2	130.0	79.7
Discontinued operations	2	9.0	4.2
		139.0	83.9
Profit/(loss) on disposal of fixed assets	4	9.3	(5.5)
Loss on disposal of subsidiary	4	(59.1)	-
Profit before interest and tax		89.2	78.4
Interest receivable and similar income	5	7.6	0.4
Interest payable and similar charges	5	(181.7)	(173.5)
Other finance costs		(4.4)	(4.3)
Loss on ordinary activities before tax		(89.3)	(99.0)
Tax on loss on ordinary activities	6	(7.9)	(4.7)
Loss for the financial period		(97.2)	(103.7)

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

The prior period results have been restated to reflect the FRS 20 'Share Based Payment' charge.

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

Group Statement of Total Recognised Gains and Losses

	Unaudited forty weeks to 6 July 2013 £m	Unaudited forty weeks to 30 June 2012 As restated £m
Loss for the financial period	(97.2)	(103.7)
Net foreign exchange adjustments offset in reserves	1.7	(3.1)
Actuarial loss on pension schemes	(12.7)	(10.3)
Deferred tax credit relating to pension scheme	3.7	2.5
Current tax credit relating to pension scheme	0.6	0.4
Total recognised gains and losses for the period	(103.9)	(114.2)

Reconciliation of Movement in Total Group Shareholders' Funds

	Unaudited forty weeks to 6 July 2013 £m	Unaudited forty weeks to 30 June 2012 As restated £m
Total recognised gains and losses for the period	(103.9)	(114.2)
FRS 20 'Share Based Payment' charge	5.4	48.5
Opening shareholders' funds	165.1	242.4
Closing shareholders' funds	66.6	176.7

Gala Coral Group Limited
Group Balance Sheet

	Notes	Unaudited 6 July 2013 £m	Unaudited 30 June 2012 £m	Audited 29 September 2012 £m
Fixed assets				
Intangible assets		412.1	515.3	513.8
Tangible assets		1,916.7	2,047.0	2,062.0
		2,328.8	2,562.3	2,575.8
Current assets				
Stocks		4.2	3.7	3.6
Debtors		66.5	81.9	69.8
Cash at bank and in hand		183.4	105.6	135.9
		254.1	191.2	209.3
Creditors: amounts falling due within one year	7	(489.5)	(175.9)	(204.7)
Net current (liabilities)/assets		(235.4)	15.3	4.6
Total assets less current liabilities		2,093.4	2,577.6	2,580.4
Creditors: amounts falling due after more than one year	8	(1,996.2)	(2,350.8)	(2,372.0)
Provisions for liabilities	9	(52.0)	(75.1)	(73.9)
Net assets excluding net pension asset		45.2	151.7	134.5
Net pension asset		21.4	25.0	30.6
Net assets including net pension asset		66.6	176.7	165.1
Capital and reserves				
Called up share capital		213.3	213.3	213.3
Merger reserve		1.6	1.6	1.6
Capital contribution reserve		1,723.5	1,723.5	1,723.5
Profit and loss account		(1,871.8)	(1,761.7)	(1,773.3)
Total shareholders' funds		66.6	176.7	165.1

Gala Coral Group Limited
Group Cash Flow Statement

	Notes	Unaudited forty weeks to 6 July 2013 £m	Unaudited forty weeks to 30 June 2012 £m	Audited year ended 29 September 2012 £m
Net cash inflow from operating activities	10(a)	161.9	173.5	244.7
Returns on investments and servicing of finance				
Interest received		7.6	0.4	0.6
Interest paid and similar charges		(114.3)	(118.3)	(136.3)
Purchase of new interest rate caps		-	(1.4)	(3.3)
Net cash outflow from returns on investments and servicing of finance		(106.7)	(119.3)	(139.0)
Taxation				
Corporation tax paid		(1.7)	(0.6)	(0.7)
Capital expenditure and financial investment				
Payments to acquire tangible and intangible fixed assets		(62.9)	(86.5)	(99.5)
Net receipts from sale of tangible fixed assets		14.1	0.2	1.7
Net cash outflow for capital expenditure and financial investment		(48.8)	(86.3)	(97.8)
Acquisitions and disposals				
Purchase of subsidiary undertakings		(3.7)	-	(8.4)
Cash acquired with subsidiary undertakings		-	-	0.1
Net proceeds on sale of subsidiary undertakings		174.1	-	-
Cash disposed with subsidiary undertakings		(4.5)	-	-
Net cash inflow/(outflow) from acquisitions and disposals		165.9	-	(8.3)
Net cash inflow/(outflow) before financing		170.6	(32.7)	(1.1)
Financing				
Repayment of the Senior secured credit facilities		(113.1)	-	-
Repayment of the Gala Propco Three Limited loan		(10.0)	(3.4)	(4.7)
Net cash outflow from financing	10(b)	(123.1)	(3.4)	(4.7)
Increase/(decrease) in cash	10(b)	47.5	(36.1)	(5.8)

Gala Coral Group Limited
Reconciliation of Group Net Cash Flow to Movement in Group Net Debt

	Notes	Unaudited forty weeks to 6 July 2013 £m	Unaudited forty weeks to 30 June 2012 £m	Audited year ended 29 September 2012 £m
Increase/(decrease) in cash		47.5	(36.1)	(5.8)
Net repayment of long-term loans		123.1	3.4	4.7
Change in net debt resulting from cash flows		170.6	(32.7)	(1.1)
Non-cash movements	10(b)	(80.1)	(68.4)	(91.1)
Movement in net debt		90.5	(101.1)	(92.2)
Opening net debt	10(b)	(2,241.2)	(2,149.0)	(2,149.0)
Closing net debt	10(b)	(2,150.7)	(2,250.1)	(2,241.2)

1. Basis of Preparation

The condensed consolidated interim financial information, which is unaudited, is prepared in accordance with the recognition and measurement requirements of United Kingdom Generally Accepted Accounting Practice (“UK GAAP”) and, with the exception of tax (see note 6), in accordance with the accounting policies applied in the financial statements for the year ended 29 September 2012 and therefore should be read in conjunction with those annual financial statements, which can be obtained from Gala Coral Group Limited, New Castle House, Castle Boulevard, Nottingham, NG7 1FT. The condensed consolidated interim financial statements do not include all the information or disclosures required in the annual financial statements as they have been prepared for the provision of interim information.

Accounting Estimates

The preparation of the condensed consolidated interim financial information in accordance with UK GAAP requires the Group to make estimates, judgements and assumptions that may affect the reported amounts of assets, liabilities, turnover and expenses and the disclosure of contingent assets and liabilities. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Going Concern

The directors have continued to review the Group’s cash flow forecasts and trading budgets and after making appropriate enquiries, have formed the view that the Group is operationally and financially robust and will generate sufficient cash to meet its ongoing requirements for at least the next 12 months.

The Group’s Gala Propco Three Limited loan is repayable in April 2014. This funding is ring-fenced from the operating Group and therefore the maturity of this loan has no direct impact on the directors’ assessment of the Group.

General Information

The condensed consolidated interim financial information does not comprise statutory accounts within the meaning of section 434 of the Companies Act 2006. Audited statutory accounts for the year ended 29 September 2012 were approved by the Board of Directors on 6 December 2012, have been filed with the Registrar of Companies and are available on the Group website: www.galacoral.co.uk. The report of the auditors on those accounts was unqualified, did not contain an emphasis of matter paragraph and did not contain any statement under either Section 498(2) or 498(3) of the Companies Act 2006.

2. Discontinued Operations

On 12 May 2013 the Group sold Gala Casino 1 Limited, a wholly owned subsidiary, for a consideration of £179.0 million plus adjustments for certain working capital movements. Gala Casino 1 Limited operated 19 of the Group's 24 UK casinos. The disposal has been treated as a discontinued operation in the profit and loss account.

	2013			2012		
	Continuing operations £m	Discontinued operations £m	Total Group £m	Continuing operations £m	Discontinued operations £m	Total Group £m
Turnover	870.6	69.8	940.4	824.3	88.1	912.4
Cost of sales	(213.0)	(17.5)	(230.5)	(184.9)	(20.0)	(204.9)
Gross profit	657.6	52.3	709.9	639.4	68.1	707.5
Administrative expenses	(530.5)	(43.3)	(573.8)	(562.4)	(63.9)	(626.3)
Operating profit before other operating income	127.1	9.0	136.1	77.0	4.2	81.2
Other operating income	2.9	-	2.9	2.7	-	2.7
Operating profit	130.0	9.0	139.0	79.7	4.2	83.9

3. Segmental Analysis

The Group operates six segments – Coral Retail, Coral Interactive (Coral Int), Italy, Gala Retail, Gala Interactive (Gala Int) and Gala Casino. The Interactive segments operate online sports betting, casinos and other gaming products. The Italy segment comprises betting shops and online sports betting in Italy.

The revenue of Coral Retail and Gala Retail arises solely within the United Kingdom. The Gala Casino revenue arises in the United Kingdom and Gibraltar. The revenue of the Interactive segments arises in Europe. Its customers are primarily located in the United Kingdom and mainland Europe. Due to the nature of the Interactive segment, it is not possible to split the net assets by geographical category. The revenue of the Italy segment arises solely in Italy.

The prior year divisional EBITDA (pre-exceptionals) has been restated to include an element of costs which were previously identified as central costs (“decentralised costs”). In addition the bonus provision has been separately disclosed within the respective divisions. This restatement has been made to appropriately reflect the cost base of the current organisational structure and the way the business is managed. The current and prior year allocation of central costs and bonus provision has been undertaken on a consistent basis.

Gala Coral Group Limited
Notes to the Accounts

3. Segmental Analysis (continued)

Turnover, Group operating profit and net assets are analysed as follows:

Unaudited forty weeks to 6 July 2013

	Coral Retail £m	Coral Int £m	Italy £m	Gala Retail £m	Gala Int £m	Gala Casino £m	Group £m
Turnover	497.9	26.8	57.0	225.8	45.6	87.3	940.4
Divisional EBITDA	128.6	(3.8)	13.7	42.0	22.0	15.5	218.0
Decentralised costs	(5.0)	-	-	(3.5)	-	-	(8.5)
Bonus	(0.8)	-	(1.0)	-	(0.8)	-	(2.6)
Other operating income	1.7	-	-	0.6	-	-	2.3
EBITDA post other operating Income	124.5	(3.8)	12.7	39.1	21.2	15.5	209.2
Unallcoated other operating income							0.6
Central costs							(2.6)
Bonus							(0.3)
Group EBITDA (pre-exceptionals)							206.9
Depreciation and amortisation							(65.9)
Exceptional items							(2.0)
Group operating profit							139.0

Segment operating profit by division for the year was:

	Coral Retail £m	Coral Int £m	Italy £m	Gala Retail £m	Gala Int £m	Gala Casino £m
Segment operating profit ¹	102.7	(6.1)	8.0	19.3	18.9	10.4

¹ Segment operating profit is stated before group amortisation and exceptional items.

3. Segmental Analysis (continued)

Unaudited forty weeks to 30 June 2012

	Coral Retail	Coral Int	Italy	Gala Retail	Gala Int	Gala Casino	Group As restated
	£m	£m	£m	£m	£m	£m	£m
Turnover	465.4	19.3	52.4	235.4	34.0	105.9	912.4
Divisional EBITDA	135.5	0.7	11.5	50.9	17.6	17.8	234.0
Decentralised costs	(5.4)	-	-	(3.8)	-	-	(9.2)
Bonus	(4.4)	(0.3)	-	(2.0)	(0.3)	-	(7.0)
Other operating income	1.6	-	-	0.6	-	0.2	2.4
EBITDA post other operating income	127.3	0.4	11.5	45.7	17.3	18.0	220.2
Unallcoated other operating income							0.3
Central costs							(4.6)
Bonus							(1.5)
Group EBITDA (pre-exceptionals)							214.4
Depreciation and amortisation							(67.3)
Exceptional items							(63.2)
Group operating profit							83.9

Segment operating profit by division for the year was:

	Coral Retail	Coral Int	Italy	Gala Retail	Gala Int	Gala Casino
	£m	£m	£m	£m	£m	£m
Segment operating profit ¹	107.4	(2.5)	5.9	27.3	14.3	10.6

¹ Segment operating profit is stated before group amortisation and exceptional items.

The prior year has been restated to appropriately split the trading results of Gala Interactive and Coral Interactive and includes the FRS 20 'Share Based Payment' charge.

4. Exceptional Items

Exceptional Items Charged/(Credited) to Operating Profit

Exceptional items in the period amounted to a charge of £2.0 million (7 April 2012: £63.2 million). The primary components of this were costs associated with corporate simplification projects that are focused on ensuring the businesses can operate on a stand-alone basis, current year share based payments charge (non-cash), the write down on two Bingo clubs which closed during the period and residual costs associated with the launch of our new online businesses. These costs have been offset by the release of certain provisions associated with onerous leases that are in the process of being resolved.

Exceptional cash outflows in the period were £17.4 million (7 April 2012: £25.8 million). This is higher than the profit and loss account charge of £2.0 million due to the non-cash element of the reduction in onerous lease provisions.

4. Exceptional Items (continued)

Exceptional Items (Credited)/Charged after Operating Profit

1) Profit/(loss) on Disposal of Fixed Assets

The profit on disposal of £9.3 million in the period (30 June 2012: loss of £5.5 million) includes the profit on disposal of freehold properties (of which £2.1 million profit relates to three disposals in Gala Propco Three Limited) and a licence in the casino division.

2) Loss on Disposal of Subsidiary

On 12 May 2013 the Group completed the sale of 19 of its UK casinos to The Rank Group Plc for total proceeds of £179.0 million plus adjustments for certain working capital movements. This has resulted in a loss on disposal of £59.1 million. This loss reflects the under realisation of goodwill that has historically been carried against our casino division following the Group restructuring in 2003. This loss is a non-cash charge and only arises at a consolidated group level and does not affect the standalone statutory entities nor have a detrimental effect on financial covenants. See note 11.

3) Exceptional Interest

Exceptional interest receivable in the period of £6.0 million (30 June 2012: £nil) relates to interest receivable from HMRC on 'Condé Nast' claims.

On 14 May 2013 the Group wrote off £2.1 million of issue costs on the repayment of £113.1 million of the Senior secured credit facilities following the receipt of £179.03 million from The Rank Group Plc on the completion of the sale of 19 of its UK casinos.

During the period the Group paid £0.4 million (30 June 2012: £nil) of break fees on Gala Propco Three Limited loan repayments following the disposal of certain properties in Gala Propco Three Limited.

During the prior period the Group terminated four of its money interest rate caps and purchased three new interest rate caps. The termination resulted in an exceptional interest expense of £1.4 million.

5. Interest

	Unaudited forty weeks to 6 July 2013 £m	Unaudited forty weeks to 30 June 2012 £m
Loan and bond interest and similar charges	(83.8)	(86.0)
Gala Propco Three Limited loan interest	(16.3)	(16.7)
GCGL loan note interest	(71.6)	(62.0)
Amortisation of debt issue costs and senior notes discount	(6.4)	(6.4)
Amortisation of interest rate cap premia	(1.1)	(1.0)
	(179.2)	(172.1)
Exceptional interest payable (note 4):		
Break fees on Gala Propco Three Limited loan	(0.4)	-
Write off of debt issue costs on repayment of loans	(2.1)	-
Termination of interest rate hedging arrangements	-	(1.4)
	(181.7)	(173.5)
Interest payable and similar charges	(181.7)	(173.5)
Interest on deposits and money market funds	0.6	0.4
Other interest receivable	1.0	-
Exceptional interest receivable (note 4)	6.0	-
Interest receivable and similar income	7.6	0.4
Net interest payable	(174.1)	(173.1)

Loan interest payable and similar charges include amounts payable on the senior secured credit facilities, senior secured notes and senior notes. Actual amounts paid in the period in relation to the Gala Propco Three Limited loan amounted to £16.2 million (30 June 2012: £16.4 million).

In the period interest receivable on the Gala Propco Three Limited cash balance was £nil (30 June 2012: £0.1 million)

On 16 April 2012 the Group purchased £450.0 million (£450.0 million to Q1 FY14, £400.0 million to Q1 FY15 and £350.0 million to Q4 FY15) of interest rate caps at a strike rate of 1.25% and paid premia totalling £3.3 million). The Group retained £200.0 million of its existing interest rate caps with strike rates between 2.25% and 2.75%, maturing in Q4 FY13.

6. Tax on Loss on Ordinary Activities

Taxation is recognised based on management's best estimate of the average annual effective rate expected for the full financial year. Any charges and credits shown relate to deferred tax and overseas corporation tax.

7. Creditors: Amounts Falling Due Within One Year

	Unaudited 6 July 2013 £m	Unaudited 30 June 2012 £m	Audited 29 September 2012 £m
Gala Propco Three Limited loan	339.0	5.5	5.8
Loan, senior secured notes and senior notes interest	11.7	10.5	25.5
Trade creditors	17.2	28.5	47.3
Corporation tax	3.3	0.3	0.7
Other taxation and social security	28.3	26.8	29.2
Other creditors	13.8	10.8	13.9
Accruals and deferred income	76.2	93.5	82.3
	489.5	175.9	204.7

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

	Unaudited 6 July 2013 £m	Unaudited 30 June 2012 £m	Audited 29 September 2012 £m
Gala Propco Three Limited loan	-	344.0	342.7
Senior secured credit facilities	699.3	807.3	808.1
Senior secured notes	342.9	341.4	341.8
Senior notes	262.3	260.2	260.7
Gala Coral Group Limited ("GCGL") loan note	690.6	597.3	618.0
Other creditors	1.1	0.6	0.7
	1,996.2	2,350.8	2,372.0

The Gala Propco Three Limited loan of £339.0 million (30 June 2012: £349.5 million, 29 September 2012: 348.5 million), including amounts of £339.0 million (30 June 2012: £5.5 million, 29 September 2012: £5.8 million) falling due within one year, is presented net of unamortised issue costs of £0.5 million (30 June 2012: £1.3 million, 29 September 2012: £1.0 million). The loan is owed by Gala Propco Three Limited and is ring-fenced from the trading group. The Gala Propco Three Limited loan matures in April 2014, is secured on certain properties which it owns and carries a fixed rate of interest of 6.1672%.

During the period Gala Retail and Gala Casino paid rent of £20.7 million (2012: £20.8 million) to Gala Propco Three Limited. In addition, Gala Propco Three Limited received £0.6 million (2012: £nil) from The Rank Group Plc in respect of the rent on the disposed casinos.

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

The principal terms of the current borrowings are as follows:

	Amount £m	Interest rate %	Maturity
<i>Issued by Gala Group Finance plc:</i>			
Senior secured credit facilities			
Term loan	711.9	LIBOR + 5	27 May 2018
Revolving credit facility	100.0	LIBOR + 4	27 May 2017
Senior secured notes	350.0	8.875	1 September 2018
<i>Issued by Gala Electric Casinos plc:</i>			
Senior notes	275.0	11.5	1 June 2019

The senior secured credit facilities and the senior secured notes are secured on the assets of the Group. The Group incurred costs relating to the raising of these borrowings and the senior notes were issued at a discount to their nominal value. The issue costs and discount have been deferred and are being amortised over the term of the borrowings.

On 14 May 2013 the Group repaid £113.1 million of the Senior secured credit facilities and wrote off £2.1 million of its issue costs following the receipt of £179.0 million from The Rank Group Plc on the completion of the sale of 19 of its UK casinos.

At 6 July 2013 the senior secured credit facilities, senior secured notes and senior notes are presented net of unamortised issue costs (and in respect of the senior notes, also the discount to nominal value) of £12.6 million (30 June 2012: £17.7 million, 29 September 2012: £16.9 million), £7.1 million (30 June 2012: £8.6 million, 29 September 2012: £8.2 million) and £12.7 million (30 June 2012: £14.8 million, 29 September 2012: £14.3 million) respectively.

In addition to the margin payable on the senior secured credit facilities, the Group pays a 1.5% (2012: 1.5%) facility fee in respect of the unused portion of the revolving credit facility. The revolving credit facility is available to finance working capital requirements and for general corporate purposes. Whilst no amounts have been drawn down on the revolving credit facility, £55.9 million (30 June 2012: £17.0 million, 29 September 2012: £16.8 million) has been utilised through the issuance of letters of credit, which reduced after the period end following the return of the bid bond on the Italian tender.

The senior secured credit facilities loan agreement requires the Group to comply with certain financial and non-financial covenants. The Gala Propco Three Limited loan agreement requires Gala Propco Three Limited to comply with certain financial and non-financial covenants.

The GCGL loan notes have been issued to its parent company, GCG Manager SA Luxco SCA as part of the financial restructuring which completed in June 2010. GCGL loan notes are unsecured, were issued with a duration of 10 years, accruing interest of 15.0625% and are only payable on maturity on 27 October 2020. Interest accrued rolls up into the principal amount on 27 October each year until redemption. As at 6 July 2013 issue costs of £2.1 million (30 June 2012: £3.4 million, 29 September 2012: £3.1 million) are netted off against the GCGL loan note.

9. Provisions

The movement in provisions from the year end of £21.9 million is driven by a release of the vacant lease provision following the reassessment of the provision required for certain vacant properties.

10. Notes to the Group Cash Flow Statement

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

	Unaudited forty weeks to 6 July 2013 £m	Unaudited forty weeks to 30 June 2012 As restated £m	Audited year ended 29 September 2012 £m
Operating profit	139.0	83.9	118.8
Depreciation, amortisation, impairment and write downs	68.5	67.4	89.3
Increase in debtors	(4.2)	(19.8)	(5.0)
Increase in stocks	(1.0)	(0.4)	(0.3)
Increase in creditors	(19.9)	1.2	0.9
Decrease in provisions	(23.5)	(5.7)	(7.7)
Pension contributions in excess of profit and loss charge	(2.4)	(1.6)	(2.9)
FRS 20 'Share Based Payment' charge	5.4	48.5	51.6
Net cash inflow from operating activities	161.9	173.5	244.7

b) Analysis of Net Debt

	At 29 September 2012 £m	Cash Flow £m	Transfers Between Categories £m	Other Non-cash Movements £m	At 6 July 2013 £m
Cash at bank and in hand	135.9	47.5	-	-	183.4
Debt due within one year	(5.8)	10.0	(343.2)	-	(339.0)
Debt due after one year	(2,371.3)	113.1	343.2	(80.1)	(1,995.1)
Total debt	(2,377.1)	123.1	-	(80.1)	(2,334.1)
Net debt	(2,241.2)	170.6	-	(80.1)	(2,150.7)

Non-cash movements comprise amortisation and write off of debt issue costs and senior notes discount of £8.5 million (including £2.1 million exceptional write off of issue costs) and an accrual of interest on the GCGL loan notes of £71.6 million.

Cash at bank and in hand as at 6 July 2013 includes the Gala Propco Three Limited balance of £7.7 million (30 June 2012: £9.4 million, 29 September 2012: £9.6 million), the cash in hand balance of £12.6 million (30 June 2012: £19.3 million, 29 September 2012: £20.5 million) and the cash provided as collateral of £nil (30 June 2012: £0.3 million, 29 September 2012: £0.4 million).

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

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

	Unaudited forty weeks to 6 July 2013 £m	Unaudited forty weeks to 30 June 2012 £m	Audited year ended 29 September 2012 £m
Included within operating cash flow:			
Restructuring and reorganisation costs	(26.4)	(25.8)	(36.3)
VAT refunds net of duty	9.0	-	-
	(17.4)	(25.8)	(36.3)
Net disposal proceeds of tangible fixed assets	14.1	0.2	1.7
Net disposal proceeds on sale of subsidiary undertakings	174.1	-	-
Cash disposed with subsidiary undertakings	(4.5)	-	-
Termination of interest rate hedging arrangements	-	(1.4)	-
Net cash inflow/(outflow)	166.3	(27.0)	(34.6)

VAT refunds net of duty relate to a repayment of input VAT on Coral capital expenditure and refunds associated with successful 'Conde Nast' claims. Proceeds from the disposal of tangible fixed assets include £7.4 million in relation to the disposal of a licence in the casino division and £4.3 million in relation to three freehold properties disposed by Gala Propco Three Limited.

The group also made a one off pension contribution of £2.6 million during the period as part of the agreed deficit funding arrangement (2012: £2.0 million).

11. Disposal of subsidiary

On 12 May 2013 the Group completed the sale of its casino business to The Rank Group Plc for £179.0 million plus adjustments for certain working capital movements totalling £2.3 million. This resulted in a loss on disposal of £59.1 million at a consolidated group level. This loss reflects the under realisation of goodwill and trading potential that has historically been carried against our casino division following the Group restructuring in 2003. This loss is a non-cash charge and only arises at a consolidated group level and does not affect the standalone statutory entities nor have a detrimental effect on financial covenants.

The completion account process is expected to be finalised by the year end and the final loss on disposal disclosed.

	£m
Goodwill	106.4
Tangible fixed assets	128.9
Stocks	0.4
Debtors	3.3
Cash	4.5
Creditors	(10.3)
	233.2
Loss on disposal (note 4)	(59.1)
Net cash consideration	174.1