

**Company Number: 2822203**

**Camelot Group plc**

**Interim Unaudited Financial Statements**

**For the 26 week period  
ended 30 September 2006**

THURSDAY



A11

\*AYAYDLCQ\*

14/12/2006

43

COMPANIES HOUSE

## **Independent review report to Camelot Group plc**

### **Introduction**

We have been instructed by the Company to review the financial information for the 26 weeks ended 30 September 2006 which comprises the Group and Company Balance Sheet as at 30 September 2006 and the related Group Interim Statements of Income, Cash Flows, Changes in Shareholders' Equity and related notes for the 26 weeks then ended. We have read the other information contained in the interim Financial Statements and considered whether it contains any apparent misstatements or material inconsistencies with the financial information.

### **Directors' responsibilities**

The unaudited interim Financial Statements, including the financial information contained therein, are the responsibility of, and have been approved by the directors. The Listing Rules of the Financial Services Authority ("The Listing Rules") require that the accounting policies and presentation applied to the interim figures should be consistent with those applied in preparing the preceding annual accounts except where any changes, and the reasons for them, are disclosed. The directors are responsible for preparing the interim report in accordance with The Listing Rules (because the Group applies The Listing Rules as if it were a listed group).

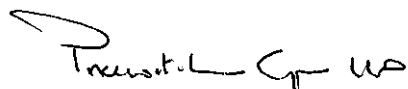
The interim Financial Statements have been prepared in accordance with the basis set out in Note 2.

### **Review work performed**

We conducted our review in accordance with guidance contained in Bulletin 1999/4 issued by the Auditing Practices Board for use in the United Kingdom. A review consists principally of making enquiries of group management and applying analytical procedures to the financial information and underlying financial data and, based thereon, assessing whether the disclosed accounting policies have been applied. A review excludes audit procedures such as tests of controls and verification of assets, liabilities and transactions. It is substantially less in scope than an audit and therefore provides a lower level of assurance. Accordingly we do not express an audit opinion on the financial information. This report, including the conclusion, has been prepared for and only for the Company for the purpose of the Listing Rules of the Financial Services Authority and for no other purpose. We do not, in producing this report, 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.

### **Review conclusion**

On the basis of our review we are not aware of any material modifications that should be made to the financial information as presented for the 26 weeks ended 30 September 2006.



**PricewaterhouseCoopers LLP**

Chartered Accountants and Registered Auditors

London

20 November 2006

# Group Income Statement

For the 26 week period ended 30 September 2006  
(unaudited)

	Notes	26 weeks ended 30 September 2006 £m	26 weeks ended 24 September 2005 £m	Year ended 31 March 2006 £m
<b>Gross ticket sales</b>	3	<b>2,388.3</b>	2,409.8	5,012.8
Lottery duty		(287.0)	(289.3)	(602.0)
Prizes		(1,222.8)	(1,217.3)	(2,528.4)
National and Olympic Lottery Distribution Funds		(595.7)	(622.4)	(1,297.9)
<b>Net Income</b>		<b>282.8</b>	280.8	584.5
Retailers' and other commission		(119.7)	(122.0)	(253.6)
Terminal and data communication costs		(55.9)	(53.4)	(112.8)
<b>Gross profit</b>		<b>107.2</b>	105.4	218.1
Administrative expenses		(92.1)	(84.2)	(171.0)
Other operating income		0.7	0.7	1.6
<b>Operating profit</b>		<b>15.8</b>	21.9	48.7
Interest income		0.9	0.7	1.5
Interest expense		(0.1)	(0.4)	(0.7)
<b>Profit before taxation</b>		<b>16.6</b>	22.2	49.5
Taxation	4	(5.2)	(6.9)	(15.1)
<b>Net profit for the period/year</b>		<b>11.4</b>	15.3	34.4

Dividends recognised in the period amounted to £19.1m (26 weeks ended 24 September 2005: £17.7m), or 49.4p per share (26 weeks ended 24 September 2005: 45.7p per share). The interim dividend proposed but not recognised in these interim Financial Statements amounted to £11.4m (26 weeks ended 24 September 2005: £18.3m), or 29.4p (26 weeks ended 24 September 2005: 47.2p).

The results above are all derived from continuing operations.

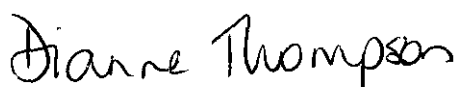
**Balance Sheet (Group and Company)**

At 30 September 2006

(unaudited)

	Notes	30 September 2006 £m	24 September 2005 £m	31 March 2006 £m
<b>ASSETS</b>				
<b>Non-current assets</b>				
Intangible assets		42.3	41.8	48.1
Property, plant and equipment		43.2	67.8	50.6
Financial assets	6a	20.2	20.0	20.2
Other receivables		8.4	14.3	11.4
Deferred taxation assets		2.1	2.7	2.0
		<b>116.2</b>	<b>146.6</b>	<b>132.3</b>
<b>Current assets</b>				
Inventories		5.3	3.6	4.2
Trade and other receivables		66.3	67.8	43.8
Financial assets	6b	164.2	164.5	177.1
Cash and cash equivalents		21.8	2.0	18.2
		<b>257.6</b>	<b>237.9</b>	<b>243.3</b>
<b>Total assets</b>		<b>373.8</b>	<b>384.5</b>	<b>375.6</b>
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Financial liabilities - borrowings		0.5	6.9	0.5
Trade and other payables		296.9	289.7	287.4
Current taxation liability		7.1	6.6	7.5
Provisions for other liabilities and charges		0.4	1.4	1.0
		<b>304.9</b>	<b>304.6</b>	<b>296.4</b>
<b>Non-current liabilities</b>				
Financial liabilities – borrowings		1.1	0.9	1.1
Trade and other payables		2.7	4.7	3.7
Deferred taxation liabilities		1.5	4.0	3.0
Provisions for other liabilities and charges		2.2	2.0	2.3
		<b>7.5</b>	<b>11.6</b>	<b>10.1</b>
<b>Total liabilities</b>		<b>312.4</b>	<b>316.2</b>	<b>306.5</b>
<b>EQUITY</b>				
<b>Capital and reserves</b>				
Called up share capital		38.8	38.8	38.8
Capital redemption reserve		11.2	11.2	11.2
Retained earnings		11.4	18.3	19.1
<b>Total equity</b>		<b>61.4</b>	<b>68.3</b>	<b>69.1</b>
<b>Total equity and liabilities</b>		<b>373.8</b>	<b>384.5</b>	<b>375.6</b>

The Financial Statements were approved by the Board of Directors on 9 November 2006 and were signed on its behalf by:



**Dianne Thompson**  
Chief Executive  
20 November 2006



**Nigel Railton**  
Finance Director  
20 November 2006

**Group Statement of Changes in Shareholders' Equity**

For the 26 week period ended 30 September 2006

(unaudited)

	Notes	26 weeks ended 30 September 2006 £m	26 weeks ended 24 September 2005 £m	Year ended 31 March 2006 £m
Net profit for the period/year		11.4	15.3	34.4
Dividends	5	(19.1)	(17.7)	(36.0)
Net decrease to shareholders' equity		(7.7)	(2.4)	(1.6)
Shareholders' equity at the beginning of the period/year		69.1	70.7	70.7
Shareholders' equity at the end of the period/year		61.4	68.3	69.1

# Group Cash Flow Statement

For the 26 week period ended 30 September 2006  
(unaudited)

	Notes	26 weeks ended 30 September 2006 £m	26 weeks ended 24 September 2005 £m	Year ended 31 March 2006 £m
<b>Cash flows from operating activities</b>				
Cash generated from operations	7	33.9	43.4	98.5
Interest paid		-	(0.3)	(0.5)
Interest received		0.8	0.6	1.5
Interest element of finance lease payments		(0.1)	(0.1)	(0.2)
Income tax paid		(4.6)	(1.3)	(6.0)
Consortium relief payments		(2.6)	(5.2)	(8.1)
<b>Net cash from operating activities</b>		<b>27.4</b>	<b>37.1</b>	<b>85.2</b>
<b>Cash flows from investing activities</b>				
Decrease in non-current financial assets		-	0.2	-
Purchases of property, plant and equipment		(1.8)	(8.4)	(4.1)
Expenditure on intangible assets		(2.6)	(1.4)	(11.1)
<b>Net cash used in investing activities</b>		<b>(4.4)</b>	<b>(9.6)</b>	<b>(15.2)</b>
<b>Cash flows from financing activities</b>				
Dividends paid to shareholders		(19.1)	(17.7)	(36.0)
Finance lease principle payment		(0.3)	(0.4)	(0.6)
<b>Net cash used in financing activities</b>		<b>(19.4)</b>	<b>(18.1)</b>	<b>(36.6)</b>
<b>Net increase in cash and bank overdrafts</b>		<b>3.6</b>	<b>9.4</b>	<b>33.4</b>
Cash and bank overdrafts at the beginning of the period/year		18.2	(13.1)	(15.2)
<b>Cash and bank overdrafts at end of the period/year</b>		<b>21.8</b>	<b>(3.7)</b>	<b>18.2</b>

## **Notes to the Interim Financial Statements**

### **1. General Information**

The principal activity of the Group is the operation and promotion of The National Lottery. The establishment of the UK National Lottery was enabled by the passing of The National Lottery etc. Act 1993. Camelot operates The National Lottery pursuant to an operating licence granted by its regulator, the National Lottery Commission (NLC). The current operating licence was granted in December 2000. The Group expects to pursue this principal activity for the coming year.

The Group continues to focus on enhancing both its portfolio of products and distribution channels.

Following the International Olympic Committee's decision in July 2005 to award London the 2012 Olympic Games and Paralympic Games, the Group has launched and is actively promoting new games to raise funds through the Olympic Lottery Distribution Fund to support London 2012. These games consist of Olympic-branded Scratchcards and Interactive Instant Win Games, as well as our new draw-based game Dream Number.

These interim unaudited Financial Statements do not constitute Statutory Accounts of the Group within the meaning of section 240 of the Companies Act 1985, and they do not include all the information and disclosures required in the Annual Financial Statements, and should be read in conjunction with the Group's Annual Financial Statements as at 31 March 2006.

The Statutory Accounts for the year to 31 March 2006 have been delivered to the Registrar of Companies. The auditors' opinion on those accounts was unqualified and did not include a statement under section 237(2) or (3) of the Companies Act 1985.

### **2. Summary of significant accounting policies**

#### **a) Basis of preparation**

The financial information in this report is unaudited. The Group Income Statement, Group Statement of Changes in Shareholders' Equity and Group Cash Flow Statement for the 26 weeks ended 30 September 2006 and the Group and Company Balance Sheet as at 30 September 2006 have been reviewed by the auditors and their report to the Group is set out on page 1.

The interim unaudited Financial Statements have been prepared on the basis of the accounting policies set out in the Group's Annual Financial Statements for the year ended 31 March 2006, and in accordance with the Listing Rules of the Financial Services Authority. The Group has chosen not to early adopt IAS 34 'Interim Financial Statements' in preparing its interim unaudited Financial Statements.

The principal accounting policies applied in the preparation of these results for the 26 weeks to 30 September 2006 are as set out below. These policies have been consistently applied to all periods presented, unless otherwise stated.

The interim unaudited Financial Statements have been prepared under the historical cost convention.

#### **Basis of consolidation**

These interim unaudited Financial Statements comprise the consolidated and Company accounts of Camelot Group plc. Certain Trust accounts established to provide protection to players are consolidated. Under IFRS the Trusts are considered to be special purpose entities (SPEs) under the control of Camelot Group plc. As such IAS 27 'Consolidated and Separate Financial Statements', requires that consolidated accounts are prepared. Details of the Trust accounts are provided in Note 2k and Note 6.

There is no difference between the presentation of the Balance Sheet and Income Statement for the Group compared to that of the Company because the applicable Trust accounts are treated as financial assets in both Group and Company Financial Statements.

The profit for the year, and profits available for distribution, of the Company are equal to the profits for the Group shown on page 2.

**b) Gross ticket sales**

Gross ticket sales comprise the wagers placed across a portfolio of games that include draw-based games, Scratchcards and Interactive Instant Win Games.

**c) Prizes**

The draw-based games developed and managed by the Group operate under a prize pool mechanism under which a predetermined percentage of the ticket sales is allocated to prizes. To the extent that the actual prizes won on the draw vary from the predetermined percentage, either the relevant prize is carried forward under a roll-over to subsequent draws, or in the case of games where the prize tiers are fixed, amounts are transferred to or reclaimed from the Equalisation Trust account.

The liability for prizes is recognised at the time of the draw in line with the predetermined percentage.

Scratchcard prizes are recognised as a percentage of ticket sales in line with the theoretical prize payout for that game.

Interactive Instant Win Game prizes are based on the actual prizes won for each individual game, at the point at which the sale occurs.

If prizes remain unclaimed for 180 days from (i) the draw date for draw based games or (ii) the close of a Scratchcard or Interactive Instant Win Game, they are paid to the National or Olympic Lottery Distribution Fund. These payments are not charged to the income statement as they are already included as a prize liability. The payment causes a reduction in the prize liability on the balance sheet. There is also an equal reduction in the Operational Trust account balance, the account in which money in respect of prizes is held and from which the payment for unclaimed prizes is made.

**d) National and Olympic Lottery Distribution Funds**

The National Lottery Distribution Fund ("NLDF") is the central fund from which the National Lottery Distribution Bodies draw down funds for distributing to the Good Causes. The Olympic Lottery Distribution Fund ("OLDLF") is the body established to collect lottery money raised for the 2012 Olympic Games and Paralympics Games which are to be held in London.

Amounts charged to the income statement represent the amounts arising due to the respective bodies based on cumulative accounting sales (less lottery duty) and prizes. The amounts recognised are calculated in line with the method set out in the Section 5 Licence under which the Group operates.

**e) Net income**

Income arises across a portfolio of games that includes draw-based games, Scratchcards and Interactive Instant Win Games.

For draw-based games, income is recognised on a draw by draw basis, at the point at which the draw takes place.

Scratchcards ticket income is recognised at the point of sale by retailers. As the Company's retailer systems provide information on when a new pack of tickets is opened and when prizes



are validated on individual tickets, but not on the sale of individual tickets, recognition at the point of sale by retailers is achieved using an average ticket approach and Camelot recognises the income from any ticket pack when the median ticket is sold. This is identified as being approximately when 60% of the lower value prizes have been claimed with a cut off of 30 days for any open pack.

Interactive Instant Win Games income is derived from wagers placed on The National Lottery website and is recognised on the date of purchase as the game is played instantly.

All income is derived from and originates in the United Kingdom and the Isle of Man. Income is disclosed net of lottery duty, prizes and distributions to the National and Olympic Lottery Distribution Funds.

Within the gaming industry, discussions have continued as to whether gaming transactions fall within the definition of a financial instrument, which would require ticket sales to be accounted for under IAS 39 'Financial Instruments: Recognition and Measurement', rather than under the revenue standard. The conclusion has emerged that income from gaming transactions should be recognised within IAS 39, under which it is recorded net of prize payouts and is classified as 'net income' rather than 'revenue'. Management have accordingly reflected this emerging practice on the face of their income statement.

**f) Retailers' and other commissions**

The Group pays commissions to third party retailers who act as agents on behalf of the Group under a standard commission structure, fixed at 5% of total sales. In addition we pay a validation commission based upon 1% of prizes paid in-store over £10, up to and including £200.

Amounts charged to the income statement represent commissions arising due to (i) retailers based on sales and in-store prize payments to date; (ii) our agent in respect of fees arising on the processing of debit card payments which arise when players load or unload money to and from their Interactive wallet to enable them to participate in The National Lottery using the interactive channel; and (iii) other sales related commissions.

**g) Intangible assets**

All intangible assets are stated at cost less accumulated amortisation and any accumulated impairment losses.

**Internally generated intangibles**

Costs relating to the development of software and The National Lottery website, including design and content development, are capitalised as intangible assets only when the future economic benefits expected to arise are deemed probable and the costs can be reliably measured. Development costs not meeting these criteria are expensed in the income statement as incurred. Capitalised development costs are amortised on a straight line basis over the period gaining economic benefit from the expenditure once the related product is available for use. Planning costs are charged to the income statement as incurred. Interactive development costs that relate to channels other than the website are also capitalised on the same basis.

**Separately acquired intangibles**

Intangible assets purchased separately, such as software licences that do not form an integral part of related hardware, are capitalised as intangible assets at cost and amortised over their useful economic life. Costs associated with maintaining software are charged to the income statement as incurred.

The value of separately acquired and internally generated intangible assets is amortised in equal instalments as follows:

- |  |   |
|--|---|
| - Central gaming software and Interactive software | To the end of the second Section 5 Licence period                     |
| - Other software                                   | The shorter of four years and the remaining Section 5 Licence period. |

#### **h) Property, plant and equipment and depreciation**

Property, plant and equipment are stated at cost less depreciation. Depreciation is provided on all property, plant and equipment, at such rates as to write off the cost of these assets in equal instalments either over their expected useful lives or the remaining Section 5 Licence period ending 31 January 2009, whichever period being the shorter. Exceptions to this policy are noted alongside the principal asset categories below.

The depreciation basis for the principal asset categories are as follows:

- |   |   |
|---|---|
| - Short leasehold improvements                    | The shorter of the lease period and the remaining Section 5 Licence period.                             |
| - Computer hardware<br>(excluding central gaming) | The shorter of four years and the remaining Section 5 systems and Interactive hardware) Licence period. |
| - Central gaming systems and Interactive hardware | To the end of the Section 5 Licence period.   |
| - Fixtures and fittings                           | The shorter of five years and the remaining Section 5 Licence period.                                   |
| - Lottery terminals                               | To the end of the Section 5 Licence period.   |
| - Permanent point-of-sale equipment (PPOS)        | To the end of the Section 5 Licence period.   |
| - Other plant and equipment                       | The shorter of 2 – 5 years and the remaining Section 5 Licence period.                                  |
| - Motor vehicles                                  | The shorter of the lease period and the remaining Section 5 Licence period.                             |

The residual values and useful economic lives of property, plant and equipment are reviewed annually. Borrowing costs related to the purchase of fixed assets are not capitalised.

#### **i) Operating leases**

Operating lease rentals are charged to the income statement on a straight line basis over the lease term. Operating lease incentives are recognised as a reduction in the rental expense over the lease term.

#### **j) Finance leases**

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the Group. All other leases are classified as operating leases.

Property, plant and equipment acquired under finance leases are included in the balance sheet at their equivalent capital value, which is defined as the lower of the fair value of the property and the present value of minimum lease payments, and are depreciated in accordance with the policy for the class of asset concerned. The resulting lease obligations are recorded as a creditor and the interest element of the finance lease rentals is charged to the income statement.

**k) Financial assets: Trust Accounts**

In order to protect the interests of prize winners and players, Camelot has established trust accounts operated by an independent trustee, The Law Debenture Trust Corporation plc. There are a number of trust accounts operated in order to separate funds of an equivalent amount to the amounts to be paid for prizes, amounts received from players in respect of future draws and amounts held in players' Interactive accounts.

Funds are transferred to the Operational, Equalisation, EuroMillions, Trust Prize Reserve and Voucher Trusts to ensure funds are ring-fenced in relation to the Group's liabilities to pay prizes. In addition, funds are transferred to the Subscriptions Trust in respect of funds received from players relating to future draws, and to the New Media Trust in respect of funds held in players Interactive wallets which have not yet been utilised by way of sales placed via the Interactive channels.

These trusts are disclosed as current financial assets as the principal benefit, being the right to receive cash from the trusts, rests with the Group. Amounts are recovered from the trusts into Camelot bank accounts once the related liability has been settled or the sales earned and after receipt of regulatory approval. Both transfers to and from the trusts typically take place on a weekly basis, or daily in the case of Interactive liability and reimbursement for prize payments.

In addition, the Reserve Trust and EuroMillions deposit are disclosed as non-current financial assets. These trusts represent additional security for prizes during and at the end of the Section 5 Licence period. This amount (or the relevant part) will be repayable to Camelot in accordance with the Trust Deed at the end of the current licence term.

**l) Inventories**

Inventories consist of Scratchcards, consumables (i.e. terminal rolls, playslips and ribbons) and various point of sale materials. Scratchcards are carried on a unit cost basis and are despatched to retailers based on marketing strategy. Consumables and point of sale materials are valued at the lower of cost, calculated on the first-in first-out basis, or net realisable value. Provisions are made for obsolete or slow moving Scratchcards stock.

**m) Financial instruments**

Minimal exposure to credit, interest rate and currency risks arise in the normal course of the Group's business.

The following policies for financial instruments have been applied in the preparation of the Group's financial statements.

**Cash and cash equivalents**

For the purpose of preparation of the cash flow statement, cash and cash equivalents includes cash at bank and in-hand, short-term deposits with an original maturity period of three months or less and certain amounts classified as borrowings, as detailed below.

Bank overdrafts that are an integral part of the Group's cash management are included in cash and cash equivalents where they have a legal right of set-off against positive cash balances. If the cash position after the set-off of the overdrafts amounts to a net overdraft, these amounts are classified as borrowings, but are still classified as cash and cash equivalents for the purposes of the cash flow statement.

## **Borrowings**

Borrowings comprise amounts drawn down against the Group's bank facilities and any bank overdrafts as defined above.

The Group has in place a revolving credit facility secured by a floating charge. Where amounts drawn down against this facility are for maturity of less than three months and are used as an integral part of the Group's cash management, they are classified as cash and cash equivalents for the purposes of the cash flow statement.

## **n) Provisions**

The dilapidation provision is the current best estimate of the cost of bringing certain premises, held under operating leases, back to their original state as required by the lease agreement.

Provisions are recognised for future committed property lease payments when the Group receives no benefit from the property through continuing usage and future receipts from any sub-letting arrangements are not in excess of the Group's future committed payments.

Provisions for restructuring costs are recognised when the Group has a present legal or constructive obligation as a result of a past event, where it is more likely than not that an outflow of resources will be required to settle the obligation and the amount can be readily estimated. Provisions are not recognised for future operating losses.

The terminal provision comprises amounts in respect of lost or destroyed terminals and associated contractual costs.

Where the time value of money is material, provisions are measured at the present value of expenditures expected to be paid in settlement.

## **o) Pensions**

The Group operates a defined contribution scheme. The cost of contributions is charged to the income statement in the year to which it relates.

## **p) Taxation**

Current tax is recognised based on the amounts expected to be paid or recovered under the tax rates and laws that have been enacted or substantively enacted at the balance sheet date.

Deferred income tax is provided in full, using the liability method, on temporary differences that arise between the carrying amounts of assets and liabilities for financial reporting purposes and their corresponding tax base. A temporary difference is a taxable temporary difference if it will give rise to taxable amounts in the future when the asset or liability is settled. Deferred income tax is determined using tax rates and laws that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the asset can be offset. Deferred tax assets and liabilities recognised are not discounted. Deferred tax liabilities and assets are classified as non-current irrespective of the expected timing of the reversal of the underlying taxable temporary difference. Current tax assets and liabilities are shown separately on the face of the balance sheet.

**q) Value added tax**

All costs include the attributable value added tax to the extent that it is not recoverable.

**r) Share capital and dividend recognition**

Ordinary shares are shown as equity. Dividends to the Company's shareholders are recognised as a liability and deducted from shareholders' equity in the period in which the shareholders' right to receive payment is established.

**s) Foreign currency**

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are transacted using the rate of exchange at the date of transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated at the foreign exchange rates ruling at the dates the fair value was determined.

**3. Gross ticket sales**

The Group is operated and managed as a single business segment in one geographical area across a portfolio of games aimed to maximise the reach of The National Lottery. Gross ticket sales by type of game are analysed as follows:

	<b>26 weeks ended 30 September 2006 £m</b>	<b>26 weeks ended 24 September 2005 £m</b>	<b>Year ended 31 March 2006 £m</b>
Draw-based games	<b>1,949.6</b>	2,002.9	4,148.0
Scratchcards and Interactive Instant Win games	<b>438.7</b>	406.9	864.8
<b>Gross ticket sales</b>	<b>2,388.3</b>	2,409.8	5,012.8

**4. Taxation**

Taxation on profits for the 26 weeks to 30 September 2006 has been calculated based on the estimated effective tax rate for the full year of 31.4% (26 weeks ended 24 September 2005: 31.1%, year ended 31 March 2006: 30.5%).

**5. Dividends**

Dividends of £19.1m were approved by the Board and paid in the period, being the final proposed dividend for year ended 31 March 2006 (approved and paid in 26 weeks ended 24 September 2005: £17.7m).

The Directors proposed an interim dividend of £11.4m at the Board Meeting on 9 November 2006 (interim dividend for 26 weeks ended 24 September 2005: £18.3m).

## 6. Financial assets: Trust accounts (Group and Company)

### a) Non-current financial assets

	26 weeks ended 30 September 2006 £m	26 weeks ended 24 September 2005 £m	Year ended 31 March 2006 £m
Reserve Trust	17.9	17.7	17.9
EuroMillions deposit	2.3	2.3	2.3
	<b>20.2</b>	<b>20.0</b>	<b>20.2</b>

### b) Current financial assets

	26 weeks ended 30 September 2006 £m	26 weeks ended 24 September 2005 £m	Year ended 31 March 2006 £m
Amounts held in trust in respect of prizes			
- Operational Trust	87.6	108.0	101.0
- Equalisation Trust	16.3	14.9	15.5
- Euromillions Trust	27.2	8.7	28.2
- Trust Prize Reserve	0.6	1.7	1.3
- Voucher Trust	-	1.7	-
Amounts held in trust in respect of future draws			
- Subscription Trust	24.9	24.4	24.0
Amounts held in New Media Trust account	7.6	5.1	7.1
	<b>164.2</b>	<b>164.5</b>	<b>177.1</b>

## 7. Cash generated from operations

	26 weeks ended 30 September 2006 £m	26 weeks ended 24 September 2005 £m	Year ended 31 March 2006 £m
<b>Profit for the period/year</b>	<b>11.4</b>	<b>15.3</b>	<b>34.4</b>
Adjustments for:			
- Taxation	5.2	6.9	15.1
- Depreciation / amortisation	18.3	15.6	32.7
- Loss on disposal of fixed assets	-	-	0.3
- Interest income	(0.9)	(0.7)	(1.5)
- Interest expense	0.1	0.4	0.7
	<b>22.7</b>	<b>22.2</b>	<b>47.3</b>
Changes in working capital:			
- Inventories	(1.1)	(0.1)	(0.7)
- Trade and other receivables	(19.4)	(27.1)	5.1
- Financial short term assets	12.9	(20.6)	(31.1)
- Trade and other payables	8.1	53.7	44.8
- Provisions	(0.7)	-	(1.3)
	<b>(0.2)</b>	<b>5.9</b>	<b>16.8</b>
<b>Cash generated from operations</b>	<b>33.9</b>	<b>43.4</b>	<b>98.5</b>