



Commonwealth games contract: GL events records an extraordinary provision for €16.3m

2012-2014: Group focus on continuing growth with a favourable calendar of events

Extraordinary provision of €16.3 million for the 2010 Commonwealth Games contract

On 19 December 2011, GL events' Board of Directors approved the general management's proposal to record a provision for the full amount of trade receivables unpaid to date for the Commonwealth Games owed by the Organising Committee and the Delhi Delivery Authority. These receivables represent a gross amount of €16.3 million or €11 million after tax.

The contract won by a 70%-held Group joint venture with a local partner provided for the delivery of temporary installations for 16 sports sites or facilities for athletes for the Commonwealth Games held from 3 to 14 October 2010. The high-quality execution of this contract was recognised by both Indian authorities and the international press present at this event.

However, Indian authorities have imposed a *de facto* freeze on payments to a significant number of international suppliers for services rendered in connection with this event following an inquiry conducted by the Central Bureau of Investigation for the purpose of confirming or dismissing claims of irregularities (as previously reported in GL events' registration document for fiscal 2010). No Group entities have been the target of legal actions.

Based on the application of strict procedures and the results of an internal investigation, in accordance with the terms of the contract, the dispute relating to this late payment was referred by the Group to the arbitration court and the New Delhi High Court. GL events intends in this way to demonstrate its full compliance with its contractual obligations and consequently the right for full payment of services rendered.

GL events confident about prospects for continuing expansion in emerging countries

Despite this dispute, the Group remains very confident about prospects for sustained development in emerging countries and, in line with its performances in recent years, a continued presence at major sports events on all continents.

GL events well-positioned for a positive calendar for events

Activity in the fourth quarter supports the Group's outlook for positive momentum in 2011 with expectations for sales of more than €770 million accompanied by growth in operating profit before the impact of this provision.

This allowance for contingencies has no impact on calculations for bank leverage covenant and a very small impact on the gearing.

Over the longer term, the Group will pursue its expansion, confirming its leadership position through team commitment, high-quality assets and a very strong brand name as it prepares for a significant year ahead in 2012 for world class events as well as major projects during pre-World Cup and pre-Olympic years.

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Upcoming events:
2011 revenue: 31st January 2012 (after the close of trading)

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