GALA CORAL
GROUP

Condensed Consolidated Interim Financial Information (unaudited)

Gala Coral Group Limited

Sixteen week period ended 18 January 2014

Registered Number: 07254686

Forward Looking Statements

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

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

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

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*".

Notice

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

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

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

Highlights for the Quarter

The key trading highlights for the Continuing Operations {1/2} for the sixteen weeks ended 18 January 2014 were as follows:

- Turnover was 12% ahead of last year and gross profit was £13.8 million or 6% ahead, reflecting growth in our Online business.
- EBITDA (pre-exceptionals) was £60.5 million, 2% ahead of last year, despite being significantly depressed by poor football results.
- Adjusting EBITDA (pre-exceptionals) for the adverse impact of exceptional football losses (£11.6 million), the annualisation of MGD (£3.5 million) and increased shop content costs (£2.1 million), as well as the year-on-year benefits of weather (£1.1 million) and the phasing of machine costs in Coral Retail (£5.5 million), results in excellent underlying year on year growth of £11.8 million or 20%.
- Despite the worst football results on record, Coral Retail's gross profit was £5.3 million or 4% ahead of last year, driven by new shop openings and continued market leading machines performance, with gross win per machine per week reaching £960 (2013: £916).
- Sports stakes in Eurobet Retail were £22.4 million or 41% higher than last year, driven by the rollout of the new tender licences. However, poor football results this year versus exceptionally strong football margins last year, meant gross profit was £0.9 million or 14% behind.
- The Online business demonstrated continued strong gross profit growth, up £11.1 million or 43% versus last year, with excellent active customer growth across all websites: Coral.co.uk +60%, Eurobet.it +18%, Galabingo.com +19% and Galacasino.com +142%.
- Admissions in Gala Retail, which were running 8% down during quarter 4 2013, have recovered strongly as a result of 'Price Smash' and were up 2%, representing a +10pp swing quarter on quarter. The business also grew EBITDA (pre-exceptionals) year-on-year by £1.3 million.
- The Group delivered strong unlevered free cashflow in the quarter of £34.0 million (2013: £31.1 million) primarily as a result of the sale of the remaining 4 UK Casinos to the Double Diamond Group and the Gala Casino in Gibraltar to Gryphon AG. These disposals complete the Group's exit from the Casino retail segment of the gaming market.

{1} *Results include all revenue and expenses for the continuing "Opco" Group and exclude the disposed casinos*
{2} *Pre-exceptional items*

Overview of the Quarter by Division

Coral Retail

Coral Retail's EBITDA (pre-exceptionals) of £40.0 million was £2.1 million or 5% lower than last year as a result of poor football results, increased content costs and the impact of MGD.

OTC gross win was £6.9 million or 7% lower than last year. The worst football margins on record during the weekend of 10th and 11th January, along with poor margins in an earlier round of the Champions League, adversely impacted OTC gross win by £7.5 million (GP impact: £6.4 million).

Machines gross win of £110.3 million was £8.5 million or 8% ahead of last year due to the roll-out of the new Infinity machines. Gross win per machine increased by 5% in the quarter, driven by B3 slots which were 12% ahead.

Overall gross profit increased by £5.3 million or 4% versus last year, assisted by the positive year-on-year phasing of machine costs (£5.5 million).

Underlying operating costs increased by £1.8 million or 2% as a result of estate development (£2.9 million) which were offset by tight cost control. However, increased irrecoverable VAT as a result of the introduction of MGD (£3.5 million) and higher content costs (£2.1 million), both of which will fully annualise early in Q2, resulted in an overall increase in costs of £7.4 million or 7%.

Our differentiated content and service strategy is starting to deliver benefits through innovative new products such as the Health Lottery and the Football Jackpot. In the last few weeks the trial of a multichannel service offering has commenced, enabling customers to use their online accounts in retail shops.

On average there were 59 more shops open in the quarter compared to last year and 21 shops opened in the quarter. The total number of shops at the end of the quarter was 1,812.

Overview of the Quarter by Division (continued)

Eurobet Retail

Eurobet Retail EBITDA (pre-exceptionals) was £1.3 million behind last year.

Gross profit was £0.9 million or 14% behind last year despite very strong sports stakes growth. Sports gross win margin was 19.4%, 4.8pp behind last year, driven by poor football results this year (£1.4 million behind expectations) against very strong football margins in the prior year.

Of the 500 licences successfully applied for in 2013, a further 179 were opened during the quarter, bringing the total number of active new licences to 355. The rollout will be completed by the end of quarter 2. As a result, sports stakes were £22.4 million or 41% ahead. Market share increased to 10.8%, representing growth of 3.0pp in the last twelve months.

Other stakes (VLTs/AWPs and virtual) increased by £9.3 million or 23% as a result of the launch, late in the quarter, of the new virtual betting product which has performed well. A strong margin on gaming products left other gross win £1.0 million or 40% ahead of last year.

Operating costs were £0.4 million higher than last year as a consequence of increased payroll costs to support the larger retail estate.

During the quarter 63% of all Eurobet.it deposits were made through the retail estate emphasising the strength of the multi-channel offer, and the increasing size of the retail estate will further support our drive to grow online market share.

Online

Online EBITDA (pre-exceptionals) of £10.3 million was £3.1 million or 43% ahead of last year, primarily as a result of the significant increase in the number of active players. Coral.co.uk actives increased by 60%, Eurobet.it by 18%, Galabingo.com by 19% and Galacasino.com by 142%. Gross profit was £11.1 million or 43% ahead at £37.0 million. This was offset by the continuation of substantial investment in marketing, which increased by £6.3 million or 74% to £14.8 million in the quarter, and a 17% increase in other operating costs.

Coral.co.uk sports stakes were £55.6 million or 92% ahead of last year driven by new TV advertising and other high profile marketing campaigns. Despite the adverse impact of recent football results (estimated to have reduced gross profit by £3.8 million), sports gross win margin was 1.0pp ahead of last year at 5.8% following the removal of unprofitable customer accounts, resulting in sportsbook gross win £3.7 million or 124% ahead.

Gaming stakes in Coral.co.uk were 124% ahead of last year and a 0.3pp improvement in margin resulted in gross win £8.7 million or 146% ahead at £14.7 million. Mobile penetration in Coral.co.uk increased by 24.6pp to 62% of actives and is expected to increase further following the launch of a new iPad-specific application at the end of February.

Eurobet.it total gross win was £2.0 million or 23% ahead of last year, despite sports margin being 2.1pp behind as a result of poor football results. Sports stakes were £7.6 million or 28% ahead and gaming stakes were £64.4 million or 51% ahead, driven by poker and casino games. Mobile penetration grew, with 45% of actives accessing the site through a mobile device, helping drive an increase in sports-betting market share to 9.8%.

The increase in Galabingo.com actives (19% ahead of last year), resulted in a £56.2 million or 20% increase in stakes and a £2.9 million or 15% increase in gross win. Mobile penetration also increased by 27.4pp to 45%. The increase in Galacasino.com actives (142% ahead of last year) drove a 165% increase in stakes and a £4.1 million or 140% increase in gross win. Mobile penetration increased by 11.2pp to 28%. Across the two Gala branded websites gross win totalled £29.4 million.

Total marketing spend in the Online business was £6.3 million higher in the first quarter, and operating costs (excluding marketing) were £1.7 million or 17% higher, which was in-line with expectations and reflects the increased size of the new business.

Overview of the Quarter by Division (continued)

Gala Retail

EBITDA (pre-exceptionals) of £7.3 million was £1.3 million or 22% ahead of the prior year as a result of a significant improvement in admissions and tight cost control. Last year quarter 1 results were adversely impacted by severe weather. This year, whilst flooding had an adverse impact on trading, the overall year-on-year impact of weather on results is a benefit of £0.6 million, leaving an underlying improvement in EBITDA (pre-exceptionals) of £0.7 million or 12%.

The decline in admissions, seen throughout the previous year, was arrested following the full roll-out of 'Price Smash', with admissions up 2% over the previous year. The full impact of 'Price Smash' has not yet been seen as the initiative only went live in the majority of clubs during the quarter. Spend per head, as anticipated, reduced by 6% on the prior year, and margins were accordingly lower. Machines gross profit was ahead by £1.1 million or 5% driven by the improving admissions over the previous year, and total gross profit was down only 3% at £59.9 million.

Continued tight cost control saw an overall £3.0 million or 5% reduction in operating costs, most notably in payroll due to more efficient staffing. This improvement was achieved despite the £1.5 million adverse impact on the irrecoverable VAT charge as a result of the introduction in MGD (which will annualise during the next quarter).

Current Trading

Trading in the four weeks since the end of the quarter has been positive, although another very poor weekend of football results affected margins in the UK. Coral OTC and Machine stakes are ahead of last year, while "Price Smash" continues to drive a year-on-year improvement in Gala Retail admissions. All websites continue to show positive year-on-year growth in active users and stakes.

Overview of the Quarter

Group turnover for the quarter increased by £0.5 million to £360.2 million (2013: £359.7 million). On a like for like basis (excluding discontinued operations) turnover increased by £37.8 million (12%) and gross profit by £13.8 million (6%).

Group EBITDA (pre-exceptionals) decreased by £4.3 million (6%) but continuing operations EBITDA increased by £1.3 million.

A depreciation charge (including trading potential write downs) of £22.1 million (2013: £23.2 million) and an amortisation charge of £5.8 million (2013: £5.2 million) were incurred in the quarter.

The profit on disposal of fixed assets in 2013 of £2.0 million included the profit on disposal of two freehold properties disposed of in Gala Propco Three Limited.

In December 2013 the Group sold its remaining 4 UK casinos and Gala Casino (Gibraltar) Limited for a combined consideration of £24.7 million (before costs). These disposals resulted in a profit on disposal of £8.0 million.

Profit before interest and tax was £48.8 million (2013: £43.2 million).

Interest payable has increased from £71.9 million in the first quarter of 2013 to £73.6 million as a result of the roll-up of interest on the GCGL loan notes. Key elements of the interest charge include loan and bond interest of £38.4 million (2013: £40.6 million), of which £6.2 million (2013: £6.7 million) relates to the Gala Propco Three Limited loan. Interest payable also includes non-cash interest on GCGL loan notes of £32.3 million (2013: £28.0 million) and £2.9 million of costs (2013: £3.0 million) associated with the amortisation of debt issue costs and amortisation costs of interest rate cap premia. In addition, the prior period included the payment of break fees amounting to £0.3 million on the early repayment of a portion of the Gala Propco Three Limited loan following certain property disposals.

Other finance costs in the quarter were £1.0 million (2013: £2.0 million) associated with the unwinding of discount on provisions and finance costs in relation to the pension scheme.

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

The overall result after taxation for the quarter is a loss of £23.7 million, compared to a loss of £29.0 million in 2013.

Exceptional Items

Exceptional items in the quarter amounted to a £0.6 million charge (2013: £5.9 million).

There was a £4.8 million charge relating to corporate re-structuring, focused on ensuring the businesses can operate on a stand-alone basis, and a share-based payments charge for the quarter of £1.0 million (non-cash) (2013: £1.9 million).

These charges were offset by credits of £1.6 million (2013: £7.3 million) due to Conde Naste VAT claim receipts and a non-cash onerous lease credit of £3.9 million (2013: £0.2 million) associated with the release of various property provisions.

Cash Generated from Operations in the Quarter

During the quarter net cash inflow from operations was £40.4 million (2013: £43.9 million). This included exceptional cash payments of £4.7 million (2013: £16.0 million) and additional cash payments to the pension scheme of £2.4 million (2013: £2.6 million).

Of the cash inflows, £25.0 million (2013: £16.2 million) was reinvested in the Group to fund capital expenditure. In addition the Group acquired a number of LBOs in the quarter for £3.1 million (2013: £5.2 million).

In December 2013 the Group sold its remaining 4 UK casinos and Gala Casino (Gibraltar) Limited for a combined consideration of £24.7 million (before costs).

There were no fixed asset disposals in the quarter. In 2013 the Group received £3.4 million from the sale of tangible assets in the quarter of which £3.2 million was received as a result of two freehold property disposals in Gala Propco Three Limited.

In the quarter £54.0 million of cash was utilised to meet interest and other financing costs (2013: £50.8 million) with a further £3.1 million (2013: £5.0 million) repaid on the Gala Propco Three Limited loan.

Unlevered free cashflow for the quarter was £34.0 million (2013: £31.1 million).

Total cash outflow for the quarter was £18.3 million (2013: £24.2 million).

Net Debt and Liquidity

Total net debt of £2,189.9 million (28 September 2013: £2,139.9 million) has decreased since the year end due to the cash received on the sale of the remaining casinos offset by the roll up of non-cash interest on subordinated loans from the ultimate parent company (GCGL loan notes) and the anticipated quarter 1 cash outflow. Total net debt includes the GCGL loan notes of £745.4 million and the Gala Propco Three Limited loan of £334.8 million (net of issue costs) which is ring fenced from the trading group. The £3.1 million repayment of the Gala Propco Three Limited loan during the quarter was a scheduled amortisation payment made out of Gala Propco Three Limited's cash.

Cash at bank and in hand of £198.0 million includes cash for covenant purposes of £177.1 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, accordingly the loan has been classified as payable within less than one year and this has resulted in a net current liability position for the Group. 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 going concern, despite the loan being due in less than one year, as the operating leases are subject to a separate agreements. The directors continue to consider potential future solutions for the Propco funding.

Pensions

The Group operates the Gala Coral Pension Plan, a fully funded defined benefit pension scheme. On 28 September 2013 the scheme was closed to future accrual and all participants were transferred to personal pension plans.

	Notes	Unaudited sixteen weeks to 18 January 2014 £m	Unaudited sixteen weeks to 19 January 2013 £m
Turnover	3		
Continuing operations	2	356.1	318.3
Discontinued operations	2	4.1	41.4
		360.2	359.7
Cost of sales		(101.6)	(85.8)
Gross profit			
Continuing operations	2	255.1	241.3
Discontinued operations	2	3.5	32.6
		258.6	273.9
Administrative expenses		(219.9)	(233.6)
Operating profit before other operating income		38.7	40.3
Operating profit before other operating income, analysed as:			
Before exceptional items		39.3	46.2
Impairments	4	-	(1.9)
Casino disposal	4	-	(2.0)
FRS 20 'Share Based Payment' charge	4	(1.0)	(1.9)
Net release of onerous lease provisions	4	3.9	0.2
Other restructuring costs and VAT rebates	4	(3.5)	(0.3)
Operating profit before other operating income		38.7	40.3
Other operating income		2.1	0.9
Operating profit	3		
Continuing operations	2	41.6	39.3
Discontinued operations	2	(0.8)	1.9
		40.8	41.2
Profit on disposal of fixed assets	4	-	2.0
Profit on disposal of subsidiaries	4	8.0	-
Profit before interest and tax		48.8	43.2
Interest receivable and similar income	5	4.8	6.5
Interest payable and similar charges	5	(73.6)	(71.9)
Other finance costs		(1.0)	(2.0)
Loss on ordinary activities before tax		(21.0)	(24.2)
Tax on loss on ordinary activities	6	(2.7)	(4.8)
Loss for the financial period		(23.7)	(29.0)

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

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

Group Statement of Total Recognised Gains and Losses

	Unaudited sixteen weeks to 18 January 2014 £m	Unaudited sixteen weeks to 19 January 2013 £m
Loss for the financial period	(23.7)	(29.0)
Surplus on revaluation of investment properties	1.4	-
Net foreign exchange adjustments offset in reserves	0.5	1.0
Actuarial loss on pension schemes	(2.1)	(11.0)
Deferred tax credit relating to pension scheme	0.4	2.5
Current tax credit relating to pension scheme	0.5	0.6
Total recognised gains and losses for the period	(23.0)	(35.9)

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

	Unaudited sixteen weeks to 18 January 2014 £m	Unaudited sixteen weeks to 19 January 2013 £m
Total recognised gains and losses for the period	(23.0)	(35.9)
FRS 20 'Share Based Payment' charge	1.0	1.9
Opening shareholders' (deficit)/funds	(51.6)	165.1
Closing shareholders' (deficit)/funds	(73.6)	131.1

Group Balance Sheet

	Notes	Unaudited 18 January 2014 £m	Unaudited 19 January 2013 £m	Audited 28 September 2013 £m
Fixed assets				
Intangible assets		393.3	509.1	406.6
Tangible assets		1,886.2	2,047.4	1,893.1
Investment properties		45.5	-	42.6
		2,325.0	2,556.5	2,342.3
Current assets				
Stocks		3.9	4.1	4.0
Debtors		89.2	112.9	42.0
Cash at bank and in hand		198.0	111.7	216.3
		291.1	228.7	262.3
Creditors: amounts falling due within one year	7	(533.4)	(212.8)	(523.6)
Net current (liabilities)/assets		(242.3)	15.9	(261.3)
Total assets less current liabilities		2,082.7	2,572.4	2,081.0
Creditors: amounts falling due after more than one year	8	(2,055.3)	(2,397.4)	(2,020.1)
Provisions for liabilities		(101.0)	(67.5)	(112.5)
Net (liabilities)/assets excluding net pension asset		(73.6)	107.5	(51.6)
Net pension asset		-	23.6	-
Net (liabilities)/assets including net pension asset		(73.6)	131.1	(51.6)
Capital and reserves				
Called up share capital		213.3	213.3	213.3
Merger reserve		1.6	1.6	1.6
Capital contribution reserve		1,723.5	1,723.5	1,723.5
Revaluation reserve		18.8	-	17.4
Profit and loss account		(2,030.8)	(1,807.3)	(2,007.4)
Total shareholders' (deficit)/funds		(73.6)	131.1	(51.6)

Gala Coral Group Limited
Group Cash Flow Statement

	Notes	Unaudited sixteen weeks to 18 January 2014 £m	Unaudited sixteen weeks to 19 January 2013 £m	Audited year ended 28 September 2013 £m
Net cash inflow from operating activities	9(a)	40.4	43.9	235.1
Returns on investments and servicing of finance				
Interest received		4.8	0.5	7.7
Interest paid and similar charges		(54.0)	(50.8)	(130.1)
Net cash outflow from returns on investments and servicing of finance		(49.2)	(50.3)	(122.4)
Taxation				
Corporation tax paid		-	-	(2.2)
Capital expenditure and financial investment				
Payments to acquire tangible and intangible fixed assets		(25.0)	(16.2)	(82.8)
Net receipts from sale of tangible fixed assets		-	3.4	14.5
Net cash outflow for capital expenditure and financial investment		(25.0)	(12.8)	(68.3)
Acquisitions and disposals				
Purchase of subsidiary		(3.1)	-	(5.2)
Net proceeds on sale of subsidiaries		23.7	-	172.5
Cash disposed with subsidiaries		(2.0)	-	(4.5)
Net cash inflow from acquisitions and disposals		18.6	-	162.8
Net cash (outflow)/inflow before financing		(15.2)	(19.2)	205.0
Financing				
Repayment of the Senior secured credit facilities		-	-	(113.1)
Repayment of the Gala Propco Three Limited loan		(3.1)	(5.0)	(11.5)
Net cash outflow from financing	9(b)	(3.1)	(5.0)	(124.6)
(Decrease)/increase in cash	9(b)	(18.3)	(24.2)	80.4

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

	Notes	Unaudited sixteen weeks to 18 January 2014 £m	Unaudited sixteen weeks to 19 January 2013 £m	Audited year ended 28 September 2013 £m
(Decrease)/increase in cash		(18.3)	(24.2)	80.4
Net repayment of long-term loans		3.1	5.0	124.6
Change in net debt resulting from cash flows		(15.2)	(19.2)	205.0
Non-cash movements	10(b)	(34.8)	(30.6)	(103.7)
Movement in net debt		(50.0)	(49.8)	101.3
Opening net debt	10(b)	(2,139.9)	(2,241.2)	(2,241.2)
Closing net debt	10(b)	(2,189.9)	(2,291.0)	(2,139.9)

1. Basis of Preparation

The condensed consolidated interim financial information, which is unaudited, is prepared in accordance with the recognition and measurement requirements of United Kingdom Generally Accepted Accounting Practice ("UK GAAP") and, with the exception of tax (see note 10), in accordance with the accounting policies applied in the financial statements for the year ended 28 September 2013 and therefore should be read in conjunction with those annual financial statements, which can be obtained from Gala Coral Group Limited, New Castle House, Castle Boulevard, Nottingham, NG7 1FT. The condensed consolidated interim financial statements do not include all the information or disclosures required in the annual financial statements as they have been prepared for the provision of interim information.

Accounting Estimates

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

Going Concern

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

The Group's Gala Propco Three Limited loan is repayable in April 2014, accordingly the loan has been classified as payable within less than one year and this has resulted in a net current liability position for the Group. 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 going concern, despite the loan being due in less than one year, as the operating leases are subject to a separate agreements. The directors continue to consider potential future solutions for the Propco funding.

General Information

The condensed consolidated interim financial information does not comprise statutory accounts within the meaning of section 434 of the Companies Act 2006. Audited statutory accounts for the year ended 28 September 2013 were approved by the Board of Directors on 22 November 2013, have been filed with the Registrar of Companies and are available on the Group website: www.galacoral.co.uk. The report of the auditors on those accounts was unqualified, did not contain an emphasis of matter paragraph and did not contain any statement under either Section 498(2) or 498(3) of the Companies Act 2006.

2. Discontinued Operations

In December 2013 the Group sold its remaining 4 UK casinos and Gala Casino (Gibraltar) Limited, a wholly owned subsidiary, for a combined consideration of £24.7 million.

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

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

	2014			2013		
	Continuing operations £m	Discontinued operations £m	Total Group £m	Continuing operations £m	Discontinued operations £m	Total Group £m
Turnover	356.1	4.1	360.2	318.3	41.4	359.7
Cost of sales	(101.0)	(0.6)	(101.6)	(77.0)	(8.8)	(85.8)
Gross profit	**255.1**	**3.5**	**258.6**	**241.3**	**32.6**	**273.9**
Administrative expenses	(215.6)	(4.3)	(219.9)	(202.9)	(30.7)	(233.6)
Operating profit/(loss) before other operating income	**39.5**	**(0.8)**	**38.7**	**38.4**	**1.9**	**40.3**
Other operating income	2.1	-	2.1	0.9	-	0.9
Operating profit/(loss)	**41.6**	**(0.8)**	**40.8**	**39.3**	**1.9**	**41.2**

3. Segmental Analysis

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

The segmental disclosure has been restated from the prior year to reflect more appropriately the revenue streams of each business and the way management assess the performance of the Group. The 2013 comparatives have been restated to present the segmental information on a consistent basis. This presentation of the segmental analysis is consistent with that shown in the 2013 Group annual financial statements.

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

The prior year divisional EBITDA (pre-exceptionals) has been restated to include an element of costs which were previously identified as Corporate costs ("decentralised costs" including Gala Propco Three Limited rent). This restatement has been made to reflect appropriately the cost base of the current organisational structure and the way the business is managed. The current and prior year allocation of costs and bonus provision has been undertaken on a consistent basis. This presentation of the segmental analysis is also consistent with the 2013 Group annual statements.

3. Segmental Analysis (continued)

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

Unaudited Sixteen Weeks to 18 January 2014

	Coral Retail £m	Eurobet Retail £m	Online £m	Gala Retail £m	Gala Casino £m	Corporate £m	Group £m
Amounts staked	3,426.5	126.9	1,305.1	162.4	14.3	-	5,035.2
Turnover	201.9	18.3	48.7	87.2	4.1	-	360.2
Gross profit	152.5	5.7	37.0	59.9	3.5	-	258.6
Other admin expenses	(112.5)	(2.1)	(26.7)	(52.6)	(3.3)	(0.7)	(197.9)
'Opco' EBITDA (pre-exceptionals)	40.0	3.6	10.3	7.3	0.2	(0.7)	60.7
Propco rent	-	-	-	7.3	0.1	1.2	8.6
Group EBITDA (pre-exceptionals)	40.0	3.6	10.3	14.6	0.3	0.5	69.3
Depreciation and amortisation	(9.1)	(2.4)	(3.0)	(7.2)	(1.0)	(5.2)	(27.9)
Operating profit before exceptional items	30.9	1.2	7.3	7.4	(0.7)	(4.7)	41.4
Exceptional items							(0.6)
Group operating profit							**40.8**

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

The depreciation and amortisation charge includes £4.1 million of goodwill amortisation and £1.7 million of licence amortisation.

£1.2 million Propco rent receivable included in Corporate relates to rent received from The Rank Group Plc and the Double Diamond Group.

3. Segmental Analysis (continued)

Unaudited Sixteen Weeks to 19 January 2013

	Coral Retail £m	Eurobet Retail £m	Online £m	Gala Retail £m	Gala Casino £m	Corporate £m	Group £m
Amounts staked	3,302.7	95.2	771.3	170.5	192.6	-	4,532.3
Turnover	183.4	15.6	34.3	85.0	41.4	-	359.7
Gross profit	147.2	6.6	25.9	61.6	32.6	-	273.9
Other admin expenses	(105.1)	(1.7)	(18.7)	(55.6)	(26.8)	(0.9)	(208.8)
'Opco' EBITDA (pre-exceptionals)	42.1	4.9	7.2	6.0	5.8	(0.9)	65.1
Propco rent	-	-	-	7.3	1.2	-	8.5
Group EBITDA (pre-exceptionals)	42.1	4.9	7.2	13.3	7.0	(0.9)	73.6
Depreciation and amortisation	(8.6)	(1.9)	(1.9)	(6.9)	(1.9)	(5.3)	(26.5)
Operating profit before exceptional items	33.5	3.0	5.3	6.4	5.1	(6.2)	47.1
Exceptional items							(5.9)
Group operating profit							**41.2**

The amortisation of goodwill of £1.4 million on the Online division has been charged to Corporate costs.

4. Exceptional Items

Exceptional Items Charged/(Credited) to Operating Profit

Exceptional items in the quarter amounted to a £0.6 million charge (2013: £5.9 million).

There was a £4.8 million charge relating to corporate re-structuring, focused on ensuring the businesses can operate on a stand-alone basis, and a share-based payments charge for the quarter of £1.0 million (non-cash) (2013: £1.9 million).

These charges were offset by credits of £1.6 million (2013: £7.3 million) due to Conde Naste VAT claim receipts and a non-cash onerous lease credit of £3.9 million (2013: £0.2 million) associated with the release of various property provisions.

4. Exceptional Items (continued)

Exceptional Items (Credited)/Charged after Operating Profit

1) Profit on Disposal of Fixed Assets

There were no fixed asset disposals in the current quarter. The prior period profit on disposal of £2.0 million included the profit on disposal of two freehold properties in Gala Propco Three Limited.

2) Profit on Disposal of Subsidiaries

In December 2013 the Group sold its remaining 4 UK casinos and Gala Casino (Gibraltar) Limited for a combined consideration of £24.7 million. These disposals resulted in a profit on disposal of £8.0 million. See note 10.

3) Exceptional Interest

Exceptional interest receivable in the period of £4.1 million (19 January 2013: £6.0 million) relates to interest receivable from HMRC on 'Condé Nast' VAT claims.

During 2013 the Group paid £0.3 million of break fees on Gala Propco Three Limited loan repayments following the disposal of certain properties in Gala Propco Three Limited.

5. Interest

	Unaudited sixteen weeks to 18 January 2014 £m	Unaudited sixteen weeks to 19 January 2013 £m
Loan and bond interest and similar charges	(32.2)	(33.9)
Gala Propco Three Limited loan interest	(6.2)	(6.7)
GCGL loan note interest	(32.3)	(28.0)
Amortisation of debt issue costs and senior notes discount	(2.5)	(2.6)
Amortisation of interest rate cap premia	(0.4)	(0.4)
	(73.6)	(71.6)
Exceptional interest payable (note 4):		
Break fees on Gala Propco Three Limited loan	-	(0.3)
Interest payable and similar charges	(73.6)	(71.9)
Interest on deposits and money market funds	0.3	0.5
Other interest receivable	0.4	-
Exceptional interest receivable (note 4)	4.1	6.0
Interest receivable and similar income	4.8	6.5
Net interest payable	(68.8)	(65.4)

5. Interest (continued)

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 £10.4 million (19 January 2013 £5.7 million).

In the period interest receivable on the Gala Propco Three Limited cash balance was £nil (19 January 2013: £nil million).

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 18 January 2014 £m	Unaudited 19 January 2013 £m	Audited 28 September 2013 £m
Gala Propco Three Limited loan	334.8	6.0	337.7
Loan, senior secured notes and senior notes interest	10.1	16.0	25.1
Trade creditors	26.1	26.3	46.9
Corporation tax	3.0	2.8	2.8
Other taxation and social security	44.1	38.9	25.7
Other creditors	11.5	10.3	13.7
Accruals and deferred income	103.8	112.5	71.7
	533.4	212.8	523.6

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

	Unaudited 18 January 2014 £m	Unaudited 19 January 2013 £m	Audited 28 September 2013 £m
Gala Propco Three Limited loan	-	337.8	-
Senior secured credit facilities	700.6	809.0	699.8
Senior secured notes	343.6	342.2	343.2
Senior notes	263.5	261.4	262.8
Gala Coral Group Limited ("GCGL") loan note	745.4	646.3	712.7
Other creditors	2.2	0.7	1.6
	2,055.3	2,397.4	2,020.1

The Gala Propco Three Limited loan of £334.8 million (19 January 2013: £343.8 million, 28 September 2013: £337.7 million), including amounts of £334.8 million (19 January 2013: £6.0 million, 28 September 2013: £337.7 million) falling due within one year, is presented net of unamortised issue costs of £0.1 million (19 January 2013: £0.7 million, 28 September 2013: £0.3 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%.

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

During the period Gala Retail paid rent of £7.3 million (19 January 2013: £7.3 million) and Gala Casino paid rent of £0.1 million (19 January 2013: £1.2 million) to Gala Propco Three Limited. In addition, Gala Propco Three Limited received £1.2 million (19 January 2013: £nil) from The Rank Group Plc and Double Diamond Gaming Limited in respect of the rent on the casinos, following their disposal.

The principal terms of the current borrowings are as follows:

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

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

At 18 January 2014 the senior secured credit facilities, senior secured notes and senior notes are presented net of unamortised issue costs (and in respect of the senior notes, also the discount to nominal value) of £11.3 million (19 January 2013: £16.0 million, 28 September 2013: £12.1 million), £6.4 million (19 January 2013: £7.8 million, 28 September 2013: £6.8 million) and £11.5 million (19 January 2013: £13.6 million, 28 September 2013: £12.2 million) respectively.

In addition to the margin payable on the senior secured credit facilities, the Group pays a 1.5% (2013: 1.5%) facility fee in respect of the unused portion of the revolving credit facility. The revolving credit facility is available to finance working capital requirements and for general corporate purposes. Whilst no amounts have been drawn down on the revolving credit facility, £46.0 million (19 January 2013: £26.1 million, 28 September 2013: £46.3 million) has been utilised through the issuance of letters of credit.

The senior secured credit facilities and the Gala Propco Three Limited loan agreements require the Group to comply with certain financial and non-financial covenants. The senior secured notes and the senior notes require the Group to comply with certain non-financial covenant, all of which have been complied with.

The GCGL loan notes have been issued to its parent company, GCG Manager SA Luxco SCA as part of the financial restructuring which completed in June 2010. GCGL loan notes are unsecured, were issued with a duration of 10 years, accruing interest of 15.0625% and are only payable on maturity on 27 October 2020. Interest accrued rolls up into the principal amount on 27 October each year until redemption. As at 18 January 2014 issue costs of £1.3 million (19 January 2013: £2.8 million, 28 September 2013: £1.7 million) are netted off against the GCGL loan note.

9. Notes to the Group Cash Flow Statement

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

	Unaudited sixteen weeks to 18 January 2014 £m	Unaudited sixteen weeks to 19 January 2013 £m	Audited year ended 28 September 2013 £m
Operating profit	40.8	41.2	81.9
Depreciation, amortisation, impairment and write downs	27.9	28.4	97.6
Increase in debtors	(48.2)	(44.8)	15.9
Increase in stocks	-	(0.5)	(0.8)
Increase in creditors	33.4	28.0	(4.2)
Decrease in provisions	(11.8)	(7.3)	33.2
Pension contributions in excess of profit and loss charge	(2.7)	(3.0)	(2.6)
FRS 20 'Share Based Payment' charge	1.0	1.9	14.1
Net cash inflow from operating activities	40.4	43.9	235.1

b) Analysis of Net Debt

	At 28 September 2013 £m	Cash Flow £m	Transfers Between Categories £m	Other Non-cash Movements £m	At 18 January 2014 £m
Cash at bank and in hand	216.3	(18.3)	-	-	198.0
Debt due within one year	(337.7)	3.1	-	(0.2)	(334.8)
Debt due after one year	(2,018.5)	-	-	(34.6)	(2,053.1)
Total debt	(2,356.2)	3.1	-	(34.8)	(2,387.9)
Net debt	(2,139.9)	(15.2)	-	(34.8)	(2,189.9)

Non-cash movements comprise amortisation and write off of debt issue costs and senior notes discount of £2.5 million and an accrual of interest on the GCGL loan notes of £32.3 million.

Cash at bank and in hand as at 18 January 2014 includes the Gala Propco Three Limited balance of £8.9 million (19 January 2013: £16.3 million, 28 September 2013: £7.9 million), the cash in hand balance of £12.0 million (19 January 2013: £21.5 million, 28 September 2013: £12.4 million) and the cash provided as collateral of £nil (19 January 2013: £nil, 28 September 2013: £nil).

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

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

	Unaudited sixteen weeks to 18 January 2014 £m	Unaudited sixteen weeks to 19 January 2013 £m	Audited year ended 28 September 2013 £m
Included within operating cash flow:			
Restructuring and VAT rebates	(4.7)	(16.0)	(21.5)
	(4.7)	(16.0)	(21.5)
Net disposal proceeds of tangible fixed assets	-	3.4	14.5
Net disposal proceeds on sale of subsidiaries	23.7	-	172.5
Cash disposed with sale of subsidiaries	(2.0)	-	(4.5)
Net cash inflow/(outflow)	17.0	(12.6)	161.0

The prior year included £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 £2.4 million (19 January 2013: £2.6 million during the period as part of the agreed deficit funding arrangement.

10. Disposal of Subsidiaries

In December 2013 the Group sold its remaining 4 UK casinos and Gala Casino (Gibraltar) Limited for a combined consideration of £24.7 million. These disposals resulted in a profit on disposal of £8.0 million.

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

	£m
Goodwill	7.8
Tangible fixed assets	7.1
Stocks	0.3
Debtors	2.4
Cash	2.0
Creditors	(0.4)
	19.2
Release of 2013 provision for loss on disposal of UK casinos	(3.5)
Profit on disposal (note 4)	8.0
Net cash consideration	23.7