

Report and Accounts

*Gala Electric Casino Two
Limited*

30 September 2006



Gala Electric Casino Two Limited

DIRECTORS

M S Gumienny

P A C Catterall

SECRETARY

Gala Coral Secretaries Limited

AUDITORS

PricewaterhouseCoopers LLP

1 Embankment Place

London

WC2N 6RH

REGISTERED OFFICE

Glebe House

Vicarage Drive

Barking

Essex

IG11 7NS

Gala Electric Casino Two Limited

DIRECTORS' REPORT

Gala Electric Casino Two Limited was incorporated on 24 October 2005

The directors present their report and the audited financial statements of the company for the 11 month period from the date of incorporation to 30 September 2006

RESULTS AND DIVIDENDS

The result for the period, after taxation, amounted to £nil

No dividends have been paid or proposed

PRINCIPAL ACTIVITY

The company is a subsidiary of Gala Electric Casinos Limited. It has not traded during the period and the directors do not intend for it to trade during the coming year

PRINCIPAL RISKS AND UNCERTAINTIES

The directors of Gala Coral Group Limited manage the group's risks at a group level, rather than at an individual business unit level. The company's directors believe that a discussion of the group's risks would not be appropriate for an understanding of the development, performance or position of Gala Electric Casino Two Limited's business. The principal risks and uncertainties of the Gala Coral Group, which include those of the company, are discussed on pages 5 to 6 of the group's annual report which does not form part of this report

BUSINESS REVIEW AND KEY PERFORMANCE INDICATORS

The directors of Gala Coral Group Limited manage the group's operations on a divisional basis. For this reason, the company's directors believe that analysis using key performance indicators for the company is not necessary or appropriate for an understanding of the development, performance or position of the business of Gala Electric Casino Two Limited. The development, performance and position of the Gala Coral Group, which includes this company, is discussed on pages 2 to 4 of the group's annual report which does not form part of this report

DIRECTORS

The following served as directors during the period

Swift Incorporation	(appointed 24 October 2005, resigned 24 October 2005)
C Potter	(appointed 31 May 2006, resigned 21 September 2006)
L M Buckham	(appointed 24 October 2005, resigned 31 May 2006)
M S Gumenny	(appointed 24 October 2005)
P A C Catterall	(appointed 24 October 2005)

Gala Electric Casino Two Limited

DIRECTORS' REPORT

STATEMENT OF DISCLOSURE OF INFORMATION TO AUDITORS

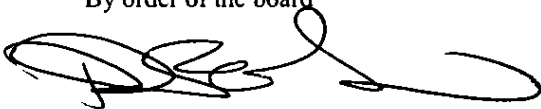
For all the directors at the time this report was approved, the following applies

- a) so far as each director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- b) each director has taken all the steps that they ought to have taken as director in order to make them aware of any relevant audit information and to establish that the company's auditors are aware of that information

AUDITORS

PricewaterhouseCoopers LLP were appointed as the company's first auditors on 15 May 2006. A resolution to reappoint PricewaterhouseCoopers LLP as auditors will be put to the members at the Annual General Meeting.

By order of the board



FOR + ON BEHALF OF
Gala Coral Secretaries Limited

Secretary

18 June 2007

Gala Electric Casino Two Limited

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS

Company law requires the directors to prepare accounts for each financial period which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those accounts, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- state whether applicable accounting standards have been followed, and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the company will continue in business

The directors confirm that the accounts comply with the above requirements

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the accounts comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

The maintenance and integrity of the Gala Coral Group corporate website is the responsibility of the directors, the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions

INDEPENDENT AUDITORS' REPORT
to the members of Gala Electric Casino Two Limited

We have audited the financial statements of Gala Electric Casino Two Limited for the period ended 30 September 2006 which comprise the profit and loss account, the balance sheet, the reconciliation of shareholders funds and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom accounting standards (United Kingdom Generally Accepted Accounting Practice) are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the directors' report is consistent with the financial statements. In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

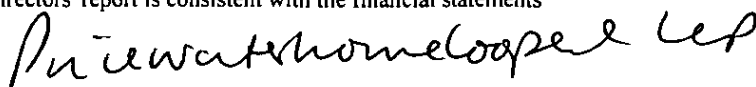
Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 30 September 2006 and of its result for the period then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the directors' report is consistent with the financial statements.

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
London

22 June 2007



Gala Electric Casino Two Limited

NOTES TO THE ACCOUNTS at 30 September 2006

The company had no transactions for the 11 month period ended 30 September 2006 since incorporation on 24 October 2005

RECONCILIATION OF SHAREHOLDERS' FUNDS for the period ended 30 September 2006

	<i>2006</i>
	<i>£</i>
Proceeds of new shares issued (note 5)	1
Closing shareholders' funds	<u>1</u>

BALANCE SHEET at 30 September 2006

	<i>Notes</i>	<i>2006</i>
		<i>£</i>
FIXED ASSETS		
Debtors due after more than one year	4	1
NET ASSETS		<u>1</u>
CAPITAL AND RESERVES		
Called up share capital	5	1
EQUITY SHAREHOLDERS' FUNDS		<u>1</u>

The financial statements were approved by the Board of Directors on 18 June 2007 and are signed on its behalf by



P A C Catterall

Director

Gala Electric Casino Two Limited

NOTES TO THE ACCOUNTS

at 30 September 2006

1. ACCOUNTING POLICIES

Basis of preparation

The financial statements are prepared under the historical cost convention, the accounting policies set out below, and in accordance with applicable accounting standards and the Companies Act 1985

The financial statements are drawn up to the last Saturday in September and comprise the results of the operations of the company from 24 October 2005 to 30 September 2006

Cash flow statement and related party transactions

The company's ultimate parent company is Gala Coral Group Limited, and the company is included in the consolidated financial statements of Gala Coral Group Limited, which are publicly available. Consequently, the company has taken advantage of the exemption from preparing a cash flow statement under the terms of FRS 1 (revised 1996). The company is also exempt under the terms of FRS 8 from disclosing related party transactions with entities that are part of the Gala Coral Group Limited group.

2. RESULTS FOR THE FINANCIAL YEAR

The company has not traded during the period and accordingly it has made neither a profit nor a loss.

3. DIRECTORS', AUDITORS' AND EMPLOYEES' REMUNERATION

M S Gumienny and P A C Catterall are also directors of the ultimate parent company and do not receive any remuneration in respect of their services to the company. Details of their remuneration for services to the group are given in the financial statements of Gala Coral Group Limited.

C Potter, L M Buckham and Swift Incorporation did not receive any emoluments for their services as directors of the company.

One fee for auditors' remuneration has been charged for the Gala Coral Group audit, it is not practicable to split this by individual company. The auditors' remuneration has been paid by Gala Leisure Limited, a fellow subsidiary company.

The company does not have any employees. Management services are provided to the company by a fellow subsidiary company. No charge is made for these services.

4. DEBTORS

	2006
	£
Amounts owed by group companies due after more than one year	1

Amounts owed by group companies are unsecured, have no fixed date of repayment and the directors have confirmed that they do not intend to request payment within the next year. Amounts owed by group companies are not interest bearing.

Gala Electric Casino Two Limited

NOTES TO THE ACCOUNTS at 30 September 2006

5. SHARE CAPITAL

	<i>Ordinary shares</i> <i>£1 each</i>	
	<i>No</i>	<i>£</i>
<i>Authorised</i>		
On incorporation and at 30 September 2006	<u>1,000</u>	<u>1,000</u>
	<i>Ordinary shares</i> <i>£1 each</i>	
	<i>No</i>	<i>£</i>
<i>Allotted, called up and not paid</i>		
On incorporation and at 30 September 2006	<u>1</u>	<u>1</u>

On incorporation the company had an authorised share capital of 1,000 ordinary shares of £1 each and issued 1 ordinary share of £1

6. GUARANTEES

The borrowings of the Gala Coral group are secured on the assets of the company and its fellow subsidiaries

7. PARENT COMPANY AND CONTROLLING PARTY

The company is a subsidiary company of Gala Electric Casinos Limited, a company incorporated in Great Britain

The largest and only group in which the results of Gala Electric Casino Two Limited are consolidated is that headed by Gala Coral Group Limited. This company is also regarded as the ultimate parent company and controlling party. These consolidated financial statements are available to the public and may be obtained from Gala Coral Group Limited, Glebe House, Vicarage Drive, Barking, Essex, IG11 7NS