4 December 2014

Betfair Group plc ("Betfair")

Interim results for the six months ended 31 October 2014

"Record results and £200m return of capital to shareholders"

Summary

Six months ended 31 October 2014, unaudited	H1 FY15 £m	H1 FY14 £m	*Change %*
Revenue	237.6	188.0	*+26%*
EBITDA [1]	73.9	48.9	*+51%*
Operating profit	59.9	33.0	*+82%*
Profit before tax	67.3	31.7	*+112%*
Underlying profit before tax [2]	60.9	32.5	*+87%*
Earnings per share	55.0p	25.9p	*+112%*
Underlying earnings per share [2]	48.9p	26.2p	*+87%*

Financial highlights

- Revenue up 26%, driven by strong customer base growth and successful Gaming cross-sell, as well as the World Cup and favourable sports results
- Excluding the World Cup and unusually high gross win margins, revenue was up 12%
- Strong revenue growth resulted in EBITDA up 51% to £73.9m
- Underlying free cash flow up 186% to £67.2m

Operational highlights

- Active customer base up 50% to over one million following record activations and increased loyalty driven by our signature Cash Out and Price Rush products
- Mobile revenue more than doubled and now represents 70% of Sportsbook revenue
- Gaming revenue up 44% following a 63% increase in the number of Sports customers using Gaming products for the first time
- Betfair US revenue up 17% as TVG launches the first Apple approved US horseracing betting app

Returning capital to shareholders

- Announcing a cash return of £200m to shareholders
- Interim dividend up 50% to 9.0 pence per share
- Increasing the medium term dividend payout target to approximately 50% of earnings

Outlook

- Now expecting full year EBITDA of between £97m and £103m

Breon Corcoran, Betfair's Chief Executive Officer, said:

"These results demonstrate strong delivery against our strategy for achieving sustainable growth that we outlined two years ago. We have substantially strengthened our competitive position by investing in products that differentiate Betfair and by enhancing our marketing capabilities in a crowded market place.

Innovative products such as Cash Out, Cash Back Extra and Price Rush, coupled with a relentless focus on providing value through market leading promotions and odds, have allowed Betfair to acquire and retain more customers than ever before. Over one million customers bet with us in the first half of the year, a 50% increase on last year.

Our focus on regulated jurisdictions is also paying off. Revenues from sustainable markets grew by 32% in the first half of the year and now contribute more than 80% of total revenues.

Betfair has also delivered considerable operational gearing and, as a result, strong top line growth has led to substantial EBITDA margin expansion and strong cash generation. In the last 12 months, Betfair has generated underlying free cash flow of £114.1m and had £271.4m of corporate cash at 31 October.

In view of this, and the substantial cash flow generated, we are today announcing a £200m return of capital to shareholders and an increase in our targeted dividend payout ratio.

This will leave Betfair with a more efficient capital structure whilst retaining flexibility to invest in the business and pursue strategic options.

The performance in the first six months of the year, coupled with the momentum we take into the second half, means we now expect EBITDA for the full year to be between £97m and £103m."

[1] EBITDA is defined as Group operating profit before net finance income / (expense), tax, depreciation and amortisation.

[2] Underlying figures for the current period exclude the £6.4m gain recognised on the disposal of Betfair's stake in Betfair Australia. Underlying figures for the prior year exclude net foreign exchange losses and the associated tax effect of the adjustment. A reconciliation of reported figures to underlying figures is set out on page 10.

For more information, please contact:

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Analyst and investor results webcast

There will be a live webcast of the results presentation at 10.15 a.m. GMT. Please pre-register for access to the webcast by visiting the Group website (http://corporate.betfair.com). A copy of the webcast and slide presentation given at the meeting will be available on the Group's website later today.

OVERVIEW

Revenue increased by 26% to £237.6m (H1 FY14: £188.0m), with strong growth across Sports, Gaming and Betfair US. Revenue benefited from the World Cup (£15.9m) and unusually high gross win margins (£11.8m outside of the World Cup). Adjusting for these items, revenue increased by 12%.

The strong revenue growth, coupled with careful cost control, led to a 51% increase in EBITDA to £73.9m (H1 FY14: £48.9m).

We have made good progress towards delivering our goal of achieving sustainable growth by:

- Focussing on sustainable markets;
- Investing in our product and brand to address a wider recreational market;
- Growing our business internationally; and
- Expanding operating margins.

Focus on sustainable markets

We continue to focus investment in markets that have sufficient regulatory visibility. This results in lower risk of unfavourable regulatory outcomes and increases the quality of our earnings.

Regulated markets have driven our overall growth, with sustainable revenue up 32%. Excluding the World Cup, and adjusting for abnormal gross win margins, sustainable revenue was up 18%.

Revenue from other markets was up 7%, also boosted by the World Cup and high gross win margins. Adjusting for these items, revenue from these countries was down 11%, which was broadly in line with expectations. There were no major market closures in the period, although we have withdrawn the Exchange from Austria in the second quarter and will shortly exit from Singapore.

Following positive outcomes in Italy and Bulgaria, where our Exchange is now licensed, and Spain, where we operate licensed Sportsbook and Gaming products and now have an opportunity to apply for an Exchange licence, sustainable markets are now defined as: UK, Australia, Bulgaria, Denmark, Gibraltar, Ireland, Italy, Malta, Spain and USA. These countries now contribute 81% of Group revenues (H1 FY14: 77%).

Investment in product and brand

We believe product differentiation is vital when competing in a crowded marketplace. Our recent investor event highlighted the role of product as not only a key driver in acquiring customers, but also as a means of increasing customer loyalty and engagement.

We have a unique ability to differentiate our product by integrating the Exchange and Sportsbook, and we are focussed on developing intuitive products that access the best features of both platforms.

Our pioneering Cash Out product is the second most cited reason why customers join Betfair and we continue to improve the product to extend its lead over competitors' products. One such enhancement is Cash Out+, which allows bets to be partially cashed out, has proved popular. So far this year, customers have used Cash Out over ten million times.

Price Rush, where we boost the odds offered on certain Sportsbook bets by matching them seamlessly on the Exchange, is helping to reduce customer churn and increase engagement. In some markets, for example 'Correct Score', approximately 75% of bets receive a Price Rush. In H1, when a bet received a Price Rush, the average boost to odds was 24%.

We have recently commenced trials of a cross-market liquidity matching mechanism on the Exchange. The functionality will enable the liquidity on connected Exchange markets, such as Match Odds and Draw No Bet, to be interlinked. This will improve liquidity, and provide a better customer experience, in ancillary markets.

We continue to support our product development with substantial marketing spend. To supplement our presence across the major television platforms, we use high profile partnerships to extend our brand.

Examples include the well-read Paul Nichols and Ryan Moore blogs, and a recently signed partnership with Liverpool Football Club.

International

We are focussed on achieving sustainable international expansion and now operate fully licensed sports betting and gaming operations in Italy, Denmark, Spain, Bulgaria and the USA.

Italy remains a priority for product investment as we seek to close competitive gaps. Over the period, we have expanded the number of football matches offered in-play on the Exchange and Sportsbook, although further investment is required to match the best operators in the market.

We were pleased to become the only operator to offer Cash Out in Italy following the launch of the product on our Exchange in September. We believe this could be a key driver of acquisition and retention in Italy.

Following these product improvements we have started to invest in TV advertising and have seen encouraging recent trends in customer acquisition.

Other product changes in international regulated markets include the introduction of a Sportsbook to Denmark and Bulgaria.

In unregulated international markets we have seen a stable performance from the Exchange, with some growth from the World Cup being offset by regulatory changes in a few minor jurisdictions. Gaming revenues actually increased due to more effective cross-sell and the higher number of customers active during the World Cup.

Expanding operating margins

Betfair's business model benefits from scale due to the fixed nature of much of our cost base and the scalability of our platform.

During the period, excluding marketing costs which increased by 20% due to World Cup related expenditure, operating costs increased by just 1%. This was despite revenue growth of 26% and resulted in operating margin expansion, with EBITDA margin increasing to 31.1% (H1 FY14: 26.0%).

This, in turn, led to a strong increase in underlying free cash flow, which was up 186% to £67.2m.

Disposal of Betfair Australia stake

During the period we announced the sale of our 50% stake in Betfair Australia to our joint venture partner Crown Resorts Limited. Betfair will now supply the Exchange to Crown on a B2B basis in the region.

We are pleased to have signed this long term agreement that facilitates our continued participation in the fast-growing, licensed Australian market alongside a partner with a strong local presence.

We also believe the deal represents a new and profitable operating model for the Exchange.

Return of capital to shareholders

We have recently completed a review of Betfair's capital structure and our medium term capital requirements.

This review has concluded that Betfair has a strong balance sheet that has been advantageous during uncertain times in the gaming sector. The successful execution of our strategy has led to the Group's cash balance increasing to £271.4m (H1 FY14: £171.3m) and, consequently, the Board believes it is appropriate to make a £200m return of capital to shareholders. We believe this return balances certainty of capital return, prudence and our wish to maintain financial flexibility should value enhancing investment opportunities emerge.

Recognising the strength of our cash flow characteristics, we are also updating our dividend policy. We will continue to target a sustainable, progressive dividend, but will now target a payout ratio of approximately 50% in the medium term.

We will continue to enjoy healthy cash generation and have the capacity to add leverage, if necessary, to take part in any industry consolidation. In the meantime, and subject to Betfair's ongoing capital requirements and pipeline of opportunities, we will also look to make share buy-backs to further enhance shareholder returns.

Shareholders will be asked to approve the return of capital at a General Meeting in January and a circular with details of the return will be distributed shortly.

Clarification to CEO Joining Award

At the General Meeting, shareholders will also be asked to approve a clarification of the performance conditions in the Joining Award relating to Betfair's CEO, Breon Corcoran. Following extensive consultation with shareholders, it is proposed that the performance conditions are amended so as to remove the TSR component. This addresses a discrepancy between the understanding reached with Breon at the time of his recruitment and the subsequent option that was granted.

Outlook

We continue to expect revenue from sustainable markets to grow in line with the market. We anticipate revenue from other countries falling, on average, by between 15% and 25% per annum as a result of market exits and our strategy of not investing in these regions.

The first half result, coupled with recent trading performance, means we now expect full year EBITDA of between £97m and £103m. This includes an estimated incremental cost of approximately £18m, following the introduction of the Point of Consumption gaming tax in the UK from 1 December 2014. If this tax was in place for the full year, we estimate that the cost would be approximately £44m.

OPERATING REVIEW

Revenue (£m) Unaudited	**Q1 FY15 £m**	**Q2 FY15 £m**	**H1 FY15 £m**	**Q1 FY14 £m**	**Q2 FY14 £m**	**H1 FY14 £m**	*Q1 YoY %*	*Q2 YoY %*	*H1 YoY %*
Sports	83.0	83.6	166.6	64.0	69.9	133.9	*+30%*	*+20%*	*+24%*
Gaming	19.8	22.2	42.0	13.7	15.5	29.2	*+45%*	*+43%*	*+44%*
Betfair US	14.2	14.2	28.4	12.5	11.8	24.3	*+14%*	*+20%*	*+17%*
Customer Funds	0.3	0.3	0.6	0.2	0.4	0.6	*+50%*	*-25%*	-
Total revenue	**117.3**	**120.3**	**237.6**	**90.4**	**97.6**	**188.0**	***+30%***	***+23%***	***+26%***

Sports

Sports revenue was up 24% to £166.6m (H1 FY14: £133.9m). This was driven in part by World Cup revenue of £15.9m, which was approximately double that generated from the previous major football tournament. Sports results were also very favourable to bookmakers in the period.

Betfair had a strong World Cup with products such as Cash Out and Price Rush put fully into play, alongside significant marketing investment and market-leading promotions. Prior to the tournament we launched integrated sports-casino native apps for iPad and iPhone, and it was the first World Cup to be dominated by mobile betting. The channel grew strongly and now accounts for 70% of our Sportsbook revenue. During the tournament we ran market-leading cash back offers if England lost and if matches went to extra time, which helped us to achieve a record number of new activations.

This momentum was carried forward into Q2, and we have seen strong growth in the number of active customers as we continue to offer leading value through attractive promotions and excellent pricing, on both the Sportsbook and Exchange. Examples of our market-leading promotions included paying eight places in The Open Championship golf and giving customers a free bet to the value of their stake if they backed a winner at 3/1 or more on Channel 4 races.

Sports results have been very favourable for bookmakers in recent months, with particularly strong gross margins in football. We recognise that it has been a painful period for many customers and we have upped our retention marketing activity accordingly.

The much better weather this year means that horseracing revenues have benefitted from fewer abandoned fixtures, and the Exchange performed strongly throughout the summer, including at Royal Ascot, where the large number of favourites winning showed the benefit of our diversified business model.

Gaming

Gaming revenue increased by 44% to £42.0m (H1 FY14: £29.2m). The strong performance was driven by the increased number of Sports customers and successful cross-selling to these customers.

We have continued to build on the momentum seen in the second half of FY14, introducing 88 new Arcade games and launching new Casino and Arcade mobile apps. Several new features within these apps, including single sign-on and embedded games within sports, are designed to aid cross-sell from Sportsbook, which is the main source of new Gaming customers.

During the period, 63% more sports customers played gaming products for the first time than in the same period last year.

Mobile continues to be a key driver of growth in Gaming revenues, with revenue from the channel up 145%.

Betfair US

Betfair US revenue increased by 17% to £28.4m (H1 FY14: £24.3m). Growth was mainly driven by TVG, where handle (which is the volume of wagers placed) and revenue increased by 15% and 17% respectively (both constant currency). This represents a good performance in the context of an overall decline in handle across the wider US horseracing market.

TVG continues to lead the way in the US horseracing betting industry and is now the market leading advanced deposit wagering operator, with an estimated market share of approximately 37%.

The key driver behind the growth in wagering was the mobile channel. TVG enjoyed an 85% increase in mobile wagering in the first half of the year following its launch of iPhone and iPad Apps.

Betfair's online casino in New Jersey was launched in November 2013 and has since performed well in a market that is so far smaller than originally expected. Betfair's total revenue in the first half was £1.9m, and we had an 11% share of the Casino market in October.

We recently entered into an agreement with Golden Nugget Casino, which will replace Trump Plaza as our land-based partner.

Regulation

We continue to operate within an evolving regulatory environment and there have been a number of developments during the period.

UK & Ireland

The UK's Point of Consumption licensing regulation came into force at the start of November. Betfair has been granted a licence, and will pay betting duty at a rate of 15% of revenue generated from UK-based customers, from 1 December 2014.

We recently contributed to the Industry Group for Responsible Gambling's review into its advertising code, which engaged with a wide range of stakeholders, including the Advertising Standards Authority and the Committee of Advertising Practice, and we await the UK Government's response.

The Irish Betting Amendment Bill, which proposes taxing online gaming at 15% of gross profits for exchanges, has been subject to delay and we now anticipate it being in place later in 2015. The Irish government is also considering introducing a new licensing system for operators, although the timeline for its introduction remains uncertain.

International

We continue to engage within international markets where there is the prospect of fair and workable regulation.

Within the period we have seen encouraging developments in Spain, where the process for Exchange licensing has commenced. We have also noted recent developments in Sweden, where the European Commission is exerting pressure on the Government to open up the market.

Whilst we cannot predict with any degree of certainty, we continue to expect further market exits from territories where the future of online gaming regulation is unclear. We continue to monitor developments in certain Eastern European territories and significant uncertainty remains in Portugal as the country introduces new legislation.

This uncertainty further justifies our strategy of focusing on regulated jurisdictions.

FINANCIAL REVIEW

Summary

Revenue increased by 26% to £237.6m (H1 FY14: £188.0m) and EBITDA was up 51% to £73.9m (H1 FY14: £48.9m), with higher revenue partly offset by an associated increase in direct costs and higher gaming taxes, alongside additional marketing investment.

Reported profit before tax for the first six months of the year was £67.3m (H1 FY14: £31.7m), which included a £6.4m gain relating to the disposal of our joint venture in Australia, and earnings per share was up 112% to 55.0 pence (H1 FY14: 25.9 pence).

Underlying earnings per share, which excludes the gain on disposal, increased by 87% to 48.9 pence (H1 FY14: 26.2 pence).

Six months ended 31 October 2014	**H1 FY15 £m**	**H1 FY14 £m**	***Change %***
Revenue	237.6	188.0	*+26%*
EBITDA [1]	73.9	48.9	*+51%*
Operating profit	59.9	33.0	*+82%*
Profit before tax	67.3	31.7	*+112%*
Underlying profit before tax [2]	60.9	32.5	*+87%*
Earnings per share	55.0p	25.9p	*+112%*
Underlying earnings per share [2]	48.9p	26.2p	*+87%*

1 EBITDA is defined as Group operating profit before net finance income / (expense), tax, depreciation and amortisation.

2 Underlying figures for the current period exclude the £6.4m gain recognised on the disposal of Betfair's stake in Betfair Australia. Underlying figures for the prior year exclude net foreign exchange losses and the associated tax effect of the adjustment. A reconciliation of reported figures to underlying figures is set out on page 10.

Revenue

Revenue (£m) Unaudited	**Q1 FY15 £m**	**Q2 FY15 £m**	**H1 FY15 £m**	**Q1 FY14 £m**	**Q2 FY14 £m**	**H1 FY14 £m**	***Q1 YoY %***	***Q2 YoY %***	***H1 YoY %***
Sustainable markets	93.7	98.3	192.0	69.9	75.4	145.3	*+34%*	*+30%*	*+32%*
Other markets	23.6	22.0	45.6	20.5	22.2	42.7	*+15%*	*-1%*	*+7%*
Total revenue	**117.3**	**120.3**	**237.6**	**90.4**	**97.6**	**188.0**	***+30%***	***+23%***	***+26%***

Revenue from sustainable markets in H1 FY15 was up 32%, driven by the World Cup, unusually high gross win margins and strong performances in Gaming and the US. Revenue from other markets was up 7%, with the World Cup and favourable gross win margins masking an underlying decline due to the focus of investment on sustainable markets.

Actives (k)	**Q1 FY15**	**Q1 FY14**	***Change %***	**Q2 FY15**	**Q2 FY14**	***Change %***
Sustainable markets	653	396	*+65%*	594	393	*+51%*
Other markets	131	134	*-2%*	114	147	*-22%*
Total actives	**784**	**530**	***+48%***	**708**	**540**	***+31%***

The number of active customers in the second quarter of FY15 increased by 31% to 708,000 (H1 FY14: 540,000). The numbers of active customers in sustainable markets increased by 51%, while the number of actives in other markets decreased by 22%, reflecting the focus of investment on sustainable jurisdictions.

Administrative expenses

Six months ended 31 October 2014	**H1 FY15 £m**	**H1 FY14 £m**	***Change %***
Sales and marketing	62.0	51.6	*+20%*
Technology	29.3	28.8	*+2%*
Operations	18.7	18.2	*+3%*
G&A	16.5	17.0	*-3%*
Operating expenses	**126.5**	**115.6**	***+9%***
Depreciation and amortisation	14.0	15.9	*-12%*
Total administrative expenses	**140.5**	**131.5**	***+7%***

Sales and marketing spend increased by 20%, largely due to increased investment during the World Cup. As a proportion of total revenue, sales and marketing spend decreased to 26% (27% in H1 FY14).

Technology costs before capitalisation of internal development expenditure were 3% higher than the prior year, with an overall increase in headcount partly offset by a shift of development activity to our near shore development centres, which reduces the average cost per employee. In H1 FY15, £3.1m of internal development expenditure was capitalised, compared with £2.6m in H1 FY14. Technology costs after this capitalisation were up 2% on the prior year.

Operations spend was up 3% in the period, predominantly due to additional investment in customer services resources to support the growing customer base.

General & administrative (G&A) costs were down 3%, primarily driven by lower headcount.

Depreciation and amortisation of £14.0m was 12% lower than the prior year (H1 FY14: £15.9m) as a result of lower capital expenditure.

Average headcount of 1,827 was higher than the prior year (H1 FY14: 1,681) following increased investment in our near-shore development centres, plus additional operational staff to serve the growing customer base. Employment costs increased by 5% to £59.0m (H1 FY14: £56.0m).

EBITDA

Six months ended 31 October	**H1 FY15 £m**	**H1 FY14 £m**	***Change %***
Betfair excl. US	70.4	43.7	*+61%*
Betfair US	3.5	5.2	*-33%*
EBITDA	**73.9**	**48.9**	***+51%***

EBITDA excluding US increased by 61% to £70.4m (H1 FY14: £43.7m), with the improvement predominantly due to the strong revenue growth in H1 as a result of the World Cup and unusually high gross win margins.

Betfair US EBITDA decreased by 33% to £3.5m (H1 FY14: £5.2m). A strong performance in TVG, driven by increased operating leverage, was offset by our multi-year investment in New Jersey Casino.

Betfair Australia

In August we announced the sale of our 50% stake in Betfair Australia to our joint venture partner Crown Resorts Limited for £5.5m, which represented a gain on disposal of £6.4m. Our shareholder loan to Betfair Australia of £6.5m was also repaid.

Our share of operating profit in Betfair Australia was £0.1m (H1 FY14: loss of £1.0m), relating to the period up to the disposal of the business.

Taxation

The Group had a tax charge of £9.7m in the period (H1 FY14: £4.8m). The Group's effective underlying tax rate was 15.9% (H1 FY14 underlying: 16.3%) and we continue to expect the long-term sustainable tax rate to remain around this level.

Dividend

The Board has declared an interim dividend of 9.0 pence per share (H1 FY14: 6.0 pence). This will be paid on 16 January 2015 to holders of relevant shares on the register at 12 December 2014.

Capital expenditure

Six months ended 31 October	**H1 FY15 £m**	**H1 FY14 £m**	***Change %***
External capex	4.3	5.3	*-19%*
Internal devex	3.1	2.6	*+19%*
Total	**7.4**	**7.9**	***-6%***

Cash and cash flow

Free cash flow was up £53.0m to £67.2m (H1 FY14: £14.2m). There are no payments relating to separately disclosed items in the current period (H1 FY14: £9.3m). Excluding these items, underlying free cash flow increased by £43.7m to £67.2m.

Cash at 31 October 2014, excluding customer funds which are held off-balance sheet, was £271.4m (31 October 2013: £171.3m).

Six months ended 31 October Unaudited	**H1 FY15 £m**	**H1 FY14 £m**
Underlying free cash flow	67.2	23.5
Cash flow from separately disclosed items	-	(9.3)
Free cash flow	67.2	14.2
Dividends paid	(14.6)	(9.3)
Proceeds from disposal of stake in Betfair Australia	12.0	-
Other [1]	(2.2)	(1.3)
Net increase in cash and cash equivalents [2]	**62.4**	**3.6**

1 Other is comprised of the net purchase of own shares and proceeds from the issue of share capital.
2 Excludes the effect of exchange rate fluctuations on cash held.

Six months ended 31 October	**H1 FY15 £m**	**H1 FY14 £m**
Cash and cash equivalents as at 31 October	271.4	171.3

Reconciliation of Reported to Underlying

Six months ended 31 October 2014	Revenue £m	EBITDA £m	Operating Profit £m	Profit for the period £m	EPS p
H1 FY15 reported	**237.6**	**73.9**	**59.9**	**57.6**	**55.0**
Disposal of JV	-	-	-	(6.4)	(6.1)
H1 FY15 underlying	**237.6**	**73.9**	**59.9**	**51.2**	**48.9**

Six months ended 31 October 2013	Revenue £m	EBITDA £m	Operating Profit £m	Profit for the period £m	EPS p
H1 FY14 reported	**188.0**	**48.9**	**33.0**	**26.9**	**25.9**
Net foreign exchange loss	-	-	-	0.8	0.8
Tax effect of adjustment	-	-	-	(0.5)	(0.5)
H1 FY14 underlying	**188.0**	**48.9**	**33.0**	**27.2**	**26.2**

Principal risks and uncertainties

The Board continuously assesses and monitors the key risks of the business. The key risks that could affect the Group's performance and the factors that mitigate those risks have not significantly changed from those set out on pages 26 and 27 in the Group's annual report for 2014 (which is available to download at http://corporate.betfair.com). The principal risks facing the Group, together with the Group's risk management process in relation to these risks, continue to be monitored, reviewed and re-assessed. A summary of the principal risks and uncertainties that are most relevant to the remainder of the current financial year is included below:

- Online gambling regulation and licensing (EU/non-EU) – Many jurisdictions are in the process of regulating their online gambling market. This introduces risks such as commercial viability, delays in licensing of betting exchanges, taxation and differential licensing of segments, for example licensing sports betting but not casinos or poker. Any new licensing regime, adverse regulatory decisions or tax base that makes it commercially unviable for Betfair to operate its Exchange, Sportsbook and Gaming products could restrict our ability to grow the business, gain access to new customers and, ultimately, increase revenues.
- Our products/competition – Our competitors are constantly looking to gain advantage through aggressive marketing campaigns, pricing, promotional behaviour and new product features which could impact revenue or margins. Our product offering could become less attractive in relation to competitors' offers, we could fail to maximise revenues earned from operated products or could have to find alternative suppliers in the event of a failure to provide contracted services.
- Infrastructure and systems – Potential risks include: site outages and/or loss of customer connectivity; software error; reliance on third parties; unauthorised access to customer or other sensitive data by employees, third party providers or through cyber-attack; and as we increase our reliance on third parties, the potential to maliciously access and compromise data could increase.
- Customers – Macroeconomic factors such as licensing, regulatory, tax or other developments outside Betfair's control could deter a significant number of customers from using our products.
- Financial – Certain jurisdictions have put pressure on banks to refuse to process transactions from online gaming companies. There are tax risks around the governance of tax planning structures which could result in unexpected liabilities. Due to the international nature of the business, the Group is exposed to the impact of foreign exchange fluctuations on deposits as well as cash flows. Actual or perceived mismanagement of customer funds could have severe financial and reputational impacts.
- People/key employees – If we are unable to remain competitive in our compensation packages and career development, this would reduce our ability to: retain Executives, managers and key staff; attract, retain and motivate highly skilled employees; and engage staff with their jobs and the Group's objectives.

Responsibility statement of the directors in respect of the half-yearly financial report:

We confirm that to the best of our knowledge:

• the condensed set of financial statements has been prepared in accordance with IAS 34 Interim Financial Reporting as adopted by the EU

• the interim management report includes a fair review of the information required by:

(a) DTR 4.2.7R of the Disclosure and Transparency Rules, being an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements; and a description of the principal risks and uncertainties for the remaining six months of the year; and

(b) DTR 4.2.8R of the Disclosure and Transparency Rules, being related party transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or performance of the entity during that period; and any changes in the related party transactions described in the last annual report that could do so.

By order of the board of Betfair Group Plc

Breon Corcoran
Chief Executive Officer

Alexander Gersh
Chief Financial Officer

4 December 2014

Condensed Consolidated Income Statement

	Note	**Six months ended 31 October 2014 (Unaudited) £m**	Six months ended 31 October 2013 (Unaudited) £m	Year ended 30 April 2014 (Audited) £m
Continuing operations				
Revenue	2	**237.6**	188.0	393.6
Cost of sales		**(37.2)**	(23.5)	(50.9)
Gross profit		**200.4**	164.5	342.7
Administrative expenses		**(140.5)**	(131.5)	(281.1)
Group operating profit		**59.9**	33.0	61.6
Analysed as:				
EBITDA*		**73.9**	48.9	91.1
Depreciation and amortisation		**(14.0)**	(15.9)	(29.5)
Group operating profit		**59.9**	33.0	61.6
Net finance income / (expense)		**0.9**	(0.3)	0.7
Share of profit / (loss) of equity accounted investments		**0.1**	(1.0)	(1.2)
Profit on disposal of joint venture	3	**6.4**	-	-
Profit before tax		**67.3**	31.7	61.1
Tax	4	**(9.7)**	(4.8)	(10.1)
Profit for the period / year		**57.6**	26.9	51.0
Attributable to:				
Equity holders of the Parent		**57.6**	26.9	51.0
Non-controlling interest		**-**	-	-
Profit for the period / year		**57.6**	26.9	51.0
Earnings per share				
Basic	5	**55.0p**	25.9p	49.0p
Diluted	5	**53.7p**	25.7p	48.1p

* EBITDA is defined as Group operating profit before net finance income / (expense), tax, depreciation and amortisation. It excludes amounts in respect of the Group's equity accounted investments and profit on disposal of joint venture and is considered by the Directors to be a key measure of its financial performance.

Condensed Consolidated Statement of Comprehensive Income

	Six months ended 31 October 2014 (Unaudited) £m	Six months ended 31 October 2013 (Unaudited) £m	Year ended 30 April 2014 (Audited) £m
Profit for the period / year	**57.6**	26.9	51.0
Other comprehensive (expense) / income *Items that will be reclassified to profit or loss:*			
Foreign exchange differences arising on consolidation	**0.2**	(1.6)	(4.0)
Reclassification to profit or loss	**(0.8)**	-	-
Other comprehensive expense for the period / year	**(0.6)**	(1.6)	(4.0)
Total comprehensive income for the period / year	**57.0**	25.3	47.0
Attributable to:			
Equity holders of the Parent	**57.0**	25.3	47.0
Non-controlling interest	**-**	-	-
Total comprehensive income for the period / year	**57.0**	25.3	47.0

Condensed Consolidated Balance Sheet

	Note	**31 October 2014 (Unaudited) £m**	31 October 2013 (Unaudited) £m	30 April 2014 (Audited) £m
Non-current assets				
Property, plant and equipment		**14.0**	15.1	16.7
Goodwill and other intangible assets		**46.1**	51.2	49.3
Investments		**0.1**	6.1	5.5
Available-for-sale financial assets		**1.3**	1.3	1.3
Deferred tax assets		**5.0**	5.9	3.9
		66.5	79.6	76.7
Current assets				
Trade and other receivables		**24.2**	29.2	23.0
Cash and cash equivalents	6	**271.4**	171.3	209.8
		295.6	200.5	232.8
Total assets		**362.1**	280.1	309.5
Current liabilities				
Trade and other payables		**100.0**	100.7	111.8
Tax payable		**43.8**	25.0	24.4
Provisions		**1.1**	3.2	1.2
		144.9	128.9	137.4
Non-current liabilities				
Provisions		**0.5**	0.7	0.7
Total liabilities		**145.4**	129.6	138.1
Net assets		**216.7**	150.5	171.4
Share capital	7	**0.1**	0.1	0.1
Share premium		**0.9**	21.1	21.9
Other reserves		**(11.8)**	(9.1)	(11.4)
Retained earnings		**227.5**	138.4	160.8
Equity attributable to equity holders of the Parent		**216.7**	150.5	171.4
Non-controlling interest		**-**	-	-
Total equity		**216.7**	150.5	171.4

Condensed Consolidated Statement of Changes in Equity
For the six month period ended 31 October 2014

Attributable to equity holders of the Company

	Share capital £m	Share premium £m	Other reserves £m	Foreign currency translation reserve £m	Retained earnings £m	Total parent equity £m	Non-controlling interest £m	Total equity £m
Balance at 1 May 2014	0.1	21.9	1.1	(12.5)	160.8	**171.4**	-	**171.4**
Total comprehensive income for the period								
Profit for the period	-	-	-	-	57.6	**57.6**	-	**57.6**
Other comprehensive expense	-	-	-	(0.6)	-	**(0.6)**	-	**(0.6)**
Total comprehensive income / (expense) for the period	-	-	-	(0.6)	57.6	**57.0**	-	**57.0**
Transactions with owners, recorded directly in equity								
Issue of shares	-	1.2	-	-	-	**1.2**	-	**1.2**
Share premium cancellation**	-	(22.2)	-	-	22.2	**-**	-	**-**
Dividend paid	-	-	-	-	(14.6)	**(14.6)**	-	**(14.6)**
Equity-settled share-based payments	-	-	-	-	4.9	**4.9**	-	**4.9**
Sale of own shares by the EBT*	-	-	-	-	1.8	**1.8**	-	**1.8**
Purchase of own shares by EBT*	-	-	-	-	(5.2)	**(5.2)**	-	**(5.2)**
Tax on equity-settled share-based payments	-	-	0.2	-	-	**0.2**	-	**0.2**
Total transactions with owners	-	(21.0)	0.2	-	9.1	**(11.7)**	-	**(11.7)**
Balance at 31 October 2014	**0.1**	**0.9**	**1.3**	**(13.1)**	**227.5**	**216.7**	**-**	**216.7**

* Employee Benefit Trust is defined as EBT.

** Following shareholder approval at the Annual General Meeting on 4 September 2014 and court approval on 8 October 2014, the Company cancelled its share premium account, transferring £22.2m to the retained earnings account within reserves.

Condensed Consolidated Statement of Changes in Equity
For the six month period ended 31 October 2013

Attributable to equity holders of the Company

	Share capital £m	Share premium £m	Other reserves £m	Foreign currency translation reserve £m	Retained earnings £m	Total parent equity £m	Non-controlling interest £m	Total equity £m
Balance at 1 May 2013	0.1	19.4	0.9	(8.5)	120.1	**132.0**	-	**132.0**
Total comprehensive income for the period								
Profit for the period	-	-	-	-	26.9	**26.9**	-	**26.9**
Other comprehensive expense	-	-	-	(1.6)	-	**(1.6)**	-	**(1.6)**
Total comprehensive income / (expense) for the period	-	-	-	(1.6)	26.9	**25.3**	-	**25.3**
Transactions with owners, recorded directly in equity								
Issue of shares	-	1.7	-	-	-	**1.7**	-	**1.7**
Equity-settled share-based payments	-	-	-	-	3.6	**3.6**	-	**3.6**
Purchase of own shares by EBT*	-	-	-	-	(2.9)	**(2.9)**	-	**(2.9)**
Dividend paid	-	-	-	-	(9.3)	**(9.3)**	-	**(9.3)**
Tax on equity-settled share-based payments	-	-	0.1	-	-	**0.1**	-	**0.1**
Total transactions with owners	-	1.7	0.1	-	(8.6)	**(6.8)**	-	**(6.8)**
Balance at 31 October 2013	**0.1**	**21.1**	**1.0**	**(10.1)**	**138.4**	**150.5**	**-**	**150.5**

* Employee Benefit Trust is defined as EBT.

Condensed Consolidated Statement of Changes in Equity
For the year ended 30 April 2014

Attributable to equity holders of the Company

	Share capital £m	Share premium £m	Other reserves £m	Foreign currency translation reserve £m	Retained earnings £m	Total parent equity £m	Non-controlling interest £m	Total equity £m
Balance at 1 May 2013	0.1	19.4	0.9	(8.5)	120.1	**132.0**	-	**132.0**
Total comprehensive income for the year								
Profit for the year	-	-	-	-	51.0	**51.0**	-	**51.0**
Other comprehensive expense	-	-	-	(4.0)	-	**(4.0)**	-	**(4.0)**
Total comprehensive income / (expense) for the year	-	-	-	(4.0)	51.0	**47.0**	-	**47.0**
Transactions with owners, recorded directly in equity								
Issue of shares	-	2.5	-	-	-	**2.5**	-	**2.5**
Dividend paid	-	-	-	-	(15.6)	**(15.6)**	-	**(15.6)**
Equity-settled share-based payments	-	-	-	-	6.5	**6.5**	-	**6.5**
Sale of own shares by the EBT*	-	-	-	-	1.7	**1.7**	-	**1.7**
Purchase of own shares by EBT*	-	-	-	-	(2.9)	**(2.9)**	-	**(2.9)**
Tax on equity-settled share-based payments	-	-	0.2	-	-	**0.2**	-	**0.2**
Total transactions with owners	-	2.5	0.2	-	(10.3)	**(7.6)**	-	**(7.6)**
Balance at 30 April 2014	**0.1**	**21.9**	**1.1**	**(12.5)**	**160.8**	**171.4**	**-**	**171.4**

* Employee Benefit Trust is defined as EBT.

Condensed Consolidated Statement of Cash Flow

	Note	**Six months ended 31 October 2014 (Unaudited) £m**	Six months ended 31 October 2013 (Unaudited) £m	Year ended 30 April 2014 (Audited) £m
Cash flows from operating activities				
Profit for the period / year		**57.6**	26.9	51.0
Adjustments for:				
Depreciation and amortisation		**14.0**	15.9	29.5
Equity-settled share-based payments and associated costs	8	**5.7**	4.2	7.3
Profit on disposal of joint venture	3	**(6.4)**	-	-
Share of (profit) / loss of equity accounted investments		**(0.1)**	1.0	1.2
Net finance (income) / expense		**(0.9)**	0.3	(0.7)
Tax		**9.7**	4.8	10.1
Increase in trade and other receivables		**(1.4)**	(10.9)	(4.4)
(Decrease) / increase in trade and other payables		**(1.9)**	(9.4)	2.4
Decrease in provisions		**(0.2)**	(9.3)	(11.3)
Cash generated from operations		**76.1**	23.5	85.1
Tax paid		**(2.2)**	(2.0)	(5.6)
Net cash from operating activities		**73.9**	21.5	79.5
Cash flows from investing activities				
Acquisition of property, plant and equipment		**(2.3)**	(1.8)	(8.5)
Acquisition of other intangible assets		**(2.0)**	(3.5)	(6.5)
Capitalised internal development expenditure		**(3.1)**	(2.6)	(7.4)
Finance income received		**0.7**	0.5	0.9
Cash received on disposal of joint venture	3	**5.5**	-	-
Cash received from repayment of joint venture loan	3	**6.5**	-	-
Net cash from / (used in) investing activities		**5.3**	(7.4)	(21.5)
Cash flows from financing activities				
Proceeds from the issue of share capital		**1.2**	1.7	2.5
Dividends paid	9	**(14.6)**	(9.3)	(15.6)
Purchase of own shares by the EBT		**(5.2)**	(2.9)	(2.9)
Sale of own shares by the EBT		**1.8**	-	1.7
Net cash used in financing activities		**(16.8)**	(10.5)	(14.3)
Net increase in cash and cash equivalents		**62.4**	3.6	43.7
Cash and cash equivalents at the beginning of the period / year		**209.8**	168.1	168.1
Effect of exchange rate fluctuations on cash held		**(0.8)**	(0.4)	(2.0)
Cash and cash equivalents at period / year end	6	**271.4**	171.3	209.8

Notes to the condensed consolidated interim financial statements

1 Accounting policies

Reporting entity

Betfair Group plc (the 'Company') is a company incorporated and domiciled in the UK.

The condensed consolidated interim financial statements of the Company as at and for the six months ended 31 October 2014 comprise the Company and its subsidiaries (together referred to as the 'Group') and the Group's investments and jointly controlled entities. The Group is involved in the provision of betting services and online gaming products.

The audited consolidated financial statements of the Group as at and for the year ended 30 April 2014 are available upon request from the Company's registered office at Waterfront, Hammersmith Embankment, Chancellors Road, London W6 9HP.

The condensed consolidated interim financial statements for the six months ended 31 October 2014 are unaudited and do not constitute statutory accounts for the purpose of section 434 of the Companies Act 2006, but have been reviewed by the auditors and their report is on page 29 of this statement.

Statement of compliance

These condensed consolidated interim financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting as endorsed and adopted for use in the European Union and the Disclosure and Transparency Rules (DTR) of the Financial Conduct Authority. They do not include all the statements required for full annual financial statements and should be read in conjunction with the consolidated financial statements of the Group as at and for the year ended 30 April 2014.

The comparative figures for the financial year ended 30 April 2014 are not the Company's statutory accounts for that financial year. Those accounts have been reported on by the Company's auditors and delivered to the registrar of companies. The report of the auditors was (i) unqualified, (ii) did not include a reference to any matters in which the auditors drew attention by way of emphasis without qualifying their report, and (iii) did not contain a statement under section 498 (2) or (3) of the Companies Act 2006.

The condensed consolidated interim financial statements were approved by the Board of Directors on 4 December 2014.

Basis of preparation

The condensed consolidated interim financial statements have been prepared on the historical cost basis except for the following:

- financial instruments classified as available-for-sale are measured at fair value.

Financial instruments

The carrying value of the Group's financial instruments is equal to the fair value for each class of financial asset and financial liability.

The Group holds certain financial assets, being the available-for-sale financial assets of £1.3m (31 October 2013: £1.3m; 30 April 2014: £1.3m), which are classified using the IFRS 13 fair value hierarchy as Level 2. There have been no transfers in the period (31 October 2013 and 30 April 2014: none). The fair value of these financial assets, the valuation techniques and the inputs used remain unchanged from the prior reported period.

Going concern

The Group has considerable financial resources. As a consequence, the Directors believe that the Group is well placed to manage its business risks successfully. The Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future, and therefore they continue to adopt the going concern basis in the condensed consolidated interim financial statements.

Basis of consolidation

The condensed consolidated interim financial statements incorporate the net assets and results of the Company and entities controlled by the Company (its subsidiaries) made up to the period and year end presented. Control is achieved where the Company has the power to govern the financial and operating policies of an investee entity so as to obtain benefits from its activities.

Notes to the condensed consolidated interim financial statements (continued)

1 Accounting policies (continued)

Basis of consolidation (continued)

The results of subsidiaries acquired or disposed of during the period are included in the consolidated income statement from the effective date of acquisition, or up to the effective date of disposal, as appropriate. Where necessary, adjustments are made to the net assets and results of subsidiaries to bring the accounting policies used into line with those used by the Group. All intra-Group transactions, balances, income and expenses are eliminated on consolidation.

Business combinations

On acquisition, the assets, liabilities and contingent liabilities of a subsidiary are measured at their fair values at the date of acquisition. Any excess of the cost of acquisition over the fair values of the identifiable net assets acquired is recognised as goodwill. Any deficiency of the cost of acquisition below the fair values of the identifiable net assets acquired (i.e. discount on acquisition) is credited to income statement in the period of acquisition.

Significant accounting policies

These condensed consolidated interim financial statements are unaudited and have been prepared on the basis of accounting policies consistent with those applied in the consolidated financial statements for the year ended 30 April 2014.

Accounting estimates and judgements

The preparation of the condensed consolidated interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

In preparing these condensed consolidated interim financial statements, the significant judgements and estimates made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were consistent with those that applied to the consolidated financial statements as at and for the year ended 30 April 2014, with the exception of those disclosed below.

Changes in accounting policy

The Group has adopted the following accounting policies, standards, interpretations and amendments to existing standards during the period ended 31 October 2014:

- IFRS 10, 'Consolidated Financial Statements'
- IFRS 11, 'Joint Arrangements'
- IFRS 12, 'Disclosure of Interests in Other Entities'
- IAS 27 (2011), 'Separate Financial Statements'
- IAS 28 (2011), 'Investments in Associates and Joint Ventures'
- IFRIC 21, 'Levies'

The new standards and interpretations did not have a material impact on the results or the financial position of the Group as at 31 October 2014 or on any disclosures.

Notes to the condensed consolidated interim financial statements (continued)

2 Operating segments

The Group's continuing operating businesses are organised and managed as reportable business segments according to the information which is used by the Group's Chief Operating Decision Maker (CODM) by which financial information is regularly reviewed in making decisions about operating matters. These segments are:

- Betfair excl. US
  - – Sports
  - – Gaming
  - – Management of customer funds
- Betfair US

The previous reportable segments of Sportsbook and Exchange have been combined into one reportable segment named 'Sports'. This is to better reflect the way financial information is reviewed by the CODM. Sports now consists of the Exchange sports betting product, Sportsbook, Multiples and Timeform. The Group has restated the operating segment information for the six months ended 31 October 2013 and for the year ended 30 April 2014 accordingly.

Gaming consists of various Casino products and bespoke Exchange games products. Tradefair Spreads and Poker are also classified within Gaming. All of these gaming activities are played by customers in a number of geographical areas.

Sports and Gaming meet the quantitative thresholds required by IFRS 8 as reportable segments. While the revenue from the management of customer funds does not meet these requirements, this segment is separately disclosed as it is closely monitored by the CODM.

The Group's US operations (including the TVG Network) meet the quantitative threshold to be disclosed separately.

The results of the Australian joint venture (up to the date of disposal) were consolidated in the Group accounts on an equity accounting basis. As such only the Group's share of gains and losses are presented in the operating segment note below.

The Group focuses its internal management reporting predominantly on revenue, as the products' potential to generate revenue is the chief driver of the Group's business and the allocation of resources. The Group's cost base is to a large extent fixed in nature. Corporate expenses, assets and liabilities cannot readily be allocated to individual operating segments and are not used by the CODM for making operating and resource allocation decisions.

However, expenses are allocated and reviewed by the CODM between Betfair excl. US and the Betfair US operating segment. The analysis of EBITDA is summarised below.

Segmental information for the six months ended 31 October 2014, 31 October 2013 and the year ended 30 April 2014 for continuing operations is as follows:

Notes to the condensed consolidated interim financial statements (continued)

2 Operating segments (continued)

Six months ended 31 October 2014 (unaudited)

	Sports £m	Gaming £m	Management of customer funds £m	**Betfair excl. US £m**	Betfair US £m	**Group £m**
Revenue	166.6	42.0	0.6	**209.2**	28.4	**237.6**
EBITDA				**70.4**	3.5	**73.9**
Depreciation and amortisation						**(14.0)**
Net finance income						**0.9**
Share of profit of equity accounted investments						**0.1**
Profit on disposal of joint venture						**6.4**
Profit before tax						**67.3**
Tax						**(9.7)**
Profit after tax						**57.6**
Total assets						**362.1**
Total liabilities						**145.4**

Notes to the condensed consolidated interim financial statements (continued)

2 Operating segments (continued)

Six months ended 31 October 2013 (unaudited)

	Sports* £m	Gaming £m	Management of customer funds £m	Betfair excl. US £m	Betfair US £m	Group £m
Revenue	133.9	29.2	0.6	163.7	24.3	188.0
EBITDA				43.7	5.2	48.9
Depreciation and amortisation						(15.9)
Net finance expense						(0.3)
Share of loss of equity accounted investments						(1.0)
Profit before tax						31.7
Tax						(4.8)
Profit after tax						26.9
Total assets						280.1
Total liabilities						129.6

** The amount previously disclosed as Exchange and Sportsbook has been combined into Sports to reflect the new organisational structure of reportable segments.*

Notes to the condensed consolidated interim financial statements (continued)

2 Operating segments (continued)

Year ended 30 April 2014 (audited)

	Sports* £m	Gaming £m	Management of customer funds £m	Betfair excl. US £m	Betfair US £m	Group £m
Revenue	280.5	66.2	1.2	347.9	45.7	393.6
EBITDA				89.1	2.0	91.1
Depreciation and amortisation						(29.5)
Net finance income						0.7
Share of loss of equity accounted investments						(1.2)
Profit before tax						61.1
Tax						(10.1)
Profit after tax						51.0
Total assets						309.5
Total liabilities						138.1

** The amount previously disclosed as Exchange and Sportsbook has been combined into Sports to reflect the new organisational structure of reportable segments.*

Notes to the condensed consolidated interim financial statements (continued)

3 Profit on disposal of joint venture

	Six months ended 31 October 2014 (Unaudited) £m	Six months ended 31 October 2013 (Unaudited) £m	Year ended 30 April 2014 (Audited) £m
Profit on disposal of joint venture	**6.4**	-	-

On 12 August 2014, the Group completed the sale of its 50% share in its joint venture, Betfair Australasia Pty Limited, for consideration of A$10.0m (£5.5m). The shareholder loan owed by the joint venture, which amounted to A$11.7m (£6.5m), was also repaid to the Group.

4 Tax

Income tax is recognised based on management's best estimate of the underlying effective income tax rate for the full financial year and this income tax rate is then applied to the underlying profit before tax of the six month period. In the period to 31 October 2014 the Group's underlying estimated effective rate is 15.9% (six month period ended 31 October 2013: 16.3%; year ended 30 April 2014: 16.5%).

The Group's consolidated effective tax rate for the period was 14.4% based on a tax charge of £9.7m on a Group consolidated profit before tax of £67.3m (six month period ended 31 October 2013: 15.1%; year ended 30 April 2014: 16.5%). This is lower than the underlying estimated effective rate due to the impact of the non-taxable gain on the disposal by the Group of its 50% share of the Australia joint venture.

The income tax expense for the six month period ended 31 October 2014 is a charge of £9.7m (six months ended 31 October 2013: £4.8m; the year ended 30 April 2014: £10.1m)

With effect from 1 April 2015, the UK Statutory rate of Corporation tax will be reduced to 20%. This has resulted in a blended standard statutory rate of 20.9% in the year ending 30 April 2015, and has been incorporated into the effective tax rate calculation.

Notes to the condensed consolidated interim financial statements (continued)

5 Earnings per share

Basic earnings per share

The calculation of basic earnings per share for the six month period ended 31 October 2014 was based on the profit attributable to ordinary shareholders of £57.6m (six month period ended 31 October 2013: £26.9m and the year ended 30 April 2014: £51.0m) and a weighted average number of ordinary shares outstanding of 104,726,569 (six months ended 31 October 2013: 103,708,225 and year ended 30 April 2014: 103,975,695), calculated as follows:

	Six months ended 31 October 2014 (Unaudited)	Six months ended 31 October 2013 (Unaudited)	Year ended 30 April 2014 (Audited)
Profit for the period / year (£m)	**57.6**	26.9	51.0
Weighted average number of shares	**104,726,569**	103,708,225	103,975,695
Basic earnings per share	**55.0p**	25.9p	49.0p
Diluted earnings per share	**53.7p**	25.7p	48.1p

Diluted earnings per share

The calculation of diluted earnings per share for the six month period ended 31 October 2014 was based on the profit attributable to ordinary shareholders of £57.6m (six months ended 31 October 2013: £26.9m and the year ended 30 April 2014: £51.0m) and a weighted average number of ordinary shares outstanding after adjustment for the effect of all dilutive potential ordinary shares of 107,216,861 (31 October 2013: 104,621,801 and 30 April 2014: 106,019,686).

Profit used for diluted earnings per share

	Six months ended 31 October 2014 (Unaudited) £m	Six months ended 31 October 2013 (Unaudited) £m	Year ended 30 April 2014 (Audited) £m
Profit for the period / year used to determine diluted earnings per share	**57.6**	26.9	51.0

Weighted average number of shares (diluted)

	Six months ended 31 October 2014 (Unaudited)	Six months ended 31 October 2013 (Unaudited)	Year ended 30 April 2014 (Audited)
Weighted average number of ordinary shares (basic)	**104,726,569**	103,708,225	103,975,695
Effect of share options on issue	**2,490,292**	913,576	2,043,991
Weighted average number of ordinary shares (diluted)	**107,216,861**	104,621,801	106,019,686

The average market value of the Company's shares of £10.62 (31 October 2013: £9.29 and 30 April 2014: £9.89) was used to calculate the dilutive effect of share options based on the market value for the period / year that the options were outstanding.

Notes to the condensed consolidated interim financial statements (continued)

6 Cash and cash equivalents

	31 October 2014 (Unaudited) £m	31 October 2013 (Unaudited) £m	30 April 2014 (Audited) £m
Cash and cash equivalents	**271.4**	171.3	209.8

The above cash and cash equivalent includes £11.8m (31 October 2013: £8.6m and 30 April 2014: £9.0m) of customer funds that are not held on trust in The Sporting Exchange (Clients) Limited in accordance with local regulations. These customer funds that are not held on trust are matched by liabilities of an equal value. The cash and cash equivalents also include an additional £0.8m of restricted cash relating to the Group's financial guarantees (31 October 2013: £5.1m and 30 April 2014: £0.9m).

As at 31 October 2014 £267.4m (31 October 2013: £267.4m and 30 April 2014: £269.0m) was held on trust in The Sporting Exchange (Clients) Limited on behalf of the Group's customers and is equal to the amounts deposited into customer accounts.

7 Equity

Share capital

	Ordinary shares		
	31 October 2014 (Unaudited) No.	31 October 2013 (Unaudited) No.	30 April 2014 (Audited) No.
As at 1 May	**104,988,330**	104,221,610	104,221,610
Issued by the Group in relation to:			
Exercised share options and restricted shares	**308,965**	559,092	704,426
Exercised SAYE options	**18,527**	30,023	62,294
Total fully paid, ordinary shares of £0.001 each	**105,315,822**	104,810,725	104,988,330

Notes to the condensed consolidated interim financial statements (continued)

8 Share-based payments

The Group had the following share-based payment schemes in operation as at 31 October 2014:

- Share option plans
- Save-As-You-Earn scheme
- Restricted shares scheme
- Long term incentive plan (LTIP), Short term incentive plan (STIP), Management incentive plan (MIP) & Deferred share incentive plan (DSIP)
- Long term Senior Executives' Incentive Plan
- Stakeholder award scheme

The total expense recognised in respect of these schemes for the six month period ended 31 October 2014 was £5.7m (six month period ended 31 October 2013: £4.2m and year ended 30 April 2014: £7.3m).

Employer's National Insurance costs have been included in the charge, which total £0.8m (six month period ended 31 October 2013: £0.6m and year ended 30 April 2014: £0.8m).

During the six months ended 31 October 2014, the Group granted 311,271 (six month period ended 31 October 2013: 500,126 and year ended 30 April 2014: 506,757) share options under the share-based payments schemes.

9 Dividends proposed and paid

The directors have approved an interim dividend of 9.0p per qualifying ordinary share (31 October 2013: 6.0p) to be paid on 16 January 2015. In line with the requirements of IAS 10 – 'Events after the Reporting Period', this dividend has not been recognised within these interim results. The estimated dividend to be paid amounts to £9.4m.

The final dividend for the year ended 30 April 2014 of 14.0p (2013: 9.0p) per qualifying ordinary share, totalling £14.6m (2013: £9.3m) was paid in the period ended 31 October 2014.

10 Events after the reporting period

The Board is proposing, subject to shareholder approval, to return approximately £200m to shareholders. Shareholders will be asked to approve the return of capital at a General Meeting in January and a circular with details of the return will be distributed shortly.

Notes to the condensed consolidated interim financial statements (continued)

INDEPENDENT REVIEW REPORT TO BETFAIR GROUP PLC

Introduction
We have been engaged by the company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 31 October 2014 which comprises the condensed consolidated balance sheet and the condensed consolidated interim income statement, condensed statement of comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flow for the six month period then ended, and the related explanatory notes. We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

This report is made solely to the company in accordance with the terms of our engagement to assist the company in meeting the requirements of the Disclosure and Transparency Rules ("the DTR") of the UK's Financial Conduct Authority ("the UK FCA"). Our review has been undertaken so that we might state to the company those matters we are required to state to it in this report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company for our review work, for this report, or for the conclusions we have reached.

Directors' responsibilities
The half-yearly financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly financial report in accordance with the DTR of the UK FCA.

As disclosed in note 1, the annual financial statements of the Group are prepared in accordance with IFRSs as adopted by the EU. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with IAS 34 *Interim Financial Reporting* as adopted by the EU.

Our responsibility
Our responsibility is to express to the company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review.

Scope of review
We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* issued by the Auditing Practices Board for use in the UK. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion
Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 31 October 2014 is not prepared, in all material respects, in accordance with IAS 34 as adopted by the EU and the DTR of the UK FCA.

Michael Harper
for and on behalf of KPMG LLP
Chartered Accountants
15 Canada Square
London
E14 5GL
4 December 2014