ANNUAL REPORT AND ACCOUNTS 2013

GETTING FITTER

betfair

WHAT WE DO

Betfair revolutionised the sports betting industry with its Betting Exchange, which offers customers better value and more choice. Today Betfair provides a full range of sports betting and gaming products and is one of the largest online gambling operators in the UK market.

WHAT WE ARE FOCUSED ON

We are seeking to accelerate revenue growth in sustainable jurisdictions by exploiting Betfair's unique combination of Exchange and Sportsbook products to offer a differentiated customer experience and expand Betfair's addressable market.

We are seeking to accelerate growth further by investing in new market opportunities that result from regulatory change and through the use of our strong balance sheet.

The changes we have made put the business in a far stronger position to generate future growth.

BETFAIR IS GETTING FITTER

OPERATIONAL HIGHLIGHTS

- excellent progress made in the delivery of our turnaround plan:
  - sustainable revenues up to 75% of total revenue[1], from 67% in Q4 FY12;
  - Sportsbook successfully launched, helping to drive a 65% increase in UK customer acquisition;
  - introduction of Exchange-based features (e.g. Cash Out) to the Sportsbook providing a differentiated product;
  - increased cost savings of c.£30m to be realised in FY14; and
  - new management team in place and cultural change underway.

FINANCIAL HIGHLIGHTS

- revenue and EBITDA ahead of previous guidance;
- revenue of £387.0m (FY12: £388.5m):
  - sustainable revenue up 6%;
  - other revenue down 15% due to market exits;
- total underlying EBITDA of £73.3m (FY12: £86.0m) driven by lower capitalisation of development spend and regulatory impact, offset by growth in sustainable jurisdictions;
- Betfair US achieved positive underlying EBITDA for first time;
- strong underlying free cash flow generation of £50.2m (FY12: £43.8m); and
- final dividend of 9.0 pence proposed; full year dividend up 27% to 13.0 pence.

[1] 75% of Group revenues in Q4 FY13 was from UK, Ireland, USA (TVG), Denmark and Malta.

MORE INFORMATION

You can access the latest information and read this report on Betfair's corporate website:
corporate.betfair.com

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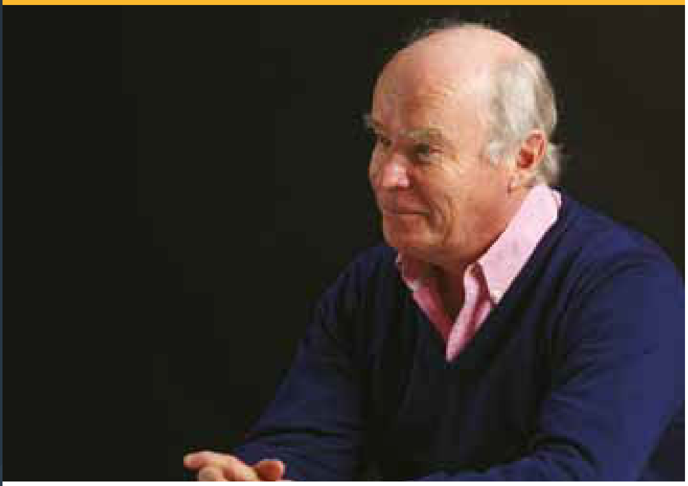
CHAIRMAN'S STATEMENT

'I AM DELIGHTED WITH THE START THE NEW MANAGEMENT TEAM HAS MADE IN TURNING THE BUSINESS AROUND.'
GERALD CORBETT, CHAIRMAN



Dear Shareholder,

Having enjoyed tremendous growth over its first decade, the Company failed to maintain this momentum in the first few years of its public market life. Faced with some serious challenges in a highly competitive market, the Company had to change course or risk losing further ground to our competitors. This turnaround required a strong leadership team and a strategy to return the business to growth. I am happy to say that the business now has both.

Strategy

Breon Corcoran joined as Chief Executive Officer (CEO) in August and outlined a new strategic direction for Betfair in December. We are now investing only in markets with regulatory visibility and are introducing a simpler product offering to appeal to a wider customer base. At the same time, Betfair is becoming a leaner, more dynamic organisation. We have a new management team in place with many highly talented additions with relevant track records of delivering growth. Under their leadership much has already been achieved and the foundations of positive change have been laid.

Financial performance

The financial performance in the year has been encouraging in difficult circumstances. We have begun the essential process of replacing unregulated revenues with revenue from regulated jurisdictions. While this affects growth in the short term, the quality of earnings is higher.

Importantly, cash flow was strong and we ended the year debt free and with £168.1m of cash.

Regulation

As with all businesses in our industry, regulation provides challenges and opportunities. Adverse regulatory changes in the year meant we restricted access to our products in a number of countries in which we had previously built up significant businesses. Recent positive regulatory changes in Italy, Spain and the USA are welcomed and Betfair will continue to strive to grow sustainable revenues in countries with sensible regulatory regimes.

Board

During the year, Stephen Morana stepped down from his role as an Executive Director on the Board. Stephen had held a number of roles over ten years at the Company, notably Chief Financial Officer and interim Chief Executive Officer. In October, Baroness Denise Kingsmill resigned as a Non-Executive Director and, as previously announced, Josh Hannah has informed the Board of his intention to step down in the coming months. I would like to thank all three for their substantial contributions to the Company.

In addition to Breon Corcoran, I am delighted to welcome Alexander Gersh as our new Chief Financial Officer (CFO), and Peter Jackson as a Non-Executive Director and member of the Audit Committee. Both bring with them a wealth of experience in competitive, international, growth businesses and will be valuable additions to our Company.

Dividend

As indicated at the time of our interim results the Directors plan to maintain a progressive and sustainable dividend policy with an appropriate level of dividend cover. This dividend policy reflects the strong cash flow characteristics and long-term earnings potential of the Betfair Group and will allow it to retain sufficient capital to fund ongoing operating requirements and continued investment for long-term growth.

The Board considers the appropriate target payout ratio to be approximately 40% of underlying profit after tax in the medium term.

The Board is recommending a final dividend of 9.0 pence, which results in a full year dividend up 27% to 13.0 pence per share.

Recent events

In April we received an approach to take Betfair private. A number of proposals were put to the Board, all of which were rejected. Betfair has struggled in its early years as a public company, but the Board believes it now has the management and the strategy to succeed and that the early signs are positive. During the discussions, our capital structure and cash balances, and their implication for our cost of capital, were considered. The Board was able to confirm its commitment to using them to support the executive team in executing its strategy and in this way to move to a more efficient balance sheet. Our new team has only just begun the process of transforming Betfair and it is this that will ultimately realise the best value for shareholders.

Finally the Board and I would like to thank Betfair's employees for their hard work and commitment over the past year. I continue to be impressed by the passion and enthusiasm within the business.

Gerald Corbett
Chairman

CEO REVIEW

'WE ARE SEEING MOMENTUM BUILD FROM EARLY SUCCESS.'
BREON CORCORAN, CHIEF EXECUTIVE OFFICER

At our Interim results we announced a plan to turnaround Betfair's performance and I can report that the business has made excellent progress against that plan and that the Group is now in a far stronger position for higher quality and sustainable growth.

Overview of results

Revenue was broadly flat year on year at £387.0m and ahead of our previous guidance range (£370m to £385m).

Underlying EBITDA of £73.3m was also higher than our guidance (£65m to £70m), driven primarily by the better revenue performance.

The impact of regulation in Greece, Germany, Cyprus and the withdrawal of the Exchange in Spain was a significant drag on revenues. This was mitigated through an increase in revenues from sustainable jurisdictions, helped by the successful launch of our Sportsbook.

Betfair continues to be highly cash generative with underlying free cash flow of £50.2m. The Group's balance sheet was further strengthened in the year through the sale of our non-strategic holding in Kabam for £18.8m. In April we acquired certain assets of Blue Square for £5.0m cash to expedite the growth of our new Sportsbook. The business remains debt free and had £168.1m of cash (excluding ring-fenced client funds of £284.1m) at 30 April 2013.

Turnaround plan

Achieving profitable scale in sustainable markets is the aim of our plan. To do this we have had to make significant changes to Betfair's strategy, management, structure and culture.

The business is focused on growing regulated revenues; investing in its products and brand; becoming a leaner and more dynamic organisation; and making disciplined use of our balance sheet to accelerate growth.

We have ceased direct acquisition marketing investment in countries with insufficient regulatory visibility. We therefore expect regulated jurisdictions to contribute an increasing proportion of future revenues. Whilst reducing unregulated revenues has held back revenue growth in the near-term, it moves us towards a more sustainable future. We are already seeing an increase in the quality of revenues, with 75% of Q4 FY13 revenues coming from sustainable jurisdictions, up from 67% in Q4 FY12.

Additionally, we are investing in our product and brand. The Exchange appeals greatly to many consumers but does not fully address the mass market, due to perceived and real complexity. In response, we made the creation of a Sportsbook product, which launched in February, our top product priority. This simpler product enables us to attract those customers who have not yet understood or embraced the Exchange model. We believe that the combination of the Exchange and Sportsbook is a powerful combination, allowing us to provide customers with a superior customer experience.

The Sportsbook is also enabling us to offer a wider range of bets to our existing customers by offering a solution to illiquid markets, especially in-play. More compelling still is the prospect of combining our Sportsbook with the Exchange to create a unique offering by introducing Exchange-based features to our Sportsbook customers.

We are investing in the Betfair brand and are repositioning it to be more inclusive and relevant to a wider audience. In the first six months in which marketing spend has been redirected towards the UK and Ireland, the number of unique customers in these countries increased by 18%. Betfair has a reputation for innovation, rooted in breakthrough technology, and our brand messaging builds on this.

We undertook a thorough review of our cost base and identified a number of areas where the business could become leaner. In the second half of the year we implemented changes that will save c.£30m in FY14, an increase over the originally targeted £20m. We are taking pride in doing more with less. Of this saving, we are intending to re-invest c.£10m in customer facing product and marketing initiatives to drive revenue growth.

Our balance sheet strength is a valuable source of competitive advantage and we intend to use this to pursue a strategy of targeted acquisitions to add further domestic scale, achieve geographical expansion and close product gaps. We believe investment opportunities exist to generate substantial returns from our cash balance and we will maintain a disciplined approach to investment.

We have made substantial progress to date and this is testament to the quality and hard work of our people, for which I thank them. The changes made to the business alongside our unique technology, customer value proposition, UK scale and strong balance sheet mean that the business is well placed to compete in this challenging industry in the long term. I am very happy to be leading the business at this exciting time for Betfair and our industry.

Outlook

We believe that our new strategy will lead to an acceleration of revenue growth in our key UK market and expect these revenues to grow in line with the market in the medium term.

In markets with insufficient regulatory visibility, revenues are expected to decline in the near term following our decision to cease marketing investment, although these revenues continue to be more resilient than expected. In the longer term, we see Italy and Spain as potentially attractive sources of growth following positive regulatory developments.

We are focused on efforts to mitigate the impact of upcoming UK gaming taxes and continue to believe that increasing our scale will aid margin expansion.

Breon Corcoran
Chief Executive Officer

HOW WE CAN WIN

WHY SCALE MATTERS

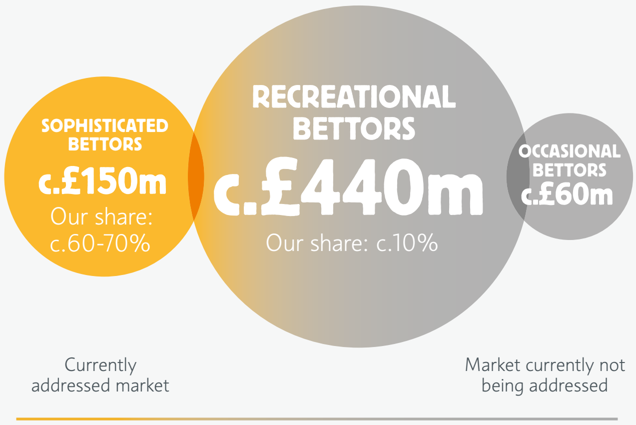
Successful online consumer businesses are normally characterised by large, well scaled business models. To succeed, we need to be more focused on our investment in product, people and brand to allow us to capture market share. If we can do this more efficiently, this will allow us to re-invest again in the business.

ACHIEVING SCALE

Betfair's brand and product positioning has enabled it to gain a strong position in the sophisticated end of the customer base. Betfair is currently, however, under-represented in the recreational customer segment, which is the largest and fastest growing part of the market and has a greater propensity to cross-sell to gaming products. To achieve scale, we need to broaden our addressable market.

UK online sports betting market:

£650m pa[1]



[1] 2011 NGR from Gambling Data. Market segmentation based on Betfair estimates.

BETFAIR'S PLAN

Our plan to reinvigorate the business is fourfold. If we deliver on these objectives, over time we will become an efficient and focused operator with the capacity to drive investment in a compelling and broad customer proposition that addresses a far greater part of the available market than we do today:

1
FOCUS ON SUSTAINABLE REVENUES
p5

2
INVEST IN OUR PRODUCT AND BRAND
p6

3
BECOME A LEANER, MORE DYNAMIC ORGANISATION
p7

4
ACCELERATE GROWTH THROUGH INTERNATIONAL OPPORTUNITIES AND BALANCE SHEET FLEXIBILITY

1
FOCUS ON SUSTAINABLE REVENUES

OBJECTIVE:

To reduce Betfair's regulatory risk and improve quality of earnings by increasing the proportion of revenues that come from regulated jurisdictions.

WHAT WE ARE DOING:

We have ceased acquisition marketing and other investment in countries where we are not confident there is sufficient near-term regulatory visibility.

This will allow greater focus of resources on markets that are regulated or are in the process of regulating in the near term.

OUR PROGRESS:

% OF REVENUE FROM SUSTAINABLE MARKETS

Q4 FY13	75%
FY13	72%
FY12	68%

2
INVEST IN OUR PRODUCT AND BRAND

OBJECTIVE:
To accelerate revenue growth.

WHAT WE ARE DOING:
We are broadening our addressable market by simplifying our products and changing our brand messaging to become more inclusive.

We are differentiating our products by bringing Exchange-based features to our fixed odds products.

We will invest in our brand, particularly in our key UK market.

OUR PROGRESS:
- **CASH OUT EXPANDED TO COVER 90% OF EXCHANGE FOOTBALL MARKETS;**
- **SPORTSBOOK LAUNCHED IN FEBRUARY 2013;**
- **MARKETING INVESTMENT UP £6M IN FY13; AND**
- **INTEND TO RE-INVEST £10M OF COST SAVINGS IN CONSUMER FACING PRODUCT AND BRAND.**

STRATEGIC REVIEW

3 BECOME A LEANER, MORE DYNAMIC ORGANISATION

OBJECTIVE:

- to increase the pace of delivery
- to improve organisational efficiency
- to create a culture of ownership and accountability.

WHAT WE ARE DOING:

The leadership team is focused on establishing a winning culture, with talented and driven people at all levels of the business.

We are empowering people to take risks and engendering a culture of ownership, where people are accountable for decisions and performance.

We have removed management layers and increased the span of control.

We have reviewed our relationships with suppliers to identify where costs can be reduced.

OUR PROGRESS:

- NEW MANAGEMENT TEAM IN PLACE;
- RESTRUCTURE COMPLETED AND HEADCOUNT REDUCED BY C.500; AND
- ACTION TO ACHIEVE £30M OF COST SAVINGS COMPLETED.

BUSINESS REVIEW
EXCHANGE

PRICE COMPARISON ADVERTISEMENT FOLLOWING APRIL 2013 GRAND NATIONAL

The Exchange has enabled Betfair to generate and sustain a market-leading position in the UK for over a decade. The Exchange enjoys excellent brand affinity with its users, who demonstrate higher levels of Average Revenue Per User, (ARPU), and lower customer churn than typical sports betting customers.

We strongly believe that the Exchange remains the most innovative product in our industry, offering better value and greater flexibility than the traditional bookmaker model. It can be further strengthened by the addition of our Sportsbook, which will provide new customers and liquidity for the Exchange.

Overview of results

Exchange revenues in the year fell 1%, after the withdrawal of the product from Greece, Germany and Spain following regulatory changes. Revenues were also affected by the decision taken to cease investment in jurisdictions with unsatisfactory regulatory outlooks. The decline in revenues from these countries, however, was less than expected and is further evidence of the affinity of the Exchange with our customers and the stickiness of the product.

Revenues from sustainable markets were up 2% in the year. Football revenues benefited from the European Championships in June 2012 and an increase in the number of second-tier matches offered. Horseracing, however, suffered from a high level of cancellations in the year due to the poor weather conditions (151, up from 49 in FY12).

Activity on the Exchange remained vibrant with 1.2bn (+10%) bets matched and £52bn (+8%) of matched volume in the year.

Operational developments

We are focused on reducing the complexity and improving the ease of use of the Exchange, while still allowing our customers to benefit fully from its unique characteristics and value. Cash Out is an example of a simplification of a complex concept and has been extended to cover around 90% of football markets and is now available across all major mobile platforms.

Mobile performance was strong, with around 50% of active Exchange customers placing a bet via mobile in the year. Our in-house development teams have continued to enhance our apps, adding unique features such as 'push notifications', which provide customers with goal alerts and betting prompts.

In October 2012, we launched an advertising campaign focussing on our unique Cash Out feature. This tool, which allows customers to lock in profits or losses at the touch of a button, greatly simplifies user experience. Following the launch of the campaign, the number of users 'Cashing Out' has increased significantly, with 38% of football customers using it in the year.

In May 2013, we changed the base level of commission from the standard 5% to between 4% and 7.5% in five countries and have recently extended these trials to a further 18 countries. This will provide a better understanding of the effect of different pricing structures on the Exchange ecosystem and revenues.

We are also investing to improve our products for our 'sophisticated' customers. Betfair has a number of high-value customers using third party applications and automatic trading programs, which utilise our Application Program Interface (API) to directly access the Exchange. We have recently launched a new API to allow these vendors to build out more sophisticated trading tools to provide an improved user experience for this important customer segment.

How we make money

- we bring customers together to provide betting opportunities;
- this agency model eliminates the financial risk borne by sportsbooks, so we do not apply a margin to odds on the Exchange;
- it means that the odds that customers enjoy are more likely to represent the true probability of an outcome and are often better than those offered by traditional bookmakers; and
- Betfair earns a commission on the net profits of any individual customer on each market regardless of the outcome of the event.

Our products

BEST PRICE ON AURORAS ENCORE

SPORTS

'TIGER INSURANCE' OFFER AHEAD OF 2013 US MASTERS

The launch of our Sportsbook in FY13 provides an opportunity to accelerate growth. Betfair has managed to gain a substantial market share amongst 'sophisticated' bettors through the Exchange. The Sportsbook allows us to increase our share of the growing 'recreational' segment with an easy-to-use product that new customers are already familiar with.

The Sportsbook also fills the product gaps that previously led our customers to use competitors' sites, allowing Betfair to capture more of their betting activity.

Overview of results

In the full year, risk volumes increased by 36%, leading to revenue growth of 33%.

As a result of our product developments in the second half of FY13, activity on our Sports risk product increased significantly. Following the release of the Sportsbook, risk volumes in the UK & Ireland were up 150% in March and April.

The number of customers placing fixed-odds bets in FY13 was up 85% on the prior year, driven by 129% growth in the UK & Ireland.

Initial evidence suggests that the Sportsbook is complementary to the Exchange, with 24% of UK football customers in March and April placing bets on both the Exchange and Sportsbook products.

We also launched a separate sports betting app to complement our Exchange app. In the final quarter, the mobile channel delivered the majority of new customer activations and 31% revenues in Sports.

Operational developments

The Sportsbook was launched in February. The product was developed and launched in just 13 weeks, with the customer facing front-end built using our in-house development team based in Porto and the underlying platform making use of third party products.

The next stage of the standalone Sportsbook is to broaden our coverage of in-play markets and new sports.

We are differentiating our Sportsbook by using our Exchange technology to provide unique features and better value. For example, in recent weeks we launched 'Cash Out' on the Sportsbook and are developing 'Best Price Execution', where customers may automatically receive better odds if they are available on the Exchange.

The Sportsbook adds to our promotional capability. For example, during the 2013 Cheltenham Festival, we offered market-leading offers including cashback on horses finishing second. This has proven to aid customer acquisition and retention.

During April 2013, we completed the acquisition of certain assets of Blue Square to gain additional scale. The new customers are being serviced without increased operating costs, highlighting the operating leverage inherent in the business model.

How we make money

- on our Sportsbook, we act as principals in each transaction so customers are betting directly against Betfair;
- the Sportsbook can therefore lose money on any particular market with revenue being dependent on sporting outcomes; and
- to reflect the risk we are taking, we build a margin into our odds and apply other risk management techniques. Over time, we expect these margins to allow us to generate revenue.

Our products


BETFAIR SPORTSBOOK
WE'RE PAYING OUT ON SECOND IF TIGER WINS!
If your selection finishes 2nd to Tiger Woods in the US Masters, we'll pay you out as a WINNER!
Betfair.com/golf25
PLUS
We'll give you cashback during the Masters if one leg of your daily two or three-ball Multiple lets you down!
Sportsbook only
O2-UK 3G
12:40
betfair
Log In
Racing
US Masters
Football
FREE BET
£25
SPORTSBOOK
JOIN TODAY
Use promo code ZCH025
Home
betfair
DON'T SETTLE FOR LESS
Available on the App Store
android

BUSINESS REVIEW
GAMING

BETFAIR CASINO OFFER FROM OCTOBER 2012

Greater emphasis was placed on Gaming in FY13. Product improvements, marketing focus and better cross-sell delivered an improved performance and we believe this segment is now well placed to contribute to Betfair's growth.

Overview of results
While total Gaming revenues were down 6% in the year, led by a 26% decline in unregulated jurisdictions following market exits, sustainable revenues were up 10%. This was helped by our first ever television campaign focusing on Casino and a greater focus on cross-selling our Gaming products to Sportsbook and Exchange customers.

Following the launch of the Sportsbook in February the number of customers cross-sold to Gaming has increased substantially on the corresponding period in the prior year.

Operational developments
Following new content deals signed during the year, we have significantly increased the number and range of games offered on our site and increased the rate at which content is refreshed.

In the year, we updated our mobile Casino app and launched a dedicated Arcade app to meet the strong demand in this channel. We saw strong growth throughout the year and revenues from the channel were up over 500% compared to the prior year.

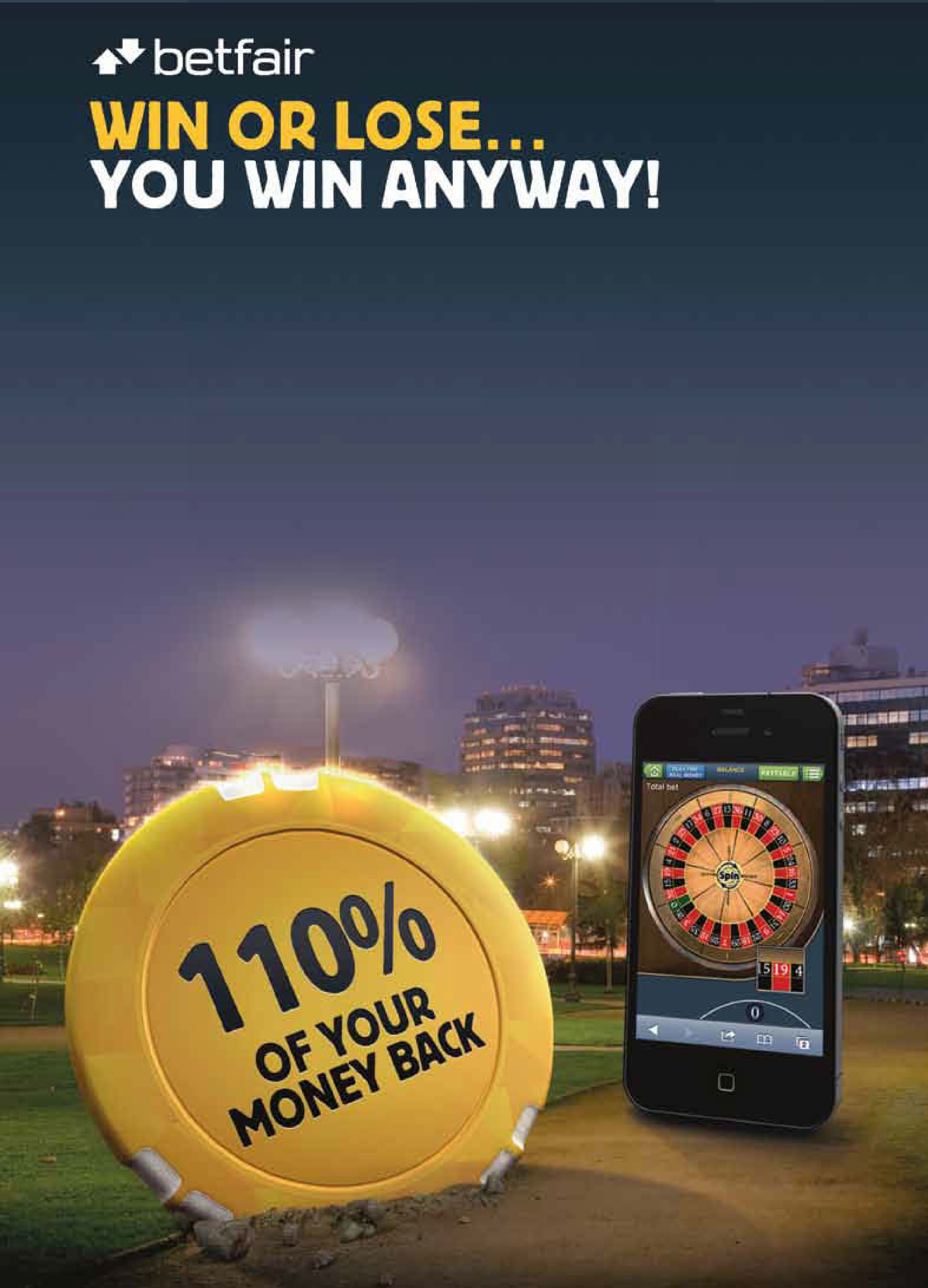
We are investing to drive further growth in the segment. We have recently hired a number of outstanding people from within the industry to fill skills gaps, including a new VIP team.

In Q4, we added Bingo to our product suite and began the process of migrating customers to the iPoker network. This platform has greater liquidity than our previous network, particularly in newly regulating regions. The migration will be completed in July and while this has caused an initial fall in customers, it provides us with a better product and should lead to higher revenues in the longer term.

How we make money

- in our Gaming segment we act as both principal and agent;
- Betfair offers products such as casino and arcade games in which customers are playing against the 'house'. Revenue is generated through an inbuilt margin, with the odds favouring the operator; and
- in other games, like poker, players compete against each other and Betfair takes a share of the winnings.

Our products


betfair
WIN OR LOSE...
YOU WIN ANYWAY!
110%
OF YOUR
MONEY BACK

BUSINESS REVIEW
US AND AUSTRALIA

BETFAIR US

Betfair US, operating under the TVG brand, is an Advanced Deposit Wagering (ADW) operator and has a horseracing-based TV channel.

FY13 revenues were up 5% on the prior year, with wagering contributing £31.6m of revenue and £6.4m generated from TV operations.

On 1 March 2013 TVG entered into a five-year exclusive agreement to offer ADW in New Jersey through the 4NJbets platform, the only licensed online horse wagering site in the state. Since taking over the responsibility for the NJ platform, TVG has modernised the product offering, helping to drive substantial increases in wagering volumes.

Revenue growth and management of costs resulted in Betfair US achieving positive underlying EBITDA for the first time. Underlying EBITDA was £2.9m compared to a loss of £0.9m in the prior year. We believe the business can become more profitable and are aiming to increase its operating margin to a level that is consistent with the wider Group.

BETFAIR AUSTRALIA

Betfair Australia is a 50:50 joint venture between Betfair and Crown Limited.

Net revenue was up 13% in the year, driven by a 23% increase in Australian racing revenues. Following the decision of certain states to implement turnover-based race field fees, Betfair Australia increased the base rate of commission from 5% to 6.5% on Australian horseracing. This change in pricing structure was the driver of the increase in horseracing revenue.

The revenue growth, however, was insufficient to cover the increased race field fees and our share of underlying operating profits reduced to £1.4m (FY12: £2.4m).

REGULATION

UK

Recognising that a high quality racing product is necessary for our business to flourish, we continue to support the industry. In FY13 we replaced voluntary Horserace Betting Levy contributions with a pioneering new five-year commercial deal with the sport. The payment to the Horserace Betting Levy Board totalled £7.6m in the 2012-2013 Levy year. Both British Racing and the UK Government see this as a template to help secure the long-term funding of British Racing.

Separately, following a lengthy consultation, the Levy Board decided in June 2011 that it would not seek to impose a levy on the customers of betting exchanges. After unsuccessfully seeking to overturn this decision through Judicial Review proceedings in the High Court in July 2012, William Hill appealed this decision in the Court of Appeal. In May 2013, the Court voted unanimously to support the original decision of the Levy Board that customers are not liable to pay the Horserace Betting Levy. This brings to an end years of uncertainty and legal fees for both Betfair and the industry.

The Department for Culture, Media and Sport and HM Treasury have been conducting reviews of the licensing and taxation of online gambling in the UK. The current legislation operates on a point of production basis, with licences and tax determined by the location of the operator's key equipment rather than the location of the customer. This incentivises operators to move their businesses outside the UK and, to achieve a level playing field with competitors who had already made the move, Betfair moved its UK business to Gibraltar in March 2011. The Government has indicated an intention to change the basis of licensing and taxation to a point of consumption basis, so that all operators selling into the UK market, whether based domestically or overseas, will be required to hold a Gambling Commission licence to transact with, and advertise to, British consumers and to pay betting duty on UK gross gaming revenue (GGR). The exact details of licensing and taxation regimes have yet to be announced but are expected to come into effect in late 2014. Betfair is engaging with the Government and stressing the requirement for effective enforcement of any new rules to ensure player protection and fair competition in the marketplace.

INTERNATIONAL

The regulatory environment across Europe continues to evolve, with countries taking a range of approaches to the regulation of online gaming. Betfair continues to engage in these processes with the aim of achieving workable and fair regulation. We have recently seen positive steps towards the regulation of exchanges in Italy and Spain.

In Italy, a ministerial decree entered into force on 24 May 2013 that regulates betting exchanges with ring-fenced national liquidity. Taxation is set at 20% GPT. Whilst some further procedural steps remain, we hope to launch our Exchange product in Italy during FY14.

In Spain, we received a Sportsbook licence in June 2012 and as part of the licensing conditions were required to make our Exchange unavailable in the country. In April 2013, the gambling regulator announced that betting exchanges will be regulated and we look forward to participating in this process.

Regulatory and fiscal changes in Greece, Germany and Cyprus, meant that we had to make some of our products unavailable in these countries during FY13.

In November 2012, following a decision by the Greek Gaming Commission to impose financial penalties and criminal sanctions against gaming operators, we withdrew all products from the market.

Germany introduced a law that applies a 5% tax on stakes on both online and offline sports betting, which led us to block the Exchange to customers in Germany in November 2012.

In July 2012 the Cypriot government introduced gambling legislation restricting online casino and poker, and certain other betting products including horseracing. This resulted in a significant reduction in our revenues from the country. Betfair is continuing to engage with the Cypriot authorities to achieve a workable online regulation.

There have been positive developments in the US. The California Horseracing Board has published exchange wagering regulations for public comment. If passed, the regulations will be submitted for approval by the California Office of Administrative Law (OAL). The New Jersey Racing Commission is expected to publish draft rules for stakeholder input and formally begin the regulatory process for the introduction of betting exchanges in the coming months. Discussions with stakeholders in other states regarding exchange wagering remain at the preliminary stage.

The year has seen significant developments in the effort to bring legalised online gaming to the US. In February both Nevada and New Jersey signed legislation to allow online gaming, starting in 2013. Other states are progressing legislation on online gaming and we will continue to monitor developments.

FINANCIAL REVIEW

Summary

Revenue from continuing operations was £387.0m (FY12: £388.5m). Within this, a significant impact from regulation was offset by growth in regulated jurisdictions.

Underlying EBITDA was £73.3m (FY12: £86.0m). Much of the reduction resulted from lower capitalisation of development spend, which declined by £9.1m, and the impact of regulation, offset by growth in sustainable markets.

This, and a higher underlying corporate tax rate, resulted in underlying basic earnings per share reducing by 31% to 31.2 pence (FY12: 45.3 pence).

Management believes that underlying results, which exclude separately disclosed items and profits arising on disposal, provide additional guidance to statutory measures to help understand the underlying performance of the business during the financial year. For the year ended 30 April 2013, the Group reported a loss before tax from continuing operations of £49.4m (FY12: profit of £54.2m). This was primarily due to the impairment of certain intangible assets, following the strategic review undertaken in the first half of the year.

The Group ended the period with a cash balance of £168.1m (30 April 2012: £118.3m, excluding discontinued operations) and no debt. In addition, customer funds held off balance sheet in separate ring-fenced accounts were £284.1m on the same date (30 April 2012: £288.3m).

Year ended 30 April	FY13 £m	FY12 £m	Change %
Revenue from continuing operations			
Core Betfair[2]	**349.0**	352.3	-1%
Betfair US	**38.0**	36.1	+5%
Total	**387.0**	**388.5**	**0%**
Underlying EBITDA[1]			
Core Betfair[2]	**70.4**	86.9	-19%
Betfair US	**2.9**	(0.9)	N/A
Total	**73.3**	**86.0**	**-15%**
Operating (loss)/profit	**(69.0)**	46.3	N/A
Underlying operating profit[1]	**35.5**	48.8	-27%
(Loss)/profit before tax	**(49.4)**	54.2	N/A
Underlying profit before tax[1]	**38.0**	52.4	-27%
(Loss)/earnings per share	**(44.4p)**	45.4p	N/A
Underlying earnings per share[1]	**31.2p**	45.3p	-31%

[1] Underlying figures are stated after making a number of adjustments in order to aid comparability between periods. These adjustments involve the exclusion, where relevant, of separately disclosed items and the High Rollers segment, along with the associated tax effect of these adjustments.

[2] Core Betfair includes Tradefair (further information on page 73).

Revenue

The reorganisation of the business as part of the strategic review has led to a change in our operational segments. We now manage and report our revenues for Exchange, Sports, Gaming and Betfair US.

Year ended 30 April	FY13 £m	FY12 £m	Change %
– Exchange	**247.5**	250.1	-1%
– Sports	**24.1**	18.1	+33%
– Gaming[1]	**75.9**	81.1	-6%
Management of customer funds	**1.5**	3.0	-50%
Core revenue	**349.0**	352.3	-1%
US	**38.0**	36.2	+5%
Total revenue	**387.0**	**388.5**	**0%**

[1] Gaming segment includes Tradefair in both periods.

Exchange revenue was down 1% to £247.5m (FY12: £250.1m). The first half of the year saw growth of 6% with Football boosted by the European Championships; however the second half was down 8%, reflecting the impact of regulation. As a result of these factors, Football revenues were flat year on year. Horseracing revenue declined slightly due to the high level of abandonments in the year (151 abandonments compared with 49 in FY12).

Sports registered strong growth, with revenue up 33% to £24.1m (FY12: £18.1m). This was driven by a 36% increase in volumes following an 85% increase in the number of active customers.

Games revenue decreased by 6% to £75.9m (FY12: £81.1m), with the adverse impact of regulation and a decline in Poker partly offset by UK Casino growth.

Revenue (£m)	Q1 FY12	Q2 FY12	Q3 FY12	Q4 FY12	Q1 FY13	Q2 FY13	Q3 FY13	Q4 FY13
Sustainable markets	61.5	68.2	64.2	69.4	75.5	67.7	65.3	71.5
Other markets	30.0	31.3	29.6	34.3	28.3	29.0	25.2	24.5
Total	**91.5**	**99.5**	**93.8**	**103.7**	**103.8**	**96.7**	**90.5**	**96.0**

Revenue from sustainable markets (UK, Ireland, Denmark, Malta, Gibraltar and the USA) was up 6%, mainly driven by a strong UK performance (+8%).

By contrast, revenue from other markets was down 15%, primarily due to the impact of regulation in Greece, Germany, Cyprus and Spain, which affected revenue by £24m, as well as the decision to focus on sustainable markets.

Actives (k)	Q1 FY12	Q2 FY12	Q3 FY12	Q4 FY12	Q1 FY13	Q2 FY13	Q3 FY13	Q4 FY13
Sustainable markets	334	287	286	357	359	307	336	437
Other markets	163	174	184	202	195	181	177	145
Total	**497**	**461**	**470**	**559**	**554**	**488**	**513**	**582**

The number of active customers in FY13 increased by 11% to 1,046,000 (FY12: 940,000), predominantly driven by Sports growth which was boosted by the launch of Sportsbook in Q4. Actives in sustainable markets increased significantly, up 20% at 674,000, while the number of actives in other markets was down 1% at 372,000.

Core products per active	Q1 FY12	Q2 FY12	Q3 FY12	Q4 FY12	Q1 FY13	Q2 FY13	Q3 FY13	Q4 FY13
Rolling 12 months	1.49	1.48	1.49	1.50	1.52	1.54	1.56	1.58

Core products per active over a rolling 12 month period improved steadily during the past year, up from 1.50 in FY12 to 1.58 in FY13. The increase was driven by enhancements to our fixed odds sports product, as well as additional cross-sell to Games.

Administrative expenses[1]

Year ended 30 April	FY13 £m	FY12 £m	Change %
Sales and marketing	**106.4**	100.3	6%
Technology	**60.2**	61.5	-2%
Operations	**18.9**	19.3	-2%
G&A	**51.2**	48.4	6%
US	**27.2**	27.4	-1%
Total	**263.9**	**256.9**	**3%**

[1] In both periods Administrative expenses have been restated to include Tradefair and share-based payments, while product costs have been reclassified from Technology to Sales and marketing and trading costs have been transferred from Operations to Sales and marketing. Corporate has been renamed G&A.

Sales and marketing expenses increased by 6% due to additional spend during the football European Championships and higher UK marketing investment. As a proportion of total revenue, sales and marketing spend increased to 27.5% (25.8% in FY12).

Technology costs before capitalisation of internal development expenditure were down 8% on the prior year following reductions in headcount and a shift of development activity to more efficient locations in Romania and Portugal. In FY13, £14.8m of internal technology development expenditure has been capitalised compared with £20.1m in FY12. Technology costs after this capitalisation were 2% lower than the prior year.

Operational spend was down 2% in the period as reduced headcount was partly offset by increased investment in market operations due to additional markets being offered.

G&A costs were up 6% primarily due to higher bonus payments in the year.

During the latter part of the year we have identified cost savings of c.£30m and we expect to see the full benefit of this in FY14. The majority of the savings relate to employment costs and reflect a reduction of c.500 employees. Further savings have been made from external suppliers, including professional services, facilities and data networks costs.

Separately disclosed items

In FY13, £104.5m of expenses and charges have been disclosed separately due to their exceptional nature and are not included in underlying figures (FY12: £2.5m). Most of these items are non-cash charges relating to impairment of the carrying values of goodwill and other intangible assets. These items largely arose as a result of the strategic review announced in our interim results and include the costs to deliver the c.£30m of annual savings.

Impairment of goodwill and other intangible assets

Following a review of the recoverability of assets, at 31 October 2012 goodwill totalling £34.6m and other assets totalling £47.8m were impaired.

Restructuring costs

Restructuring costs amounted to £19.4m (FY12: £nil) and represent redundancy and other similar costs to deliver the targeted cost savings.

Professional services fees

Professional services fees of £2.7m resulted from the rejected takeover approach by CVC and partners.

Depreciation and amortisation

Year ended 30 April	FY13 £m	FY12 £m	Change %
Core Betfair	**34.0**	34.4	-1%
Betfair US	**3.8**	2.8	36%
Total depreciation and amortisation	**37.8**	**37.2**	**2%**

Depreciation and amortisation was slightly higher than in the prior year, with higher capital expenditure during FY12 driving a £5.6m increase in the first half of the year mostly offset by lower charges in H2 following reduced FY13 capital expenditure and the impairment of intangible assets.

Finance income and expenses

Net interest income from corporate funds was £1.1m (FY12: £1.2m). The reduction resulted from lower yields on bank deposits. Finance income and expenses also include a net foreign exchange gain of £0.3m (FY12: £2.4m).

Share of profit from equity accounted investments – Betfair Australia

Our share of operating profit from Betfair Australia was £1.4m (FY12: £4.3m). Prior year operating profit included £1.9m relating to the one-off benefit from a sales tax refund and costs associated with the High Court appeal. Higher revenues were offset by increased race field fees following the introduction of turnover-based charges on horserace betting in certain states.

Taxation

The Group had a tax credit of £4.2m in the period (FY12: charge of £7.6m). The Group's effective underlying tax rate was 16.4% (FY12: 10.5%). We continue to expect the long-term sustainable tax rate to remain around 16%.

Dividend

The Board is recommending the payment of a final dividend of 9.0 pence per share. Together with the interim dividend of 4.0 pence per share, the proposed full year dividend is 13.0 pence per share (FY12: 10.2 pence). This represents a payout of 42% of underlying earnings per share.

The ex-dividend date will be 4 September 2013 for payment on 2 October 2013.

Capital expenditure

Year ended 30 April	FY13			FY12		
	Core £m	Betfair US £m	Total £m	Core £m	Betfair US £m	Total £m
External capex	**16.9**	**1.0**	**17.9**	31.3	1.9	33.2
Internal devex	**14.8**	**2.6**	**17.4**	20.1	6.4	26.5
Total capex	**31.7**	**3.6**	**35.3**	51.4	8.3	59.7

Capital expenditure (capex) totalled £35.3m (FY12: £59.7m), reflecting lower capitalisation of development spend and lower external capex investment following increased spend on the platform re-architecture in the prior year.

Cash and cash flow

Free cash flow was £37.9m in the period (FY12: £43.8m). This included £12.3m relating to the payment of taxes on historical revenue in Spain and redundancy payments. Excluding these one-off items, underlying free cash flow increased by £6.4m with lower capital expenditure offsetting the decrease in underlying EBITDA.

Cash at 30 April 2013 in continuing operations was £168.1m (30 April 2012: £118.3m). The increase was mainly driven by a combination of strong free cash flow, the sale of Kabam and the issue of share capital (relating to exercising of employee share options).

Year ended 30 April[1]	FY13 £m	FY12 £m
Underlying free cash flow	**50.2**	43.8
Cash flow from exceptionals	**(12.3)**	–
Free cash flow	**37.9**	43.8
Dividends paid	**(11.2)**	(9.6)
Disposal of Kabam	**18.8**	–
Other[2]	**4.3**	(48.0)
Net increase/(decrease) in cash and cash equivalents	**49.8**	(13.8)

Balance as at 30 April[1]	FY13 £m	FY12 £m
Cash and cash equivalents	**168.1**	118.3
Customer funds held off balance sheet on deposit in separate ring-fenced accounts	**284.1**	288.3

1 Continuing operations.

2 Other is comprised of the net purchase of own shares and proceeds from the issue of share capital.

Principal risks and uncertainties

The principal risks facing the Group are summarised on pages 28 and 29.

CORPORATE RESPONSIBILITY

ACTING WITH INTEGRITY:
AN INDUSTRY LEADER IN RESPONSIBLE GAMBLING

FRU HAZLITT INDEPENDENT NON-EXECUTIVE DIRECTOR AND CHAIR OF CORPORATE RESPONSIBILITY COMMITTEE

OUR VALUES

The four core values of how we do business are:

BEING TRUSTED BY OUR CUSTOMERS

ACTING WITH INTEGRITY

ENSURING OUR PEOPLE ARE INSPIRED, ENGAGED AND DEVELOPED

TAKING PRIDE IN THE COMMUNITIES WHERE WE LIVE AND WORK.

Over the next few pages we will illustrate how Betfair fulfils each of these values.

'2012 proved to be a wonderful year of sport. At Betfair we are proud to play our part in helping to keep sport free of corruption by working with sports governing bodies and regulators around the world. With a dedicated Integrity Team and educational partnerships with the Professional Players Federation and British Athletes Commission, Betfair continues to lead the field on integrity.'
Fru Hazlitt, Corporate Responsibility Committee Chair

Committed to safeguarding our customers

Betfair has never been afraid of doing things differently. Innovation, transparency and fairness for the customer are values that continue to underpin the business. However, corporate responsibility (CR) isn't something we have talked enough about over the years. And that's because for us being a good corporate citizen is simply part of business as usual for Betfair. But we realise that we should talk about it more and we will do that now.

Betfair takes a pioneering approach to some of the difficult issues gambling can pose for the business and society as a whole. Betfair recognises that where you have gambling you will have some problem gambling. It is this acknowledgement that ensures Betfair enshrines responsible gambling policies into everything it does.

From safeguarding our customers by offering the latest tools to help them control their gambling, to managing the social impact of problem gambling, Betfair helps to protect its customers across all platforms. We engage with and financially support a wide range of organisations to help ensure that the research, education and treatment of problem gambling continues to be improved. Only with a collaborative approach between the industry, national gambling regulators, charities and educational institutions can we help ensure an improved understanding of how to prevent and treat problem gambling.

Corporate Responsibility Committee

The Corporate Responsibility Committee is responsible for ensuring the Company fulfils its four core values towards its customers. The Committee meets on average four times a year and reviews Betfair's policies and advises the Board on social, ethical and environmental matters. Among other matters, the Committee is cognisant of external feedback and reviews received in respect of community investment and that those are among the factors used to develop appropriate procedures. Members of the CR Committee ordinarily include:

- Independent Non-Executive Director, Fru Hazlitt
- Group Operations Director, Ian Chuter
- HR Director, Lisa Hillier

Stakeholders:

- customers
- employees
- regulators
- governments
- business partners
- suppliers
- local communities
- third sector

BEING TRUSTED BY OUR CUSTOMERS

Betfair's primary goal is to ensure its customers have an enjoyable and safe gambling experience. Gambling is enjoyed by the vast majority of people as a leisure activity but a small minority unfortunately develop a problem which impacts negatively upon their life.

Therefore Betfair has established responsible gambling policies and strategies to ensure that we listen and respond to customers in order to help them when needed.

Our responsible gambling policy sets out our commitment to minimise the negative effects of problem gambling and to promote responsible gambling practices. You can read it at responsiblegambling.betfair.com. All customers can click through to this site directly from Betfair's home page under the tab 'Responsible Gambling'.

In accordance with licensing conditions and industry leading best practice, Betfair employs the following methods in order to help prevent problem gambling:

Customer-driven deposit and loss limits

Customers are able to limit the amount they can deposit into their Betfair account on a daily, weekly or monthly basis. In addition they can limit the amount that they can lose over a given time period of a week, month or year. If a customer makes a deposit or loss limit more restrictive, settings on their account are changed with immediate effect. If a customer sets a deposit or loss limit which is less restrictive there is a 'cooling-off' period of at least 7 days before the less restrictive settings come into effect.

Self-exclusion options

Customers who elect to self-exclude will have their Betfair accounts closed for a minimum of six months from the date of self-exclusion. After this date, the customer can apply in writing to have their account re-opened. Each such application will be considered on an individual basis. More generally customers are always able to request that their Betfair account be closed permanently.

Game session timers

Betfair allows customers to limit their session times for games or events that have no natural end. This gives customers greater control over their gambling. On Betfair's games, session timer technology gives customers a gentle reminder about how long they have been playing. The reminder will appear on screen 60 minutes after customers have placed their first bet (or after a shorter period if selected), and will give the option to continue playing or to exit the gaming application.

Preventing under-18s and the vulnerable from gambling

Betfair is particularly concerned about preventing under-18s and vulnerable groups from gambling given that they are notably more susceptible to problem gambling. In accordance with the law, children are prohibited from betting on the Betfair site. Betfair has a strict underage policy and a rigorously applied age verification process. Betfair's specialist Verification Team has developed a number of Know-Your-Customer checks in order to age verify customers and prevent under-18s from betting on the site. We are registered as a 'gambling content' site with the Internet Content Rating Association (ICRA), part of the Family Online Safety Institute, which provides general information and advice about internet safety. We also encourage customers to use parental filtering solutions.

Responsible advertising

Given our focus on the protection of minors and vulnerable people we endeavour not to direct our advertising at these two groups. Our advertising and marketing activities comply with UK Committee of Advertising Codes ('CAP Codes': www.cap.org.uk/Advertising-Codes.aspx) which seek to ensure that advertising and sales promotion activities do not give gamblers misleading information, such as a false impression of the odds on winning.

Self-help and awareness information to help prevent problem gambling

Early identification of a problem can help combat its development into something more serious. Under the clearly marked tab at the top of the home page entitled 'Responsible Gambling', customers are linked through to information to make them aware of the relevant issues. If a customer identifies that they may have a problem, they are advised to use Betfair's tools to limit their behaviour and seek help and support.

Details of professional organisations that can help

Betfair provides on its website information on organisations that can help people work through their concerns. These include the National Problem Gambling Clinic, GamCare and Gamblers Anonymous.

Funding the research, education and treatment of problem gambling

In the UK Betfair makes annual voluntary contributions to the Responsible Gambling Trust. Since April 2009, the gambling industry has voluntarily contributed over £17m. Major operators, like Betfair, donate on the understanding that a minimum target of £5m will be reached each year.

The Responsible Gambling Trust commissions research, education and treatment services for problem gambling as prioritised in a national responsible gambling strategy advised by the Responsible Gambling Strategy Board and endorsed by the national gambling regulator, the UK Gambling Commission. The Responsible Gambling Trust is made up of experts with either a background in helping people with addiction, the gambling industry or Government.

Responsible gambling training for employees

Betfair employees receive responsible gambling awareness training within their first three months of employment. Customer facing employees receive additional more in-depth training which is refreshed annually.

TRAINING INCLUDES:

- **IDENTIFYING THE TRIGGERS AND CAUSES OF PROBLEM GAMBLING;**
- **THE RISKS SPECIFIC TO REMOTE GAMBLING;**
- **KNOWLEDGE OF AVAILABLE SUPPORT AGENCIES;**
- **SELF-EXCLUSION AND OTHER PLAYER PROTECTION FUNCTIONALITIES; AND**
- **POLICIES, PROCESSES AND REGULATORY REQUIREMENTS.**

ACTING WITH INTEGRITY

Safeguarding the integrity of sport

Information sharing agreements with sports
We always act with integrity because we want to build trusted relationships with our customers, regulators, local communities and sports organisations around the world. We are committed to assisting Sports Governing Bodies (SGBs) in helping to maintain the integrity of all such sports. As acknowledged by leading experts in sport, from the outset Betfair's approach brought unprecedented openness and transparency to the way in which we interacted with sport on betting integrity related matters.

Paul Scotney, the then Director of Integrity Services & Licensing, British Horseracing Authority, in The Guardian 29 August 2007: **'The real watershed for racing was the betting exchanges because they didn't cause the corruption, they brought it out into the open and exposed what was already there.'**

It is essential for Betfair's long-term sustainability that its customers have confidence in the honesty of the markets on which they place bets. This means that Betfair's business interests are aligned with those of SGBs in wanting sport to be conducted fairly and without corruption.

Our dedicated Integrity Team uses sophisticated forensic and analytical tools to monitor betting activity. Crucially, every transaction on Betfair is recorded. In addition, we have led the way in information-sharing agreements, known as Memoranda of Understanding (MoUs) with sports authorities. In practice MoUs are a commitment from Betfair to share any relevant customer and transactional data, at an account level, with SGBs in the event of a betting integrity related issue being detected on their sport. We have signed over 50 MoUs with leading SGBs such as the British Horseracing Authority, FIFA and UEFA. In 2012 we signed MoUs with the Irish Greyhound Board, European Rugby Cup Limited, the Japanese Football Association Early Warning System, the England and Wales Cricket Board and the Danish Football Association.

Educational partnerships with sports
In addition to monitoring and sharing information Betfair (along with bet365, Ladbrokes and the Remote Gambling Association) has established partnerships with the Professional Players Federation (PPF) and British Athletes Commission which provides funds and expertise to help athletes and players understand betting rules and regulations. Over the last three years the partnership with the PPF has seen 5,620 players across a range of sports including football, rugby and cricket receive face-to-face education about betting.

Brendon Batson MBE, Chairman of the Professional Players Federation: **'Education for players is the first, and most effective, line of defence for sport against match-fixing. The PPF's arrangement with the betting operators is an excellent partnership that is proven to work.'**

Pioneering partnerships with sport: Establishing a commercial relationship with British Racing

'Under the terms of Betfair's unique deal with British Racing, Betfair's betting data will be used to help construct a fixture list that will optimise British Racing's attractiveness as a betting product for punters, the racing industry and betting operators. The agreement therefore aligns Betfair's interests with those of British Racing in seeking to increase revenues derived from a thriving horseracing industry.'
Susannah Gill, Head of Public Affairs (UK & Ireland)

Signing a commercial deal with British Racing
In July 2012, Betfair become the first ever betting operator to establish a landmark five-year commercial agreement worth at least £40m to British Racing and to provide a template to help secure the long-term funding of British Racing. The deal has the full support of the British Government and it is hoped that other betting operators will follow where Betfair is leading.

Pioneering partnership with British Racing
Betfair's unique landmark five-year commercial deal, along with supporting organisations and charities at the grassroots of the sport, through to pioneering sponsorship ideas, means it is the betting operator most committed to supporting and investing in British Racing.

Signing a commercial deal
In July 2012 Betfair and British Racing, comprised of the British Horseracing Authority (BHA), the Racecourse Association and the Horsemen's Group, signed a landmark five-year commercial agreement worth at least £40m to the sport, providing a template to help secure the long-term funding of British Racing. The deal has the full support of the British Government and it is hoped that other betting operators will follow where Betfair is leading.

The five-year agreement replaces Betfair's annual voluntary Horserace Betting Levy payments, with the agreement taking effect from the 51st Levy Scheme covering 2012-2013. Betfair made upfront Levy payments of £6.5m for 2012-2013 which were offset against the first payment due under the new commercial agreement. In 2013 Betfair's total payment to the Horserace Betting Levy Board was £7.6m. This comprised of £6.5m under the terms of the Horserace Betting Levy and £1.1m under the terms of the commercial deal. In future years all payments to the Horserace Betting Levy Board will be in line with the terms of the commercial deal.

Paul Bittar, Chief Executive of the British Horseracing Authority: **'This agreement has required a high degree of co-operation both within Racing, with all the major organisations closely involved in negotiations, and of course with Betfair, who have shown great commitment in their intent to be a constructive commercial partner with our sport.'**

John Penrose MP, the then Minister for Tourism and Heritage at the Department for Culture, Media & Sport said: **'The Government has always believed there should be a commercial relationship between British Racing and betting operators and I pay tribute to all parties for bringing about this deal. Betfair's willingness to be the first operator to do a deal is impressive and admirable… I hope others will follow swiftly in their wake.'**

The London Olympic Games

At the start of 2012 we signed an MoU with the International Olympic Committee (IOC) to cover the London 2012 Games.

'By strengthening its co-operation with operators such as Betfair, the IOC steps up its efforts to protect the integrity of sports competitions through a permanent and efficient system of information exchange.'
IOC Spokeswoman Emmanuelle Moreau, 12 January 2012

In addition, Betfair was a leading member of the industry in working with the UK Gambling Commission and IOC in order to ensure a Joint Assessment Unit could be established so information on betting could be shared between stakeholders and action taken if required. In the event, there was no recorded suspicious betting on the London Olympic Games.

In March 2013, the Gambling Commission produced a report called 'Working together to protect the Integrity of Sport: The role of the Joint Assessment Unit (JAU) at the London 2012 Olympic Games'. The report concluded: 'All the indications are that the JAU approach adopted for the 2012 Games provided an effective mechanism to identify and support decision makers with any suspicious activity driven by either unusual betting, suspected corrupt sports betting or other match fixing activity.'

Supporting the grassroots of racing

As well as signing a commercial deal Betfair continues to support the grassroots of racing at a difficult economic time for the sport. Over the past year Betfair has contributed a significant six-figure sum in supporting a wide range of organisations, charities and initiatives including (but not limited to):

- boosting prize money and supporting race days at independent courses;
- sponsoring the first Newmarket Open Day for 14 years, as well as sponsoring the Lambourn Open Day and agreeing to sponsor the Middleham Open Day for 2013;
- continuing to fund 50% of 'the jockeys' doctor', Anna Louise Mackinnon, in partnership with the Professional Jockeys Association;
- continuing to support 'The Betfair Wing' of the Injured Jockey Fund's Oaksey House in Lambourn;
- being the biggest corporate sponsor of Racing Welfare which provides help for racing's people in need;
- backing the development of Newmarket's New Astley Club which will provide fitness and physiotherapy treatment for those working in racing;
- sponsoring the World Horse Welfare's Annual Conference for the second year running; and
- sponsoring of the Moorcroft Racehorse Welfare Annual fundraising quiz and Animal Health Trust raceday at Newmarket.

'We pride ourselves on trying to provide the best prize money we can – we also pride ourselves on providing the very best of grassroots National Hunt racing, so this link with Betfair is perfect for us. I am very grateful to Betfair for their major contribution to the prize money and their generous best turned-out horse awards and free food to stable staff.'
Fakenham's Chief Executive and Clerk of the Course, David Hunter said following Betfair's support for the course

'Betfair has supported the work of the Injured Jockeys Fund at Oaksey House since its official opening by our Patron, HRH The Princess Royal, in September 2009. The Company's support of our physiotherapy and rehabilitation centre, known as 'The Betfair Wing', has enabled us to assist many jockeys in returning to fitness far earlier than they would otherwise have been able to do. Oaksey House has surpassed all of our expectations in this respect and we are delighted to be assisting injured jockeys both past and present in this way.'
Lisa Hancock, Chief Executive Injured Jockeys Fund

ENSURING OUR PEOPLE ARE INSPIRED, ENGAGED AND DEVELOPED

Communicating with employees

As at 30 April 2013, we had over 1,700 employees around the world, with major sites in the UK, Ireland, Gibraltar, Malta, Portugal, Romania and the US. As a global business, we need good communication so that we can understand, support, grow and develop the people who will help us to execute and deliver our strategy and vision year by year. We work hard to be an employer of choice and recognise the need to attract, develop, retain and reward individuals who add value to our unique business.

Managing to high performance

Performance management is a crucial lever to delivering high performance and during the year, as with previous years, we have delivered training to equip our managers to have quality conversations, set clear performance levels and develop people for future roles. This work is supported by talent and succession planning which determines the strength of our leadership talent pipeline, based on capability, performance, potential and career aspirations.

We listen to our employees, respond to their feedback and communicate the actions we have taken. Among other things, we use Betfair's intranet to ensure that everyone understands our focus and vision as it moves forward.

We review employee performance annually against objectives agreed a year earlier, and use this opportunity to formally identify training and career development opportunities. As in the previous year, the pay award for 2012 was performance related and a budget of 2.5% was made available for distribution according to performance.

Safeguarding employees

As part of our Responsible Gambling policy all Betfair employees receive responsible gambling awareness training within their first three months of employment. Employees can seek support for any issues they might have with problem gambling through Betfair's Employee Assistance Programme which is conducted by the NHS National Problem Gambling Clinic. This programme offers staff working in the industry a valuable and strictly confidential support service outside of Betfair. It is a free service to staff.

Helping ensure a work/life balance for all employees

To engage a good work-life balance Betfair helps employees enjoy their time in the office and make the most of it outside working hours. Such initiatives include:

- Matching employee fundraising for charity events up to the sum of £100. In 2012 Betfair committed £14,200 to this.
- All employees are entitled to take two working days a year to volunteer for a recognised community service or registered charity of their choice which means something to them and the community in which they live.

Our industry is often regarded as male-dominated because of its focus on technology, but we are committed to equal opportunities and a diverse, inclusive and representative workplace where everyone is treated with dignity and respect.

TAKING PRIDE IN THE COMMUNITIES WHERE WE WORK AND LIVE

Engagement with local communities and charities

We take pride in our local communities. As part of our commitment to the communities in which we live and operate, we have a dedicated CSR resource linked to each of our offices around the world.

Employee engagement is a key driver for this activity, alongside a broader objective to create innovative community partnerships that find solutions to local issues. Our community investment programme encourages employees to get actively engaged with the communities where we live and work, and provides investment in grassroots sport.

Investing in local communities and charities

As well as encouraging employees to get actively engaged through volunteering activity we support a number of charities and community organisations across Europe financially and in-kind. Some of the charities Betfair has supported in 2012 are listed below:

UK
- Crisis
- Greenhouse
- Maggie's Cancer Care Centres
- SPEAR
- Special Olympics (GB)
- Stevenage Community Trust
- Wildfowl and Wetland Trust
- Animal Health Trust

Ireland
- St Andrew's Resource Centre Fettercairn Youth Horse Project

Malta
- Stompers Rubgy Football Club
- St Joseph Home Hostel

Romania
- Asociatia Autism Transilvania
- Asociatia Little People Romania
- Claudia Safta Charity Association
- Christmas Shoe Box
- Habitat for Humanity
- Special Olympics

Portugal
- CrescerSer

South Africa
- Charlton Athletic Community Trust

Supporting grassroots sport: Cash 4 Clubs

Sport in the community is about local people, local facilities, local groups and organisations working together to provide opportunities to enjoy sport. Recognising the importance of community sport, we set up Cash 4 Clubs in 2008 to offer sports clubs in the UK the chance to win grants ranging from £250 to £1,000. The programme has since been launched in Australia and Malta, and to date in the UK we have supported 271 clubs with grants totalling over £221,000. A diverse panel of judges ranging from sports stars, such as Dame Kelly Holmes and Karen Pickering MBE to MPs and sports journalists, helps ensure that Cash 4 Clubs is supporting the clubs that are making a real impact in their communities.

ENVIRONMENTAL MATTERS

We are committed to reducing the environmental impact of our business. In this section, among other areas, we:

- report of the effectiveness of our environmental strategy through a review of various Key Performance Indicators (KPIs);
- set out a forward-looking assessment of short and long-term environmental risks and opportunities facing the business; and
- outline quantative KPIs for greenhouse gas emissions, water consumption and landfill.

As a minimum, Betfair meets or exceeds all relevant environmental legislation. Where no environmental legislation exists, we develop and implement our own appropriate standards, practice and procedures. Across all business units, we take all reasonable steps to manage our operations, so as to minimise our environmental impact and to deliver excellence in environmental practice across our business.

Respect for the environment is fundamental to assuring a sustainable future. Betfair recognises that, by managing our day to day activities efficiently, we can have a positive impact on the environment. We aim to minimise harmful effects whenever we can, and will work through a continuous improvement process to achieve this.

Betfair is an online business and therefore our main focus is on our offices and data centres. Betfair uses state of the art power usage effectiveness (PUE) data centre facilities in Ireland, and whenever possible we plan to retire inefficient servers and consolidate legacy systems.

Betfair operates in modern office environments, which have been designed to have minimal impact on the environment and all our office spaces operate with:

- perimeter infrared motion detector lighting;
- low energy lighting;
- energy efficient air conditioning systems;
- power factor correction; and
- high densities of occupation in the workplace.

Betfair operates largely out of leased premises. We accordingly work with our landlords to encourage their investment in energy efficient systems, waste recycling and water consumption.

Risks and opportunities

Betfair perceives its risk of environmental impact as very low. The business is 100% online with no retail premises and its key servers held with modern, fit for purpose data centres through professional third party suppliers.

Although the risk is very low there remain opportunities to reduce environmental impact through consolidation of its office portfolio, following the restructure of the business. As a result c.50,000 sq ft (20%) of office space will be closed, including parts of Hammersmith, Malta and the San Francisco office.

The forthcoming mandatory carbon reporting will support more emphasis on data collection, interrogation and comparatives across all offices helping us to learn from best practice across the portfolio.

Our aim for 100% waste recycling will improve local practices and the significant investment in video conference technology supports reductions in travel.

Commitment and verification

Betfair is committed to continuous improvement in reducing our carbon footprint through developing and implementing initiatives, practices and procedures which will enable us to manage and control the impact our business has on the environment.

Betfair collects data of its emissions and carbon footprint. Our KPIs include the adoption of a 10% reduction programme in each year of operation.

This KPI data is reported through an industry standard verification system for data collected. This verification system, which is independently verified, confirms that we are already compliant with the scope 1 & 2 requirements for Mandatory Carbon Reporting and for Greenhouse Gas Emissions.

We envisage that for the 2014 Annual Report we will set out further KPI details in respect of:

Scope 1: Direct emissions resulting from activities within the organisations control, including on-site fuel combustion, manufacturing and process emissions, refrigerant losses and company vehicles;

Scope 2: Indirect emissions from electricity, heat or steam purchased and used by the organisation;

Scope 3: Indirect emissions from sources not directly controlled by the organisation, e.g. business travel, outsourced transportation, waste disposal, water usage and commuting.

Stakeholders

As a matter of course, we gauge stakeholder views on environmental matters and these views are reported to the Corporate Responsibility Committee. This process enables us to increase our responsiveness to matters raised by stakeholders, find new ways to reduce our impacts and maximise opportunities, balance business efficiency with economic success and, ultimately, continue to make the business more competitive, profitable and sustainable.

Compliance

Following on from the details in our 2012 Annual Report, we have since focussed our efforts on KPIs including:

Energy KPIs

We continued to review our energy use and implement new ways to enable us and our people to manage and control consumption. This included:

- data collection of environmental indices across all Betfair offices;
- desktop power – Betfair delivered 'one switch' power modules to 1,000 desktops within the Hammersmith and Milan offices, as part of a refurbishment programme. These enable our people to switch off all power to their desk from a single switch. This cuts the continuous consumption of 'out of hours' energy drawn by phone chargers, PC power modules and other electrical items which continue to feed when not in use;
- air conditioning settings – Betfair teams operate across various hours during any 24 hour period and our air conditioning systems are programmed geographically to match the working patterns of our people ensuring that systems are not operating and drawing energy unnecessarily;
- capital improvement projects included high energy efficient air conditioning and UPS systems in line with the Carbon Trust's energy technology list that qualify for enhanced capital allowances; and
- retiring end of serviceable life equipment (with recycling where possible) including PC's, laptops, screens, videoconference units, servers and network kit, which allows for the purchase of modern efficient replacement.

Waste KPIs

Betfair aims for 100% waste recycling, with no waste going to landfill, and this is achieved where feasible. All offices, as a minimum, separate waste at source within the opportunities available for recycling locally. This includes plastics, paper, cans and glass. In addition:

- Betfair provides separate recycling waste bins at the point of disposal;
- mixed waste is sorted and recycled;
- wet waste is composted;
- glass is sorted and recycled; and
- cooking oil is collected and recycled, where internal catering facilities are provided.

Supplier KPIs

Betfair is conscious to ensure that our suppliers also adopt and maintain a good environmental policy as part of our procurement and tender process.

We seek to source products manufactured nationally so as to be aligned to our offices and thereby reduce the impact on the environment through transportation, e.g. all furniture purchased for the Hammersmith office in 2012 was British manufactured, and manufactured in Portugal for the Porto office.

Transport and Travel KPIs

Betfair has a strict travel policy which aims to reduce all travel within the business through actively encouraging use of videoconference and movi client application. In addition, Betfair does not operate a company car scheme. Other initiatives include:

- cycle to work scheme;
- provision of showers and locker facilities for cyclists and runners;
- global video-conferencing facilities;
- economy travel across all European destinations; and
- use of public transport in city hubs.

Capital Improvement KPIs

This year Betfair has introduced a data centre management tool called Nlyte, which allows Betfair to track power usage and improve planning for the efficient utilisation of the data centre facility. An ongoing programme of consolidation continues, including cloud computing solutions, enabling us to switch off older, inefficient equipment across the whole estate.

Betfair complies with WRAP UK guidelines when carrying out all fit out and construction works and ensures our contractors work to these same standards.

During the Hammersmith refurbishment, we recycled 87% of all waste, working within WRAP guidelines, from 184 tonnes of waste removed.

All redundant furniture is either re-used, through resale, charity or school donation or disposed of through responsible methods and recycled or chipped.

Equipment Purchase KPIs

The Betfair procurement process ensures that our environmental responsibility is a key factor in any purchasing decisions including:

- consideration of where goods are manufactured, and the disposal of used goods in an environmentally responsible way;
- giving preference to items that are manufactured with a high recycled content;
- specifying items that can be recycled or reused;
- considering the energy usage/cost of operating equipment prior to purchase;
- favouring suppliers that are committed to environmental improvement;
- considering 'whole life' costs and impacts when assessing equipment for purchase; and
- carrying out environmental assessment of all suppliers.

HEALTH AND SAFETY

Alongside our commitment to providing a vibrant working environment that values wellbeing and diversity, we recognise our wider legal and moral obligation to provide a safe and healthy working environment for our people, visitors and members of the public who may be affected by our activities.

This commitment underpins our approach to health and safety, with Board level responsibility being appointed to the Director of Operations, supported by specialist technical advisers in safety and occupational health employed across all our global locations.

Our operations are fully compliant with all aspects of the current Health and Safety (H&S) law, codes of practice and approved industry standards. Our H&S policy statement, Management System, Practices and Procedures, reflect Betfair's commitment to managing health, safety and welfare across our international portfolio through selected senior representatives and H&S professionals who form the National Health and Safety Forum. In addition, all of our Facilities Managers have IOSH accreditation and two employees are accredited at NEBOSH level.

Betfair provides an occupational health helpline, providing independent and confidential support for all employees. The Employee Assistance Programme (EAP), is an expert provider of employee support services and is completely independent from the Company. The EAP is designed to help employees in those times of need, whether it's stress, anxiety, managing money, relationships or work.

We regularly review and audit the quality and effectiveness of our risk assessment and incident investigation processes and the completeness of our health and safety management system. In addition we continue to develop our procedures for measuring and supporting a proactive approach to meeting our commitments to the safety and well-being of all our people, clients and suppliers.

Health and Safety activity

During the past reporting year priority was focussed on fully reviewing and updating all Health and Safety activities at Betfair.

As a result of this review Betfair carried out the following:

- Health and Safety management system reviewed to include updated legislation and all global locations;
- roles and responsibilities updated;
- Practices and procedures, including all risk assessment activities, reviewed and redeveloped in line with current legislation and Betfair good practice;
- audit process developed and introduced;
- baseline audits to measure current performance;
- practices and procedures schedule updated and implemented;
- formation of the H&S forum led by senior representatives of the business;
- fire safety systems, practices and procedures reviewed and updated;
- all staff training requirements reviewed and action plans produced;
- specialist H&S training provided to all relevant people; and
- accident and incident statistics collated and reviewed.

In addition to the above Betfair were subject to a Health and Safety inspection by our independent risk assessor, which resulted in the following feedback:

'It is noted that the Company has implemented a number of risk management initiatives commensurate with Good Practice, these include:

- development of a health and safety policy that has been signed by the Chief Executive Officer;
- preparation of risk assessments for the office activities, to include the use of display screen equipment and fire safety;
- monthly workplace inspection to monitor the implementation of health and safety risk controls;
- robust accident reporting and investigation; and
- a high standard of housekeeping throughout the Hammersmith office.

The above stimuli will serve to enhance the risk profile of the organisation, with associated business benefits, not least through a reduction in the total cost of risk. The risk improvements contained at the end of this report are presented in the interests of continuous improvement, and are intended to build upon the risk control measures you already have in place, as well as improve your claims prevention and defensibility strategy'.

It is a statutory requirement to keep a record of all accidents, incidents and near misses that occur at work. Our H&S record in 2012–2013 was good. There were no reportable fatalities or major injuries across our business and a health, safety and environment inspection visit in the UK resulted in no enforcement notices or prosecutions for health, safety or environmental offences.

Close

We believe that good corporate responsibility practice is part of business as usual for Betfair.

Fru Hazlitt
Corporate Responsibility Committee Chair

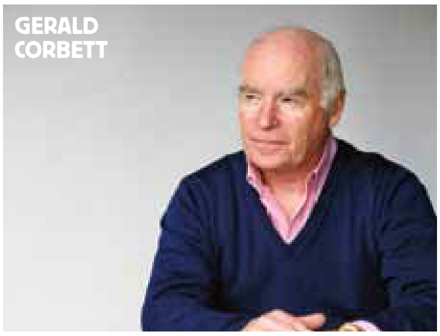
PRINCIPAL RISKS AND UNCERTAINTIES

This section highlights the principal risks which are considered to have a material potential impact on the Group's long-term performance and achievement of strategy. It is not intended to be an exhaustive and extensive analysis of all risks which may affect the Company. Additional risks and uncertainties not presently known to management, or currently deemed to be less material, may also have an adverse effect on the business. Further details of how our risk management framework and policies are embedded can be found on pages 44 to 47.

Key risk	Impact	Mitigation
Online gambling regulation (EU/non-EU) Many jurisdictions are beginning to regulate their online gambling market by introducing a licensing regime. While opportunities exist, they are not without risks – such as commercial viability, delays in licensing of betting exchanges compared to other products, how our products are taxed and licensing one section of the online market such as sports betting but not another, such as casinos or poker.	Any new licensing regime, adverse regulatory decisions or tax base that makes it commercially unviable for Betfair to operate its exchange and products could restrict our ability to grow the business, gain access to new customers and, ultimately, increase revenues.	We work closely with a wide variety of organisations involved in the regulation of online gambling. We are fully engaged with the UK Government regarding the ongoing review of how operators licensed elsewhere are regulated in the UK. External third parties help us to substantiate evidence to support using a gross profits tax model. We have a dedicated internal and external legal, tax, compliance and public affairs resource.
Our products Online gaming is a very competitive industry. Our competitors are constantly looking to gain advantage through aggressive marketing campaigns, pricing and promotional behaviour and new product features which could impact revenue or margins. Product and delivery to market is vital to gain competitive edge over other operators. Like all betting operators we recognise that our platform could be targeted by those who seek to benefit from corrupt activity on a market or to use the site for the illegal transfer of funds.	Our product offering could become less attractive in relation to competitors' offers. Disproportionate growth in risk products such as multiples and fixed odds could result in a volatile earnings pattern. We could fail to maximise the revenues earned from products offered. Betfair products could be used by criminals for money laundering or other criminal purposes. This, or fraud and corruption in sport more generally, could result in negative publicity for sports betting and Betfair.	Our product delivery activity includes an approval process whereby appropriate products are assessed for suitability and priority to bring to market. Our experienced Trading Team and new Client Services Division constantly monitor client activity and betting patterns relating to risk products. We monitor competitor promotional activities, pricing and products and continue to invest in exchange technology and product development to make it more difficult for a competitor to launch comparable products. We have a fully staffed and highly skilled Integrity Team who investigate any potentially suspicious activity and liaise with sports regulatory bodies. We carry out routine risk assessments for specific territories in relation to anti-money laundering, fraud, terrorism financing and other crimes.
Customers Our customers are at the heart of the business. 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. As we increase our reliance on third parties, potential to maliciously access data and data compromise could increase.	Reduced activity by a significant number of customers could have a material adverse effect on our operations, financial performance and prospects. Poorly designed promotional activity could result in negative financial and reputational impacts.	We closely monitor the behaviour of customers and have a team focused on their management and retention. We aim to ensure we provide a service and platform which grow value for both the customer and Betfair, and significantly reduce the risk of customers leaving. We review our terms and conditions to ensure they are fit for purpose and have processes in place to assess risk and approve promotions.

Key risk	Impact	Mitigation
People Our success and anticipated future growth is in part dependent on the continued services and performance of certain Directors, managers and key staff. Our ability to continue to attract, retain and motivate highly skilled employees in an intensely competitive environment means that competitive packages and development opportunities must be available.	Reduced ability to: • retain executives, managers and key staff; • attract, retain and motivate highly skilled employees; • engage staff with their jobs and the Company's objectives could impair our operations, financial performance and prospects.	Succession planning and processes are in place throughout the business to: • identify key roles in line with business continuity plans; • conduct regular succession and talent reviews; and • recognise competitive package and career development opportunities. Our employees participate in regular surveys which help us to link improvements to achieving our corporate goals while reducing employee turnover and improving productivity and wellbeing.
Infrastructure and systems We rely on IT infrastructure and systems for our core operations and their overall management. Potential risks include: • site outages and/or loss of customer connectivity; • software error; • reliance on third parties; and • unauthorised access to customer data by employees, third party providers or cyber attack.	We rely on our customers being able to access markets via the internet and any extended loss of connectivity could have a material effect on revenues. Any failure of the Company's and/or other infrastructure could lead to significant costs and disruptions that could reduce revenue and harm our business reputation.	We regularly review our business continuity plans and have service level agreements in place with third parties. Our Group Security Team regularly review and assess our systems in terms of potential threat and vulnerability. We carry out targeted infrastructure testing and have implemented our own Secure Coding Standard for use within the business. We use a variety of systems and applications testing tools for critical customer facing applications.
Financial Due to the international nature of the business, the Company is exposed to the impact of foreign exchange fluctuations on deposits as well as cash flows. The future of the Eurozone is currently uncertain and could expose the Company to a wide range of issues, such as currency payment methods and loss of business in certain jurisdictions. Under the terms of a Trust Deed, Betfair generally holds all customer moneys in separately managed bank accounts which are safeguarded independently of Betfair's corporate funds.	Adverse foreign exchange exposures could impact on Group revenues. A break-up of the Eurozone, or defaults within it, could have a wide range of negative impacts. Actual or perceived mismanagement of customer funds could have severe financial and reputational impacts.	We monitor exposure to foreign exchange risk and where appropriate use financial instruments to mitigate any associated risk. Incident management plans are in place to address the unpredictable nature of events which could lead to the potential default or break-up of the Eurozone. Daily and monthly reconciliations of the customer funds balance take place to ensure timely detection, in the event of fraud or error.

BOARD OF DIRECTORS



Key: Committee memberships
a – Audit Committee
b – Nomination Committee
c – Remuneration Committee
d – Market Disclosure Committee
e – Corporate Responsibility Committee

Please see **corporate.betfair.com/about-us/board-profiles.aspx** for full Board biographies

Gerald Corbett
Non-Executive Chairman (b – Chair)

Gerald Corbett is the Company's Chairman, a position he assumed in March 2012 having joined the Betfair Group as Deputy Chairman on 3 January 2012.

External appointments: Chairman of Britvic plc, Moneysupermarket.com Group plc and Towry Holdings Limited. He is also a Non-Executive Director of the investment and stockbroking business, Numis Corporation Plc.

Previous experience: Over a long business career, Gerald has been a director of 12 public companies, five of which he has chaired. His most recent role was as Chairman of SSL International plc between 2005–2010. His executive career included Group Finance Director roles with Redland plc and Grand Metropolitan plc, and he was Chief Executive of Railtrack between 1997–2000.

Breon Corcoran
Chief Executive Officer

Breon Corcoran is the Company's Chief Executive Officer, a position he assumed on 1 August 2012 (and he has no external appointments).

Previous experience: Chief Operating Officer of Paddy Power plc and previously Managing Director, Non Retail and Development and also Commercial Director. Before joining Paddy Power, Breon was a Vice President with J P Morgan having started his career with Bankers Trust. Breon has an MBA (INSEAD) and is a graduate of Trinity College, Dublin.

Alex Gersh
Chief Financial Officer (d – Chair)

Alexander Gersh is the Company's Chief Financial Officer, a position he assumed on 3 December 2012.

Previous experience: Chief Financial Officer of NDS Group, Chief Financial Officer of Flag Telecom and Chief Financial Officer of BT Cellnet. His early career was spent with Ernst & Young where he qualified as a Certified Public Accountant.

Mike McTighe
Senior Independent Director (a) (b) (c – Chair)

External appointments: Board member of Ofcom (the UK's regulator of the broadcasting, telecommunications and wireless communication sectors) where he is Chairman of the Audit Committee and a member of the Remuneration and Nomination Committees. He is Chairman of Volex plc and WYG plc. He is also a director of Nujira Ltd, Traitrealm Limited, Cheshire Mortgage Corporation Limited, Arran Isle Limited, Jerrold Limited and Gortmullan Holdings Limited.

Previous experience: Mike's executive career included being Chairman and CEO of Carrier 1 International SA and Executive Director of Cable & Wireless plc. During the recent past he has been a member of the Audit Committees of Alliance & Leicester plc and London Metals Exchange Holdings Limited. Mike has been a Director of Betfair since 17 October 2008.

Fru Hazlitt
Independent Non-Executive Director (b) (c) (e – Chair)

External appointments: Managing Director of Commercial and Online at ITV plc and Director of the Advertising Association.

Previous experience: CEO of GCAP Media Plc, Chief Executive of Virgin Radio and a Managing Director of Yahoo UK and Ireland. Fru has been a Director of Betfair since 23 March 2005.

Ian Dyson
Independent Non-Executive Director (a – Chair) (c)

External appointments: Non-Executive Director of Punch Taverns plc.

Previous experience: CEO of Punch Taverns plc, Group Finance & Operations Director at Marks and Spencer Group plc and Finance Director of The Rank Group plc. Prior to this he was Group Financial Controller of Hilton Group plc. He joined Hilton from Le Meridien, a division of Forte plc, where he had been Finance Director. His early career was spent with Arthur Andersen, where he qualified as a Chartered Accountant in 1986 and was promoted to be a Partner of the firm in 1994. Ian was a Non-Executive Director of Misys plc until September 2005. Ian has been a Director of Betfair since 1 February 2010.

Josh Hannah
Non-Executive Director

External appointments: General Partner of Matrix Partners and a Director of JustFabulous, Huddler, Huddle, Taulia Inc, Klip, Inflection and Koding.

Previous experience: Josh Hannah was Chief Executive and co-founder of Flutter.com which merged with the Betfair Group in 2002. He has been a Director of Betfair since 21 February 2002.

Peter Jackson
Independent Non-Executive Director (a)

External appointments: Chief Executive of Travelex Limited.

Previous experience: Managing Director, Consumer Banking at Lloyds Banking Group plc. Before that he held a number of roles at HBOS plc in retail. Peter started his career with McKinsey & Company. He holds an MEng from the University of Cambridge. He has been a Director of Betfair since 24 April 2013.

DIRECTORS' REPORT

The Directors present their Report and the audited financial statements for the year ended 30 April 2013. The Directors' Report should be read in conjunction with the other sections of this Annual Report; the Chairman's Statement, Chief Executive Officer's Review, Financial Review, Principal Risks and Uncertainties, Corporate Governance Statement, Corporate Responsibility Report and the Directors' Remuneration Report, all of which are incorporated into this Directors' Report by reference.

Principal activities

Betfair is one of the world's leading online betting and gaming operators.

At the heart of Betfair is its pioneering Betting Exchange, where customers come together in order to bet at odds set by themselves or offered by other customers, instead of with a traditional bookmaker. The Betting Exchange usually provides customers with better pricing and more choice and flexibility than competing products, which has resulted in Betfair's customers showing greater levels of loyalty than its competitors with significantly higher customer satisfaction rates.

Betfair additionally offers a range of other sports betting products, casino games and poker. As at 30 April 2013, Betfair had more than 6 million registered customers worldwide and processes over a billion transactions on the Betting Exchange each year.

Betfair also owns Betfair US, which comprises TVG (a licensed US horseracing wagering and television broadcasting business), and 33% of LMAX, which operates an exchange platform for online retail financial trading which has evolved from Betfair's exchange platform technology. In addition, Betfair has a 50% holding in Betfair Australia, a joint venture which operates a licensed betting exchange business in Australia.

Directors

Details of the Directors as at 30 April 2013 can be found on pages 30 and 31 and the Board composition and any changes to it throughout the year are detailed in full in the Corporate Governance Statement on pages 35 to 40.

All of the Directors stand for re-election or (for the two new Directors) election as Directors at the Annual General Meeting (AGM). Further details can be found in the Notice of Meeting which is enclosed with these financial statements.

Articles of Association

The Articles of Association can only be amended by special resolution at a general meeting of shareholders. No amendments are proposed to be made to the existing articles at the 2013 AGM.

Directors' indemnity

As permitted by the Articles of Association the Directors have the benefit of an indemnity which is a qualifying third party indemnity provision as defined by Section 234 of the Companies Act 2006. The indemnity was in force throughout the last financial year, and remains in force. The Company also purchased and maintained throughout the financial year, Directors' and Officers' liability insurance in respect of itself and its Directors.

Corporate Governance Statement

The Corporate Governance Statement is made in accordance with the Disclosure and Transparency Rules (DTRs) 7 and the Corporate Governance Code issued by the Financial Reporting Council in May 2010. The new edition of the Corporate Governance Code was published in September 2012 by the Financial Reporting Council, and it is envisaged that the new provisions therein will be adopted in the 2014 Annual Report.

Employees

The responsibility for formulating, implementing and ensuring adherence to employment policies and relevant legislation is the responsibility of Human Resources. The Company fully supports the principle of equal opportunity for all employees and opposes all forms of discrimination and has policies to ensure it meets its legal obligations. It is also Group policy to give full and fair consideration to the recruitment of disabled persons.

The Company believes in open and continuous communications as an important part of the employee engagement process. The Company has an intranet and various internal communication channels for informing employees about financial results, business development and other news concerning Betfair and its people.

Further information can be found on pages 20 to 27 in the Corporate Responsibility Report.

Conflicts of interests

The Company's Articles of Association permit the Board to consider and, if it sees fit, to authorise situations where a Director has an interest that conflicts, or may possibly conflict, with the interests of the Company (Situational Conflicts). The Board has a formal system in place for Directors to declare Situational Conflicts to be considered for authorisation by those Directors who have no interest in the matter being considered. In deciding whether to authorise a Situational Conflict, the non-conflicted Directors are required to act in the way they consider would be most likely to promote the success of the Company for the benefit of all shareholders, and they may impose limits or conditions when giving authorisation, or subsequently, if they think this is appropriate. The Board believes that the systems it has in place for reporting and considering Situational Conflicts continue to operate effectively.

Related party transactions

Internal controls are in place to ensure that any related party transactions involving Directors or their connected persons are carried out on an arm's length basis and are properly recorded.

Interim dividend

The Company declared an interim dividend on 13 December 2012 of 4.0 pence (2012: 3.2 pence) per share which was paid on 25 January 2013.

Final dividend

The Company has declared that a final dividend of 9.0 pence (2012: 7.0 pence) per share will be paid in respect of the year ended 30 April 2013.

Share capital

The Company has a single class of shares in issue divided into ordinary shares of 0.1 pence each. As at 30 April 2013 the Company's issued share capital was 104,221,610.

The ordinary shares carry the right to the profits of the Company available for distribution and to the return of capital on a winding up of the Company. The ordinary shares carry the right to attend and speak at general meetings of the Company; each share holds the right to one vote. At the year end there were no shares held in treasury and the Company's employees share trust held 934,307 shares.

Authority to purchase shares

The Company currently has the authority to purchase a maximum of 10,238,142 of its own shares. This authority will expire at close of the 2013 AGM or the earlier of the 2013 AGM or 18 months from the date of resolution.

Major shareholdings

As at 27 June 2013, the Company had been notified, in accordance with DTR Rule 5 of the UK Listing Authority, of the following major shareholdings in the ordinary share capital of the Company:

Shareholder	Number of shares held	Percentage of issued shares
Mr Edward Wray	11,624,602	11.13
Softbank Capital Partners	11,033,109	10.57
Le Peigne SA	9,769,772	9.36
Mr Andrew Black	6,597,721	6.32
Mr Richard Koch	6,504,254	6.23
Balderton Capital	4,227,170	4.05
MFS Investment	3,923,470	3.76

Share transfer restrictions

There are no restrictions on the transfer of shares in the Company.

Annual General Meeting

The Notice convening the Annual General Meeting to be held on 5 September 2013 is contained in a circular sent out to shareholders with this Report. The Notice of Meeting contains full details of the resolutions that will be put to shareholders.

Political donations

At the 2012 AGM, shareholders passed a resolution to authorise the Company to make political donations and/or incur political expenditure (as such terms are defined in sections 362 to 379 of the Companies Act 2006), in each case in amounts not exceeding £50,000 in aggregate. As the authority granted will expire on 5 September 2013, renewal of this authority will be sought at this year's AGM. Further details are available in the Notice of AGM. The definitions of political donations and political expenditure used in the Companies Act 2006 are broad in nature and this authority is sought to ensure that any activities undertaken throughout the Group's businesses, which could otherwise be construed to fall within these provisions, can be undertaken without inadvertently infringing them.

During the year, the Group made no EU political donations (2012: £14,907).

In accordance with applicable US state and federal laws, the Group has made £76,190 (2012: £107,944) of contributions to support candidates for nomination and/or election to public office. The Group has fully complied with jurisdictional reporting of these contributions and such contributions in the US are accepted normal business practice. Betfair is committed to working with governments in the EU, US and other jurisdictions in which it operates.

Charitable donations

The Group donated £241,000 (2012: £384,700) for charitable purposes within the UK during the financial year. The Company's charitable activities are described within the Corporate Responsibility section on pages 20 to 27.

Contractual arrangements

The Group has contractual arrangements with numerous third parties in support of its business activities. The disclosure in this Report of information about any of those third parties is not considered necessary for an understanding of the development, performance or position of the Group's businesses.

Change of control provisions

There are no significant agreements which contain provisions entitling other parties to exercise termination or other rights in the event of a change in control of the Company.

The rules of certain of the Company's share plans include provisions which apply in the event of a takeover or reconstruction.

Supplier payment policy

It is the Group's policy to comply with the terms of payment agreed with its suppliers. Where payment terms are not negotiated, the Company endeavours to adhere to suppliers' standard terms. As at 30 April 2013, the Group had trade creditors of £5.5m (2012: £15.6m).

Going concern, responsibilities and disclosure

After making appropriate enquiries, the Directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

Funding and liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. The Group also spreads its cash reserves across several highly rated banks and investments to mitigate counterparty risks. The Group performs regular cash flow projections to ensure that it has sufficient cash on demand to meet expected operational expenses for a period of at least 90 days. The Group has no committed lines of credit.

Auditors

KPMG Audit plc (KPMG), the Company's external auditors, have expressed their willingness to be reappointed as auditors of the Company. Upon the recommendation of the Audit Committee, resolutions to reappoint KPMG as the Company's auditors and to authorise the Directors to determine their remuneration will be proposed at the 2013 Annual General Meeting.

Disclosure of information to auditors

Each of the Directors who held office at the date of approval of the Directors' Report confirms that so far as they are aware, there is no relevant audit information of which the Company's auditors are unaware, and that they have taken all steps that they ought to have taken as a Director to make them aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

By order of the Board

Alexander Gersh
Director

Registered office
Betfair Group plc
Waterfront
Hammersmith Embankment
Chancellors Road (access on Winslow Road)
London W6 9HP
United Kingdom

Registered number 6489716

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ANNUAL REPORT AND THE FINANCIAL STATEMENTS

The Directors are responsible for preparing the Annual Report and the Group and Parent Financial Statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare Group and Parent Financial Statements for each financial year. Under that law they are required to prepare the Group Financial Statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union (EU) and applicable law, and have elected to prepare the Parent Company financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice).

Under company law the Directors must not approve the Financial Statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Parent Company and of their profit or loss for that period. In preparing each of the Group and Parent Financial Statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- for the Group Financial Statements, state whether they have been prepared in accordance with IFRSs as adopted by the EU;
- for the Parent Company Financial Statements, state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the Parent Company Financial Statements; and
- prepare the Financial Statements on the going concern basis unless it is inappropriate to presume that the Group and the Parent Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Parent Company's transactions and disclose with reasonable accuracy at any time the financial position of the Parent Company and enable them to ensure that its Financial Statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities. Under applicable law and regulations, the Directors are also responsible for preparing a Directors' Report, Directors' Remuneration Report and Corporate Governance Statement that complies with that law and those regulations.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Compliance statement
This review has been prepared in accordance with section 417 of the Companies Act 2006. The review's intent is to provide information to shareholders and stakeholders. It should not be relied upon by any other party or for any other purpose.

Where this review contains forward-looking statements, these are made by in good faith based on the information available at the time of this report. These statements should be treated with caution due to the inherent uncertainties underlying any such forward-looking information.

Other information
Additional financial and non-financial information, including press releases, can be accessed on our website, corporate.betfair.com.

Responsibility statement of the Directors in respect of the Annual Report

Each of the Directors, whose names and functions are listed on pages 31 and 35 of this Annual Report, confirm that, to the best of each person's knowledge and belief:

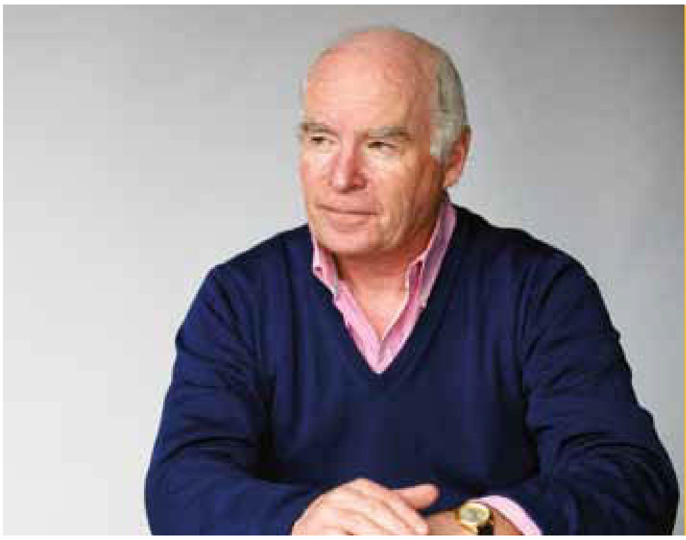
- the financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole; and
- the Directors' Report includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

By order of the Board of Betfair Group plc

Alexander Gersh
Director

GOVERNANCE

CORPORATE GOVERNANCE STATEMENT



'WE HAVE A ROBUST GOVERNANCE STRUCTURE. WHICH CONTINUES TO DELIVER SUSTAINABLE VALUE.'
GERALD CORBETT, CHAIRMAN

The Board is committed to the principles of corporate governance in the UK Corporate Governance Code (the 'Code') as issued by the Financial Reporting Council in May 2010 which applies to financial years beginning on or after 29 June 2010 and is available at www.frc.org.uk.

The Board has reviewed the content of the Code and will report on compliance through this Statement which incorporates the Directors' Report, Chairman's Statement, Chief Executive Officer's Review, Financial and Operational Review, Principal Risks and Uncertainties and the Directors' Remuneration Report by reference.

The Board considers that the Company complied with the main principles of the Code for the whole of the year ended 30 April 2013 with the following unintentional exception. Provision C.3.1 of the Code states that the Audit Committee must be comprised of at least three Independent Non-Executive Directors. There was a period during the year, between Denise Kingsmill leaving the Board and Peter Jackson's appointment, where the Audit Committee's membership fell to two Independent Non-Executive Directors.

Board composition

As at 30 April 2013, the Board comprised the Chairman, two Executive Directors and four Independent Non-Executive Directors and one non-independent Non-Executive Director. The biographical details of all Board Directors as at 27 June 2013 are set out on pages 30 and 31 and these include their main external commitments outside of the Company.

During the year various changes were made to the composition of the Board which is explained in further detail opposite.

Directors

The following were Directors of the Company during the year:

Director	Role	Date appointed
Gerald Corbett	Non-Executive Chairman	3 January 2012
Breon Corcoran	Chief Executive Officer	1 August 2012
Alex Gersh	Chief Financial Officer	3 December 2012
Stephen Morana[2]	Interim Chief Executive Officer	25 September 2006
Mike McTighe[1]	Senior Independent Non-Executive Director	17 October 2008
Ian Dyson[1]	Independent Non-Executive Director	1 February 2010
Josh Hannah[1]	Non-Executive Director	21 February 2002
Fru Hazlitt[1]	Independent Non-Executive Director	25 March 2005
Baroness Denise Kingsmill[3]	Independent Non-Executive Director	1 February 2011
Peter Jackson[4]	Independent Non-Executive Director	24 April 2013

[1] In certain cases the appointment date reflects the Director's appointment prior to the Company's admission to The London Stock Exchange on 27 October 2010.

[2] Director retired from the Board of Betfair Group on 3 December 2012.

[3] Director retired from the Board of Betfair Group on 25 October 2012.

[4] Director appointed to the Board of Betfair Group on 24 April 2013.

Division of responsibilities

In accordance with main principle A.2 of the Code, there is a clear division of responsibilities at the head of the Company between the Board and executive responsibility for the running of the Company's business. No one individual has unfettered powers of decision.

The role of the Board

The Board is responsible to shareholders for the strategic direction, development and control of the Group. It therefore approves strategic plans and annual capital and revenue budgets. It reviews significant investment proposals and the performance of past investments and maintains an overview and control of the Group's operating and financial performance. It monitors the Group's overall system of internal controls, governance and compliance and ensures that the necessary financial and human resources are in place for the Company to meet its objectives.

The Board has established and adopted a schedule of matters which are reserved for its attention and which are published on the Company's corporate website at: corporate.betfair.com/about-us/corporate-governance. Included in its responsibilities are:

- determining the overall business and commercial strategy;
- identifying long-term objectives;
- reviewing the annual operating plan and budget;
- determining the basis of allocation of capital; and
- considering all matters relating to major Group policy and regulatory policy.

The Board has adopted objective written criteria for the appointment of Directors and the roles of the Chairman, Chief Executive, Chief Financial Officer and Non-Executive Directors have been defined in writing.

The Board may delegate authority in the following instances:

- determination and review of the terms of reference for Board Committees and receive reports on their activities;
- approval of lists of delegated authority to approve expenditure, investments and other matters as the Board may determine;
- approval of the division of responsibilities between the Chairman and the CEO and of delegated authorities for the CEO, CFO and other senior management; and
- granting powers of attorney.

The Executive Committee is responsible for reviewing the performance of the business and supporting the CEO in performing his duties. Biographies of members of the Executive Team can be found on pages 30 to 31.

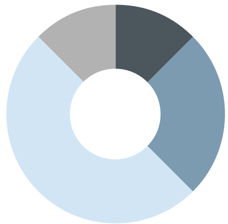
The composition of the Board

In accordance with main principle B.1 of the Code, the Board and its Committees have an appropriate balance of skills, experience, independence and knowledge of the Company to enable them to discharge their respective duties and responsibilities effectively.

Board experience as at 30 April 2013

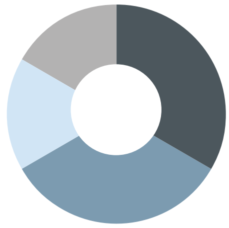
Balance of Non-Executive Directors and Executive Directors

Chairman	1
Executive Directors	2
Independent Non-Executive Directors	4
Non Independent Non-Executive Directors	1



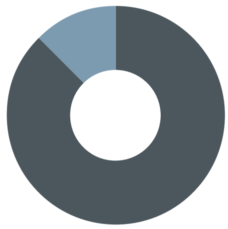
Length of tenure of Non-Executive Directors

0-3 years	2
3-6 years	2
6-9 years	1
9+ years	1



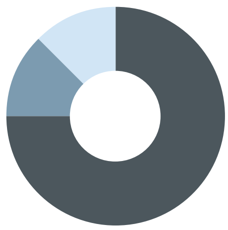
Gender split of Directors

Male	7
Female	1



Nationality

British	6
Irish	1
American	1



Role of the Chairman

In accordance with main principle A.3 of the Code, Gerald Corbett as Chairman is responsible for the leadership and effectiveness of the Board, including ensuring that the Board is run smoothly and for ensuring that appropriate communication is maintained with shareholders. He is available to meet with shareholders at the Annual General Meeting.

The Chairman ensures that the Board has the right composition and that the debate is effective and at the right level, involving all members, and that appropriate conclusions are drawn. For Betfair, it is vital that the Chairman is accessible and can play an important role in providing support and wise counsel to the CEO and wider management team. The Chairman effectively challenges when required and takes a 'helicopter view' of the business. The Chairman has a key role in instilling behaviours appropriate to a public company environment and is able to maintain relationships with shareholders and other stakeholders, as necessary. The Chairman has a proven track record as a plc Chairman and currently acts as Chairman to two other public quoted companies. Gerald Corbett's biography can be found on page 31.

Role of the Chief Executive Officer

Breon Corcoran was appointed as Chief Executive Officer on 1 August 2012. Prior to this, Stephen Morana had responsibility for this role. The CEO has responsibility for implementing the strategy agreed by the Board and for the executive management of the Group, including being responsible for: developing and proposing the Group strategy, annual plans and commercial objectives to the Board, having regard to the Group's responsibilities to its shareholders, customers, employees and other stakeholders; managing the Group's risk profile in line with the extent of risk identified as acceptable by the Board and to ensure appropriate internal controls are in place; ensuring the development needs of the executive directors and senior management are identified and met and ensuring succession planning; effective communication with shareholders and that appropriate, timely and accurate information is disclosed to the market, with issues escalated promptly to the Market Disclosure Committee.

Role of the Senior Independent Director

Mike McTighe is the Senior Independent Director and is available to shareholders if they have concerns which are not resolved through the normal channels of Chairman, CEO or CFO. In addition, Mike is Chairman of the Remuneration Committee. His biography can be found on page 31.

Non-Executive Directors

The Company has experienced Non-Executive Directors on its Board. The Board considers Mike McTighe, Ian Dyson, Fru Hazlitt and Peter Jackson to be independent as they are free from any business or other relationship which could materially influence their judgement and they represent a strong source of advice and independent challenge.

Josh Hannah, is not deemed to be independent under the provisions of the Code. He has served as a director for over 10 years. He has informed the Board of his intention to step down in the coming months. Under the terms of his letter of appointment, his appointment will expire in October 2013.

All of the Directors' biographies can be found on pages 30 and 31 and all will stand for re-election or election in accordance with the Code.

Other than their fees, which are disclosed on page 53, the Non-Executive Directors received no remuneration from the Company during the year. When prospective Non-Executive Directors are considered for appointment, the Nomination Committee will take into account their other responsibilities in assessing whether they can commit sufficient time to their prospective directorship.

The training needs of Directors and of members of the Board's Committees are formally considered on an annual basis.

Company Secretary

Martin Cruddace is the Group Director, Legal & Corporate Affairs and Company Secretary. The Company Secretary's responsibilities include, in accordance with main principle B.5 of the Code, ensuring good information flows to the Board and its Committees and between senior management and the Non-Executive Directors. The appointment and removal of the Company Secretary is a matter reserved for the Board. The Company Secretary is responsible through the Chairman, for advising the Board on all corporate governance matters and for assisting the Directors with their professional development. This includes regular corporate governance and business issues updates, as well as the use of operational site visits and the provision of external courses where required.

Board attendance

During the year, there were 10 scheduled Board meetings excluding a one day off-site meeting which considered the Group's strategy. The table below shows attendance levels at the scheduled Board and Committee meetings held during the year; the numbers in brackets confirm how many Board meetings each Director was eligible to attend during the year.

	Board scheduled	Audit Committee	Remuneration Committee	Nomination Committee	AGM
Current Directors who served during the year	10	4	8	3	
Gerald Corbett*	10 (10)	–	–	3	1
Breon Corcoran	7 (7)	–	–	–	1
Alex Gersh	4 (4)	–	–	–	–
Mike McTighe	9 (10)	4	8	3	1
Ian Dyson	9 (10)	4	7	–	1
Josh Hannah	10 (10)	–	8	3	1
Fru Hazlitt	9 (10)	–	–	–	1
Peter Jackson	1 (1)	–	–	–	–

Former Directors who served during the year					
Baroness Denise Kingsmill	3 (5)	2 (2)	–	–	1
Stephen Morana	4 (6)	–	–	–	1

* Attends Committee meetings at the invitation of the respective Committee Chairman.

All Directors are briefed by the use of comprehensive papers circulated in advance of Board meetings and by presentations at the meetings in addition to receiving minutes of previous meetings. Their understanding of the Group's business is enhanced by business specific presentations and operational visits to the Company's businesses. Separate strategy meetings and meetings with senior executives are also held throughout the year. Where a Director was unable to attend a meeting, they were provided with all the papers and information relating to that meeting and were able to discuss issues arising directly with the Chairman and CEO. There are 10 Board meetings and a one day off-site meeting currently scheduled for 2013-2014.

Annual re-election and appointments

In accordance with the Company's Articles of Association the Company and provision B.7.1 of the Code which states that all Directors of FTSE 350 companies should stand for annual election by shareholders, all current Directors will submit themselves for re-election on an annual basis at the Company's Annual General Meeting.

In accordance with the Company's Articles of Association, Alexander Gersh and Peter Jackson will stand for election at the 2013 Annual General Meeting. Further information is set out in the Notice of Meeting.

Appointments to the Board

In accordance with main principle B.2 of the Code, there is a formal, rigorous and transparent procedure for the appointment of new directors to the Board.

Succession planning

The Board considers the quality, performance and likely successors for its Executive Director and senior management population on a regular basis. The Board normally considers these matters formally in December each year. However, given that Breon Corcoran was appointed in August 2012 and Alex Gersh in December 2012 it was considered unnecessary to have a formal succession planning meeting in December 2012. It intends to resume its review process in December 2013.

Service contracts and letters of appointment

Details of the Executive Directors' service contracts are set out in the Directors' Remuneration Report on page 53. The Chairman and the Non-Executive Directors have letters of appointment which are available for inspection at the registered office of the Company during normal business hours and at the place of the Annual General Meeting from at least 15 minutes before and until the end of the meeting.

Independent advice

Members of the Board may take independent professional advice in the furtherance of their duties and they have access to the advice and services of the Company Secretary, the Head of the Legal Department and the Company's legal advisers and external auditors.

Training and development
In accordance with main principle B.4 of the Code, there is comprehensive induction for newly appointed Directors and regular updating, tailored to individual requirements and including guidance on requirements of, and Directors' duties in connection with the Code and the Companies Act 2006 as well as other relevant legislation. The Board as a whole is updated as necessary in light of any governance developments as and when they occur.

Conflicts of interest
Executive Directors may be permitted to accept one external Non-Executive Director appointment with the Company's prior approval as long as this is not likely to lead to conflicts of interest.

The Board has a formal system in place for Directors to declare situational conflicts to be considered for authorisation by those Directors who have no interest in the matter being considered. The Board believes that the systems it has in place for reporting and considering conflicts continues to operate effectively.

Shareholder relations
The Board recognises that it is accountable to shareholders for the performance and activities of the Company. The Company formally updates the market on its financial performance at least four times a year, at the half year and full year results in December and June and respectively, the interim management statements in March and September. The content of these updates is posted and webcast on the Company's website, together with general information about the Company so as to be available to all shareholders. The Company has a regular programme of meetings with its major institutional shareholders which provides an opportunity to discuss, on the back of publicly available information, the progress of the business. On a more informal basis, the Head of Investor Relations regularly reports to the Board the views of major shareholders in respect of the Company, and the Senior Independent Director and other Non-Executive Directors are available and meet shareholders on request and are offered the opportunity to attend meetings with major shareholders.

The AGM provides a useful interface with private shareholders, many of whom are also customers. All proxy votes received in respect of each resolution at the AGM are counted and the balance for and against, and any votes withheld, are indicated. The chairmen of the Audit, Remuneration and Nomination Committees attend to answer questions.

Board effectiveness evaluation
Following various changes in the composition of the Board since 2012, including the appointment of a new Chairman and CEO and to allow sufficient time for adjustment due to the changes, a formal assessment of the Board and its performance will be carried out (with an external assessor) during 2013-2014. Further, the Chairman's performance assessment will be led by the Senior Independent Director.

The last formal assessment (with an external assessor) was carried out in 2010 and included a review of issues relating to the Board as a whole, the performance of the Chairman and the priority of tasks. The process included the completion of a detailed questionnaire by the Board Directors and included an opportunity for each Director to make comments. The areas covered in the questionnaire were the Board's role and its organisation, the Board dynamic and relationships, quality of information flows and decision-making, Board committees, performance monitoring and the Board's priority tasks. The report was subsequently discussed between the Chairman and the rest of the Board.

Board diversity
We, as a Board, are committed to ensuring a broad mix of gender, age, nationality, experience and skills throughout the business and that the composition of the Board itself is based on a range and balance of skills, knowledge, experience and merit and remains appropriate for a business of this size. The Board has noted the contents of the Davies Report on Women on Boards in February 2011 and Code revision to strengthen the principle of board diversity. The Company currently has six Non-Executive Directors, one of whom (17%) is female.

Committees
There are four main Committees of the Board which are outlined on page 40. Each Board Committee has written terms of reference approved by the Board, which are available on the Company's website: corporate.betfair.com/investor-relations/corporate-governance.

Audit Committee

Ian Dyson has been chairman of the Audit Committee since 17 February 2010. Ian has been identified as having significant recent and relevant financial experience and his biography can be found on page 31. The other members of the Audit Committee, Mike McTighe and Peter Jackson, have extensive commercial experience. The Chairman of the Board, the CEO and the CFO attend such meetings at the invitation of the Committee's Chairman. During the year, the Committee met four times.

Further details about the Audit Committee and its activities are included in the Report of the Audit Committee on pages 42 to 47.

Nomination Committee

Gerald Corbett has chaired the Committee since March 2012.

Mike McTighe, Senior Independent Director and Fru Hazlitt, an Independent Non-Executive Director were members of the Committee during the year. The Nomination Committee met three times during the year.

Further details about the Nomination Committee can be found on page 41.

Remuneration Committee

Mike McTighe has been chairman of the Remuneration Committee since June 2009.

Ian Dyson and Fru Hazlitt (both also independent Non-Executive Directors) were members of the Committee throughout the year. The Remuneration Committee met eight times during the year.

Further details about the Remuneration Committee and its activities are included in the Directors' Remuneration Report on pages 48 to 56.

Corporate Responsibility Committee

The Committee, which is chaired by Fru Hazlitt, an Independent Non-Executive Director, includes the Group Operations Director and HR Director.

The Committee meets at least four times per year and was established to define, support and monitor the execution of Betfair's corporate responsibility strategy.

Further details of the work of this Committee can be found on pages 20 to 27.

Market Disclosure Committee

The Market Disclosure Committee considers and decides upon matters brought to its attention which would be likely to give rise to an obligation to make a market announcement under the FSA Listing Rules. Amongst others, it comprises the CFO (Committee chairman), and the Company Secretary.

Executive Committee

The Executive Committee, which is chaired by the CEO, consists of the Executive Directors and certain other senior executives.

The Executive Committee meets formally approximately every four weeks. The Committee assists the CEO who has day to day responsibility for the running of the Group's business. It develops the Group's strategy and annual revenue and capital budgets for Board review and approval. It reviews and recommends to the Board any significant investment proposals.

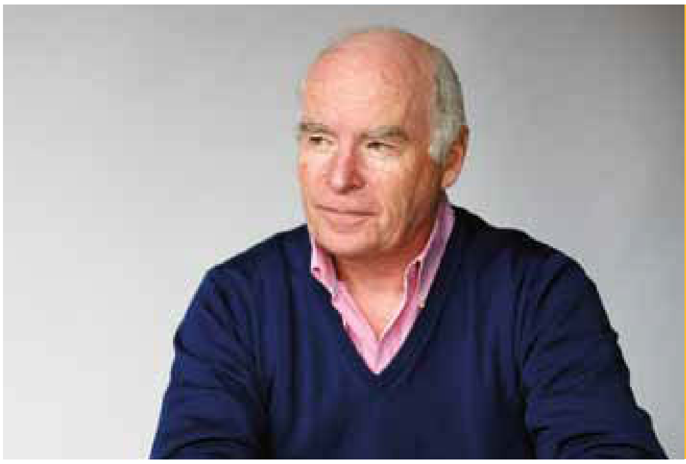
This Committee monitors the financial and operational performance of the Group and allocates resources within the budgets agreed by the Board. It considers employment issues, ensures the Group has an appropriate pool of talent and develops senior management manpower planning and succession plans. In addition it also ensures that the Group's policy on regulation is fulfilled.

Close

The Board is the guardian of Betfair, its reputation and its relationships. We believe that a robust corporate governance structure helps us to continue to maintain Betfair's reputation and relationships, and to deliver sustainable value.

Gerald Corbett
Chairman

REPORT OF THE NOMINATION COMMITTEE



'WE HAVE MADE GOOD PROGRESS IN SECURING THE APPOINTMENT OF A NEW CHIEF FINANCIAL OFFICER AND A NEW INDEPENDENT NON-EXECUTIVE DIRECTOR.'
GERALD CORBETT, CHAIRMAN

Role of the Committee

The Nomination Committee is responsible for identifying and nominating, for the approval of the Board, candidates for appointment to the Board. The Committee has written terms of reference which are available on the Company's website.

Activities during the year

During the year and in accordance with its terms of reference, the members of the Nomination Committee engaged with Redgrave Partners (which has no other connection with the Company), an executive search firm, to assist with and recommend potential candidates for the Chief Financial Officer role. The Nomination Committee also engaged with The Zygos Partnership (which has no other connection with the Company) to provide a successor Non-Executive Director.

The Chairman, Senior Independent Director and a Non-Executive Director (Fru Hazlitt), guided the Committee throughout the recruitment process for both roles. Comprehensive candidate search briefs were agreed and circulated to the executive search firm. Thereafter a shortlist of candidates was circulated. After careful consideration of a range of quality candidates, a number of shortlisted candidates were invited for meetings as appropriate. After these meetings, a review of the candidates took place and the preferred candidates were recommended for appointment to the Board. Throughout the process, regular evaluation of the balance of skills, knowledge, experience, diversity and capability were taken into account and the candidates were considered on merit against objective criteria.

The chosen Chief Financial Officer candidate, Alexander Gersh, was immediately available as he had left his previous company, NDS, following its sale to Cisco Systems, Inc. and he took up his role at Betfair on 3 December 2013.

The chosen Non-Executive Director, Peter Jackson, joined the Board on 24 April 2013.

Action plan

Among other things, we envisage:

- continuing to support the development of the executive team; and
- continuing to ensure that we plan for the evolution of the Non-Executive Directors over the medium term to maintain the appropriate mix of skills.

Close

We have conducted a thorough and transparent appointment process for the recommendation of two new directors to the Board and have made good progress.

Gerald Corbett
Nomination Committee Chairman

REPORT OF THE AUDIT COMMITTEE

'THE COMMITTEE CONTINUES TO DRIVE A BETTER UNDERSTANDING OF RISK APPETITE, TOLERANCE AND MANAGEMENT ACROSS THE BUSINESS IN LINE WITH THE CHANGES IN THE BUSINESS STRUCTURE TO FOCUS ON ACHIEVEMENT OF THE STRATEGIC OBJECTIVES AND SUSTAINABLE LONG-TERM GROWTH OF THE BUSINESS.'
IAN DYSON,
INDEPENDENT NON-EXECUTIVE DIRECTOR

Overview

The Audit Committee is the body which carries out the functions required by DTR 7.1.3 (Audit Committees and their functions). The principal responsibilities of the Committee are to:

- review the Company's public statements on internal control and corporate governance compliance prior to their consideration by the Board;
- review the Company's processes for detecting fraud, misconduct and control weaknesses and to consider the Company's response to any such occurrence;
- review management's evaluation of any change in internal controls over financial reporting;
- review with management and the external auditors any financial statements required under UK legislation before submission to the Board;
- establish, review and maintain the role and effectiveness of the Group Internal Audit function;
- assume direct responsibility for the appointment, compensation, resignation, dismissal and the overseeing of the external auditors, including review of the external audit, its cost and effectiveness;
- pre-approve non-audit work to be carried out by the external auditors and the fees to be paid for that work together with the monitoring of the external auditors' independence;
- oversee the process for dealing with complaints received by the Group regarding accounting, internal accounting controls or auditing matters and the confidential, anonymous submission by employees of concerns regarding questionable accounting or auditing matters; and
- monitor the integrity of the financial statements, and formal announcements relating to the Company's financial performance, reviewing significant judgements contained therein.

Audit Committee process

The Committee discharges its responsibilities, as defined in its terms of reference, through a series of meetings throughout the year at which detailed reports are presented for review. The Terms of Reference of the Committee can be found on the Company's website corporate.betfair.com/about-us/corporate-governance.

The Committee commissions reports, from external advisers, Group Internal Audit, or Company management, either after consideration of the Company's major risks or in response to developing issues. The Committee meets privately with the external auditors and the Director of Group Internal Audit & Risk Management. The external auditors meet the Director of Group Internal Audit & Risk Management in private throughout the year and liaise with Company management in considering areas for review.

During the year, the Committee considered the following matters:

- review and recommendation of interim and full year financial results;
- the scope and cost of the external audit;
- non-audit work carried out by the external auditors and trends in the non-audit fees in accordance with the Committee's policy to ensure the safeguard of audit independence;
- the scope of the annual internal audit plan, internal audits of reference, its resourcing and external support;
- the external auditors' interim and full year reports;
- periodic internal control and assurance reports from Group Internal Audit; and
- the effectiveness of the external auditors and consideration of their reappointment;

- reports on allegations made via the Group's whistleblowing procedures and the effectiveness of these procedures;
- the effectiveness of Group Internal Audit;
- management representations granted to the external auditors and the Company's procedures to ensure all relevant audit information has been disclosed;
- major changes in the Group's internal controls;
- the co-ordination of the internal and external audit functions;
- the Group's framework for the identification and control of major risks, its risk and assurance mitigation plan and the annual assessment of control effectiveness;
- compliance with the code of ethics;
- corporate governance developments;
- review of the suitability of the Group's accounting policies and practices;
- the status of material litigation involving the Group;
- the Committee's own terms of reference, membership and its effectiveness; and
- detailed reviews of strategy, security, disaster recovery, insurance, treasury, related parties transactions, financial authorisation controls, financial personnel succession planning and Directors and senior officer expenses.

The Company's financial statements are reviewed by the Committee in advance of their consideration by the Board.

External auditors' independence

The Committee has primary responsibility for making recommendations on the appointment, reappointment and removal of the external auditors. The Committee maintains an ongoing oversight of the external audit appointment and recommends that the auditors, KPMG Audit Plc's (KPMG) election be proposed at the Annual General Meeting.

KPMG was appointed as external auditor, following a competitive tender in 2003. Any decision to open the external audit to tender will be taken on the recommendation of the Committee based on a review of the effectiveness of the external auditor. There are no contractual obligations restricting the Committee's choice of external auditors. In any event, the external auditors are required to rotate the audit partner responsible for the Group audit every five years. The lead audit partner has been rotated this year.

The Committee is satisfied that there are no relationships between the Company and the auditor, its employees or its affiliates that may reasonably be thought to impair the auditors' objectivity and independence.

Private meetings were held with KPMG to ensure there were no restrictions on the scope of their audit and to discuss any items that the auditors did not wish to raise with the Executive Directors present. The Committee reviews and agrees the engagement letter from KPMG and verifies their independence and objectivity. It also reviewed the scope of non-audit services provided by KPMG to ensure that their objectivity was not impaired.

Non-audit services

The Committee has adopted a policy on the use of the external auditors for non-audit work which is in compliance with the Code. The external auditors may carry out certain specified non-audit work, in areas that have been pre-approved by the Committee. Any other work for which management wishes to utilise the external auditors must be approved. The pre-approved services include the following:

- audit related services, including work related to the annual Group financial statements audit, subsidiary audits and local statutory accounts; and
- certain specified tax services, including tax compliance, tax planning and tax advice.

The external auditors are precluded from engaging in non-audit services that would compromise their independence, would violate any laws or regulations affecting their appointment as auditors or would lead a reasonable third party to regard the objectives of the proposed non-audit service as being inconsistent with the external audit. The policy defines the types of permitted and not permitted services. In exceptional circumstances relating to urgent transactions or services deemed not to be of a material nature, the engagement of the auditor for non-audit work must be approved in advance by the Committee Chairman where the fee is in excess of £50,000. Fees up to £50,000 must be approved by the Chief Financial Officer.

The Committee is satisfied that the level of fees payable in respect of audit services is appropriate for a group of its size and that an effective audit was conducted during the year. The fees for audit and non-audit services are disclosed in Note 3 to the Financial Statements on page 76.

Ian Dyson
Independent Non-Executive Director

RISK AND RISK MANAGEMENT

Internal controls and risk management

The Board is responsible for the Group's system of internal control and risk management and for reviewing its effectiveness. In order to discharge that responsibility, the Board has established the procedures necessary to apply the Corporate Governance Code, including clear operating procedures, lines of responsibility and delegated authority. These procedures, which are in accordance with revised Turnbull Guidance, have been in place since before the Group was listed and are regularly reviewed by the Board.

The Group has in place internal control and risk management systems in relation to financial reporting processes and for the preparation of consolidated accounts. These systems include policies and procedures to facilitate the maintenance of records that accurately and fairly reflect transactions, provide reasonable assurance that transactions are recorded as necessary to permit the preparation of financial statements in accordance with International Financial Reporting Standards (IFRS) or UK Generally Accepted Accounting Principles, as appropriate, and that require reported data to be reviewed and reconciled, with appropriate monitoring internally and by the Audit Committee.

Business performance is managed closely and the Board and the Executive Committee have established processes, as part of the normal good management of the business, to monitor:

- strategic plan achievement
- financial performance within a comprehensive financial planning, accounting and reporting framework
- capital investment and asset management performance, with detailed appraisal, authorisation and post investment reviews
- consumer insight data and actions to evolve brands and formats to ensure that they continue to be appealing and relevant
- risk management, through an ongoing process, including reports from the Group Internal Audit & Risk Management Team, that the significant risks faced by the Group are being identified, evaluated and appropriately managed, having regard to the balance of risk, cost and opportunity.

In addition, the Audit Committee receives:

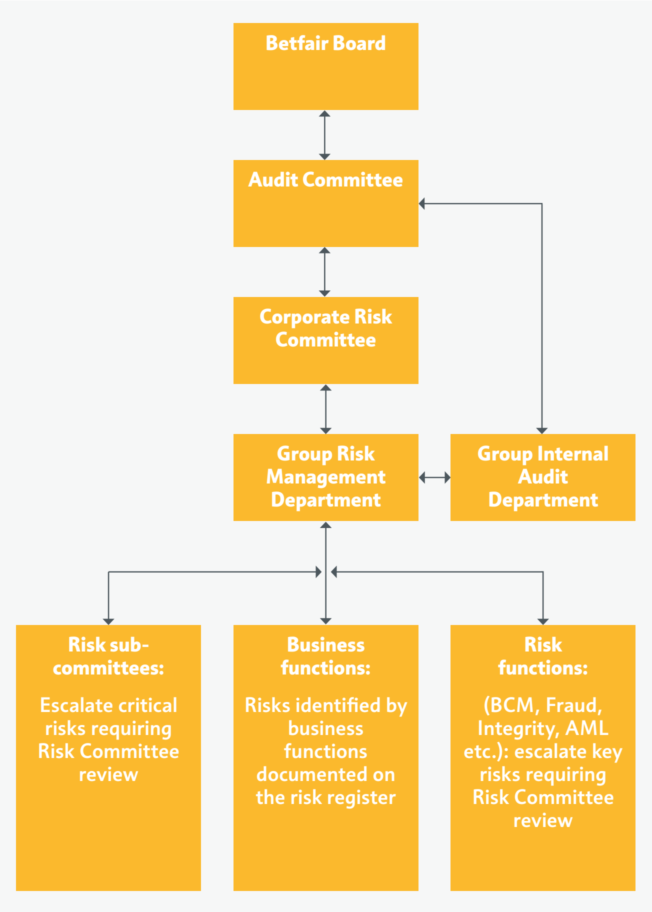
- reports from the Corporate Risk Committee
- reports from the Group's Internal Audit Team on the work carried out under the annual internal audit plan
- reports from the external auditors.

Through the monitoring processes set out above, the Board has conducted a review of the effectiveness of the system of internal control during the year ended 30 April 2013. The system of internal control is designed to manage, rather than eliminate, the risk of failure to achieve business objectives and, as such, it can only provide reasonable and not absolute assurance against material misstatement or loss. In that context, the review, in the opinion of the Board, did not indicate that the system was ineffective or unsatisfactory and the Board is not aware of any change to this status up to the approval of this Annual Report.

The Company has a long established process for analysing its key risks and adopts a proactive approach in this area, with ultimate ownership resting with respective Board and Executive Board members who manage the specific risks associated with their areas of responsibility together with a dedicated Group Risk Management Team.

Risk Management Framework

The Risk Management Framework is a well established process adopted to ensure that the Company understands, evaluates and mitigates the potential risks facing the business and is shown below.



Betfair has a comprehensive risk management framework across the whole of the Group based on sound principles of good governance, to actively identify risks and mitigate them to the extent considered appropriate, balancing risk and opportunity to safeguard the business and its reputation. The framework provides the Directors and senior management with a consolidated view of the key risks faced by the business which is updated and evaluated regularly. The Directors believe the Group's approach and capabilities will, over the long term, contribute to the achievement of the Group's strategic objectives.

The risk management framework comprises a number of formal committees made up of senior executives and relevant senior managers from across the Betfair Group, which deal with matters of policy and control and exercise oversight of the operational implementation of risk management, together with several operational teams. There are also established processes and procedures in place between committee meetings to deal with more urgent decisions and actions. This framework is overseen by the Corporate Risk Committee, which reports to the Audit Committee.

A Group Risk Management Team co-ordinates, structures and embeds risk management practices across the business on an ongoing basis. It maintains a central risk register which documents the risks across the whole organisation and how they are being managed. A description of the Corporate Risk Committee, and some of the key components of Betfair's risk management framework is set out below.

Corporate Risk Committee

The Corporate Risk Committee comprises the CEO, the CFO and the Group Director of Legal & Corporate Affairs. The Corporate Risk Committee is responsible for the review of significant business risk issues for Betfair, including but not limited to money laundering, fraud, integrity, operations and legal and regulatory issues. The Corporate Risk Committee makes recommendations to the Audit Committee and, as appropriate, to the Board as to the Betfair Group's overall appetite for risk and its approach to managing and mitigating risk. Importantly, it also reviews Betfair's risk management and internal control frameworks to ensure consistent performance and recommend improvements as necessary. To ensure that our risk process drives improvement across the business, action plans for the principal risks and uncertainties are reviewed at each Committee meeting together with any recommendations to add emerging risks to/remove mitigated risks from these principal risks. The Committee plans to continue to drive a better understanding of risk appetite, tolerance and management across the business in line with the changes in the business structure to focus on achievement of the strategic objectives and sustainable long-term growth of the business. The Corporate Risk Committee meets quarterly and otherwise as required and reports matters of significance at the subsequent Audit Committee meeting.

Technology Risk Committee

The Technology Risk Committee is responsible for identifying and mitigating key risks to Betfair's technology infrastructure, including risks to the current and future operating requirements of Betfair's technology. In particular it is responsible for Betfair's disaster recovery planning. The Technology Risk Committee meets quarterly.

Business continuity planning

Through its comprehensive business continuity strategy, Betfair aims to be able to continue to service its customers irrespective of any incident or failure which may impact on any of Betfair's key operating and technology locations. The key components of this strategy are physical site security, departmental continuity plans for all functions and a technology disaster recovery plan. Betfair's state of business continuity readiness is demonstrated by the business continuity plan's continued certification under BS25999 (Business Continuity Assessment). The Chief Information Officer and direct staff have primary responsibility for the business continuity plan.

Disaster recovery (DR) capability is a key part of the wider business continuity plan. The objective of the DR strategy is to ensure that response and recovery of Betfair's technology infrastructure is in line with prioritised business needs and compliant with regulatory requirements (COBIT DS4 – IT Continuity). Betfair has pre-placed equipment in dedicated DR sites in Ireland to which key products, technology operations and back-end functionality can be moved over and remotely operated. While not in DR use, this equipment is used to performance and capacity test new software code before deployment to Betfair's live environment.

Group Internal Audit Team

The Group Internal Audit Team is responsible for giving risk-based, independent assurance to the Audit Committee and operating management on the effectiveness of the Group's risk management, control and governance processes.

It provides assurance that:

- risk management practices are sound and operating effectively;
- key risks are being managed to an acceptable level;
- internal controls are effective and efficient; and
- mechanisms are in place to achieve Betfair's business objectives.

The team's responsibilities include reporting regularly to management on the effectiveness of Betfair's controls. The team reports to the CFO and the team head has a direct reporting line to the Chairman of the Audit Committee (with direct access to the other members of the Audit Committee).

Management actions from internal audits are tracked to completion and the status of actions on significant risks is reported to the Audit Committee to ensure that the risks identified are appropriately addressed.

Compliance Group

The Compliance Group comprises four teams of specialist and subject matter experts in their individual fields. The teams report to Betfair's Group Director of Legal & Corporate Affairs.

Compliance Team

The Regulatory Compliance Team provides advice and administrative assistance across the Betfair business in the development, licensing and launch of new products, and day to day product and process compliance with existing licences and Betfair regulatory policies. Together, Betfair's compliance managers and compliance analysts maintain an ongoing dialogue with gambling regulators, technical testing bodies and relevant staff within the business to ensure that Betfair operates in accordance with the terms of its licences and relevant legislation.

Regulatory Licensing Team

This team is responsible for applying for, and obtaining, relevant gambling licences in jurisdictions which the business has identified as a suitable market to offer its products. The team co-ordinates and organises the collation and submission of the application and supporting documents and acts as advisor to the product team and Regulatory Compliance to ensure products meet the new jurisdictional requirements.

Additional risk management policies and practices relating to customers

Betfair has a number of important policies which are embedded in its operations to protect both its customers and Betfair from certain risks often associated with remote gambling. In part, these policies also help Betfair to meet licensing and regulatory requirements and comply with applicable legislation. They also underpin some important capabilities of Betfair, in particular by facilitating the close and consistent co-operation of several of the risk management functions described above.

- **KYC/customer due diligence:** Betfair operates a sophisticated four-level customer due diligence process (referred to as Know Your Customer or KYC), which uses both automated and manual methods to verify a customer's age, identity and source of funds. The KYC process also assesses the extent and quality of the customer's verification information in determining whether to allow the customer to operate a Betfair betting account, either at all, or above certain levels of activity. Betfair's KYC processes are integral to the anti-money laundering, fraud and integrity policies and practices described below.
- **Underage betting and gaming:** All customers are required to confirm upon registration that they are over the legal age for gambling within each particular jurisdiction. As an essential and specific component of the customer due diligence policy referred to above, Betfair also carries out age verification checks on all customers who use payment mechanisms which may be available to under 18s, and performs random age verification checks on all customers. Betfair suspends all UK-based customers who fail to verify their age within 72 hours. Betfair advises and encourages its customers to prevent minors from accessing betting and gaming websites.
- **Ring-fenced customer funds:** Betfair holds all Core Betfair customer moneys in separately managed bank accounts, which are safeguarded independently of Betfair's Corporate funds under the terms of a Trust Deed or where there is a requirement for such funds to be held under the terms of any licence, in a separate non set-off bank account in the name of the licence holder.

Anti-Money Laundering Team

Betfair's anti-money laundering (AML) compliance policy encompasses a collection of procedures, technologies and techniques to:

- make a risk-based assessment of all financial transactions using Betfair payment, betting and gaming systems
- establish and implement relevant record-keeping requirements across the business
- report on an ongoing basis to the relevant statutory authorities any suspicious circumstances concerning financial transactions
- ensure regular staff training in Betfair's AML procedures.

A dedicated AML Team is responsible for assessing and implementing Betfair's AML policy in accordance with the Financial Action Task Force (FATF) recommendations, European Directives and national legislation. The AML Team is also responsible for managing Betfair's anti-bribery strategy in accordance with the requirements of the UK Bribery Act 2010.

Integrity Team and Rules and Regulations Committee

The Integrity Team is responsible for monitoring betting activity on the Betfair's sports betting products, investigating any potentially suspicious betting activity, and is the main point of liaison for sports regulatory bodies. Betfair has Memoranda of Understanding (MoUs) in place with over 55 sports regulators, under which, in certain circumstances, Betfair shares relevant information about its customers with MoU partners to help in policing the betting integrity related rules which govern their participants and/or the prevention and detection of crime. The sports governing body may then use the personal information shared by Betfair to investigate and act on any such breaches in accordance with its procedures. Betfair also offers its sporting MoU partners access to the BetMonitor, a proprietary technology portal which enables regulators to monitor betting activity by Betfair customers in real time.

The Directors consider Betfair's MoU framework and information sharing policy to be market leading and a key contributor to the trust with which Betfair is regarded by customers, sports and gambling regulators and governments.

Maintaining the integrity of Betfair's betting markets is important to Betfair's reputation for fairness amongst customers and sports bodies. To this end the MoU framework is complemented by a comprehensive and detailed set of betting rules which Betfair applies in the operation of its betting markets. Those rules, together with decisions about the operation and settlement of betting markets and practices relating to customers, are overseen by Betfair's Rules and Regulations Committee, which reports as necessary to the Corporate Risk Committee.

Sustainable gambling practices

The Sustainable Gambling Team develops and implements Betfair's policies and practices in relation to problem gambling and responsible play are implemented throughout the business. Customers are educated about playing responsibly and can access tools which enable them to apply automated controls on their betting and gaming activity with Betfair, including full self-exclusion and applying deposit and loss limits. Betfair also makes donations to various research and treatment organisations, including the Responsible Gambling Trust (RGT) and Gambling Therapy. All Betfair staff complete regular training in responsible gambling and have access to free and confidential support should they ever feel they need help with their own gambling habits. Betfair continues to be at the forefront of the industry in developing data analysis tools and behavioural markers to create a risk profile for problem gambling so that such customers can be referred to Betfair's various tools and support services.

Regulatory overview

Betfair operates in a heavily regulated sector where changes in regulation can have a significant impact on its operations. The regulation and legality of online betting and gaming varies from jurisdiction to jurisdiction (from open licensing regimes to sanctions or prohibitions) and in certain jurisdictions there is no directly applicable legislation. Besides the regulatory changes, online betting and gaming is subject to other uncertainties in many jurisdictions and approaches to enforcement of local laws vary.

Bearing all these factors in mind, Betfair's commercial and marketing strategy is designed to achieve sustainable revenue from regulated jurisdictions. The primary focus of the Group is on the UK and Ireland, but other countries where the Group holds gambling licences such as the United States, Australia, Italy, Spain or Denmark are also significant.

Betfair's determination, as to whether or not to permit customers in a given jurisdiction to access any one or more of its products and whether to engage with customers, is made on the basis of its measured and prudent approach to legal and regulatory compliance, and is based on a number of factors which include:

- the terms of Betfair's betting and gaming licences in individual jurisdictions
- the laws and regulations of the jurisdiction including state, federal or supra-national law including EU law if applicable, and in particular the way in which such laws and regulations apply to the specific betting and gaming products and specific types of related activity, including marketing; and
- the approach to the application or enforcement of such laws and regulations by regulatory and other authorities in the jurisdiction.

With regard to insurance against risk, it is not practicable to insure against every risk to the fullest extent. The Group regularly reviews both the type and amount of external insurance that it buys with guidance from an external independent body, bearing in mind the availability of such cover, its cost and the likelihood and magnitude of the risks involved.

The Company's principal risks and uncertainties may be found on pages 28 and 29.

Ian Dyson
Chairman of the Audit Committee

REMUNERATION REPORT

'AS APPROVED AT THE 2012 AGM, WE HAVE MADE GOOD PROGRESS IN SIMPLIFYING OUR BONUS STRUCTURE AND ACCORDINGLY IMPROVING ALIGNMENT WITH THE COMPANY'S STRATEGIES.'
MIKE McTIGHE, REMUNERATION COMMITTEE CHAIRMAN

During the year the new strategy was unveiled coupled with a significant restructure of the business and the Remuneration Committee has also been mindful of the speed with which the new Executive Team has been able to implement these changes. The Remuneration Committee has worked hard to continue to develop our remuneration policy, and thereby improve the alignment with both the Company's short and long-term strategy and best market practice.

While there have been no significant changes to the remuneration policy, during the course of the year we have simplified the bonus structure and brought the terms of our LTIP in line with market practice, as approved at the AGM in 2012. As disclosed at the time of his award, we have provided specific recruitment terms for the incoming Chief Executive. The Committee also dealt with the departure of the interim CEO and the recruitment of a new CFO during the year.

A summary of the main topics discussed at the Committee meetings during the year can be found below.

I hope that you will support the Directors' Remuneration Report resolution which will be put to the forthcoming AGM.

Introduction

The contents of this report sets out the Group's policy and disclosures in relation to Directors' remuneration for the year ended 30 April 2013. The report has been presented on behalf of the Board and complies fully with the Listing Rules, the Companies Act 2006, Schedule 8 to the Large and Medium Sized Companies (Accounts and Reports) Regulations 2008 and the UK Corporate Governance Code (the 'Code') as applicable for the financial year.

The relevant sections of this report have been audited by KPMG Audit plc. This report will be put to shareholders for approval at the forthcoming Annual General Meeting.

The Remuneration Committee

The Remuneration Committee's remit includes determining the broad policy for remuneration, as well as each element of remuneration for the Executive Directors of the Company, the Company Secretary, the Chairman and designated members of executive management. The Remuneration Committee is also responsible for overseeing all share schemes and advising the Board on any significant changes in employee benefit policies or structures throughout the Company. The Committee has agreed terms of reference that are available on the Company's website, or on request from the Company Secretary, who also acts as Secretary to the Remuneration Committee. The Group has complied with the provisions of the Code relating to Directors' remuneration throughout the financial year.

Activities of the Committee

May 2012
- year end outturn
- performance measures
- LTIP and bonus plan revisions

June 2012
- year end 2011-2012 outturn
- LTIP 2009-2012 vesting
- performance measures 2012-2013
- 2012 LTIP targets and awards
- annual report
- annual salary review
- LTIP and bonus plan revised rules
- dilution and trust purchases

July 2012
- executive remuneration policy and proposals

September 2012
- outgoing Interim CEO exit arrangements

November 2012
- share awards
- adoption of share plans
- incoming CFO contract and remuneration

March 2013
- review of Terms of Reference
- dilution and Trust purchases
- amendment to LTIP and DSIP rules for the purposes of tax
- LTIP targets and measures
- consideration of updates to legislation and market practice

The Remuneration Committee currently comprises three independent Non-Executive Directors, in compliance with the Code. The Remuneration Committee is chaired by Mike McTighe, and its other members are Ian Dyson and Fru Hazlitt. All three members served on the Remuneration Committee throughout the year. Biographies of the Committee members can be found on pages 30 and 31.

The Committee meets at least twice each year, and during the year under review met on eight occasions. Each member's attendance at these meetings is set out in the Corporate Governance report on page 38. The Committee received material assistance and advice from the Chairman, CEO and the Group Human Resources Director, although no individual is present for decisions relating to their personal remuneration.

The Committee has been advised during the year by New Bridge Street (NBS) and by Freshfields Bruckhaus Deringer LLP (Freshfields). NBS is a separate subsidiary of the Group's insurance broker Aon plc (and it does not provide any other services to the Company). Freshfields are one of the Group's legal advisors and have advised the Group on various legal matters.

Remuneration policy

Betfair's remuneration is designed to provide a strong link to short and long-term performance through a simple and transparent framework. To attract, motivate and retain the highest calibre executives, the Company targets total fixed pay at around market levels, and incentive opportunities to allow executives to earn upper quartile levels of reward for upper quartile levels of performance. In determining the structure and quantum of senior executive remuneration, the Committee also takes into account pay and employment conditions elsewhere in the Group. The table below sets out the Committee's strategy and policy during the year and details changes envisaged going into the next financial year.

Elements of remuneration

Element	Objective	FY13 policy	FY14 policy
Base salary (see page 50)	Reflect size and nature of role, individual experience and performance.	Determined taking into account market data for comparable positions at companies of similar sector and size to Betfair.	No change.
Short-Term Incentive Plan (STIP) (see page 50)	Incentivise delivery of Betfair's business strategy by rewarding profit and revenue targets and each executive's contribution to Group success.	A maximum opportunity of up to 180% of salary.	Deferred Shares awarded as part of the Annual Bonus plan will be awarded under the Deferred Share Incentive Plan as approved at the 2012 AGM.
		Up to 10% of salary is payable against personal performance.	The personal performance element is to increase to 20% of salary (out of 180% maximum opportunity).
		The remaining 170% of salary is based on Core Betfair underlying EBITDA and revenue. 2/3rds of any amount earned is paid in cash and 1/3rd in shares, vesting in equal tranches after 1 and 2 years from date of grant.	Following the Group's restructuring efforts of recent times, the emphasis for the Company will be moved to Revenue, with 60% of the opportunity against financial measures being based on Group Revenue and 40% against Group Underlying EBITDA.
Long-Term Incentive Plan (LTIP) (see pages 51 and 53)	Incentivise senior executives to create long-term shareholder value. Align the interests of senior executives with those of shareholders.	Awards over shares, vesting after 3 years based 50% on Relative Total Shareholder Return (TSR), 25% on Revenue performance and 25% on EPS.	The Committee has proposed that the same three measures will be used for the 2013 award, although the weighting will be adjusted to 25% on Relative TSR, 25% on Revenue performance and 50% on EPS.
Pension (see page 54)	Provide competitive total fixed pay.	Company contributions of 15% of salary for the CEO, and 10% for the CFO (or an equivalent cash payment in lieu).	No change.

The Committee considers that the Company's incentives are compatible with the Group's risk policies and systems, and is satisfied that the approach to setting the structure of remuneration packages for senior executives underpins an effective and proper management of risk; rewarding executives fairly for sustainable profit growth and long-term shareholder value creation, and delivering a significant proportion of executive remuneration in Betfair shares.

Departure of the Interim CEO

During a period of transition, Stephen Morana stepped down as Interim CEO on 1 August 2012 (when Breon Corcoran became CEO) and continued to be employed by the Company as CFO until 3 December 2012 (when Alex Gersh became CFO) when he stepped down from the Board. He ceased to be employed by the Company on 31 March 2013 and then received a cash payment of £422,300 in respect of his notice period and £17,866 in respect of untaken holiday.

Stephen Morana retains awards granted to him in 2010 and 2011 under the Long-Term Incentive Plan. The awards will vest in accordance with the rules of the plan at their normal vesting dates subject to the applicable performance targets. The number of shares that will vest will be reduced on a time pro-rata basis. Stephen Morana also retains vested and unvested share option awards under various Company employee share plans which he may exercise in accordance with the rules of the relevant plans. Details of these awards are set out on pages 55 and 56.

In addition to the above, Stephen Morana is entitled to receive a cash payment in July 2013 in respect of the cash element only of his 2013 Short-Term Incentive Plan award, pro-rated to reflect the termination of his employment on 31 March 2013. Details of the payment are set out on page 54.

New CEO Breon Corcoran

Breon Corcoran took up the role of CEO on 1 August 2012 and the terms of his remuneration upon appointment were detailed in last year's report and, to the extent they were awarded or paid during the most recent financial year, are set out in the relevant sections of this report. The level of any bonus paid in respect of the 2012-2013 financial year will reflect the period of service in this year.

New CFO Alexander Gersh

The new CFO, Alex Gersh was selected after a rigorous search process led by the Nomination Committee, as outlined in the Nomination Committee on page 41. Alex Gersh joined the Company and was appointed CFO on 3 December 2012. He is paid a basic salary of £400,000 per annum, with a Company contribution to his pension fund of 10% of basic salary. Alex Gersh participates in the executive annual bonus plan as set out below, with a maximum opportunity of 180% of basic salary. One third of any award paid is deferred into Company shares with 50% vesting after 1 year and 50% vesting after 2 years. The level of any bonus paid in respect of the 2012-2013 financial year will be reduced pro-rata for the period of service in this year.

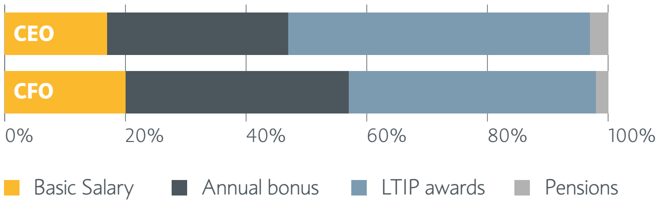
In order to facilitate his recruitment, upon commencement Alex Gersh received a share award, with terms similar to the 2012 LTIP award. This award consisted of nil cost options over 108,788 of the Company's shares (whose face value equalled 200% of Alex's salary at the date of grant) which vest on the third anniversary of grant subject to performance conditions and continued service. Performance conditions, which are the same as those made to other senior executives under the 2012 LTIP award, and are set out on pages 51 and 52.

The nil cost options above, which are non pensionable, have been granted pursuant to the authority contained in Listing Rule 9.4.2R(2) and full details of the awards as required by Listing Rule 9.4.3 are disclosed in this Annual Report. The Remuneration Committee is satisfied that the package agreed is appropriate for the candidate recruited and it is not paying any more than necessary to facilitate his recruitment.

It is anticipated that from 2013 onwards, Alex Gersh will participate in the Group LTIP with an award level of 200% of basic salary annually.

Executive Director pay mix FY13

The chart below shows the relative importance of each element of the expected on-going annual package for Executive Directors, based on the maximum bonus (inclusive of deferred shares) and the face value award of the LTIP:



Basic salary

Basic salaries are normally reviewed annually and any changes are effective from 1 July each year. In reviewing salaries the Remuneration Committee takes into account pay and conditions elsewhere across the Group, relevant market data and benchmarking, and the individual Director's performance and experience. Benchmarking is carried out on a total remuneration basis, and takes account of pay levels for comparable roles at a range of organisations of similar size and sector. As at 30 April 2013, neither Breon Corcoran's nor Alex Gersh's basic salary has increased since their appointment and remained at £515,000 and £400,000 respectively. The general level of pay review in the business has been set at a 2.5% budget for FY14 and it is the intention to apply the same level of budget to the Executive Team.

As disclosed last year, Stephen Morana was awarded a temporary increase of £100,000 per annum applied to his underlying basic salary whilst acting in the role of Interim CEO (equating to £25,000 in the financial year under review). His underlying basic salary was increased on 1 July 2012 by 2.5% in line with general increases throughout the Group. The temporary increase ceased upon Breon Corcoran's commencement on 1 August 2012 and Stephen Morana reverted to his basic salary of £422,300.

Short-Term Incentive Plan

For the year to 30 April 2013, Executive Directors continued to be eligible for a maximum STIP opportunity of 180% of salary. The STIP reinforces our annual business strategy by incentivising profitable growth captured through Core Betfair Underlying EBITDA and revenue. The Remuneration Committee is satisfied that EBITDA and revenue are the best measures of short-term financial performance for Betfair. The use of revenue aligns with our strategic objectives of widening the range of products and services that we offer, attracting new customers, increasing the activity of existing customers, and building our market share in all regions in which we operate. Rewarding EBITDA alongside revenue helps ensure a balance between growth and profitability. Up to 85% of salary was available for meeting the maximum targets under each financial measure. In order to incentivise and reward wider aspects of business performance, and capture lead measures, an element based on individual performance was introduced for the STIP during FY12. Executive Directors were eligible to earn up to 10% of salary for achieving specific and measurable individual objectives. Two-thirds of any STIP payment is delivered in cash, with the remaining one third deferred into Betfair Group shares. Deferred shares vest 50% after 1 year and 50% after 2 years from the date of grant, subject to continued employment. Details of the STIP awards are set out in the Directors' remuneration table below.

The STIP arrangements for FY14 will be similar to those operated for FY13. However, following shareholder approval at the 2012 AGM, the Committee has separated the STIP into its component parts of a cash bonus plan and deferred share arrangement and the deferred share arrangement will contain the flexibility to use new issue shares. While there is no change in the 180% maximum bonus available to the participants or the level of share deferral operated, the new plans allow the Committee to introduce a clawback clause, dividend roll-up provision and other changes to simplify the arrangements and better align them with best and market practice. Any future significant amendments to share plans would similarly be referred to shareholders.

The Committee has reviewed the measures for FY14 and is satisfied that overall they continue to remain the most relevant metrics aligned to the corporate strategy. However, out of the 180% maximum opportunity, the personal performance element is to increase from 10% to 20% of salary and of the opportunity against financial measures 96% will be based on Group Revenue and 64% against Group Underlying EBITDA.

When agreeing bonus awards this year, the Committee has recognised the new strategy put in place by the Executive Team and that the transition has been achieved with more pace than had been envisaged. In particular the positive impact of driving cost savings and efficiency coupled with more resilience in revenue from non-regulated markets, as detailed elsewhere in this report, has been taken into account. The bonuses awarded are detailed on page 54.

Long-Term Incentive Plan

The Remuneration Committee believes that it is important to provide share incentives to Executive Directors and senior management to align their long-term interests with those of Betfair's shareholders.

The Committee has moved to granting LTIP awards as a multiple of salary, rather than a fixed number of shares, 300% for the CEO and 200% for the CFO. Continuing the process started in 2011, awards in 2012 were made solely over nil-cost options. In addition, the Committee received shareholder approval at the 2012 AGM to introduce a dividend roll-up, add clawback and amend a number of provisions to aid the administration of the plan which are consistent with the deferred share arrangement. Any future significant amendments to share plans would similarly be referred to shareholders.

For the 2012 LTIP award the Committee introduced a third measure for the LTIP, being Relative TSR against a specific comparator group composed of similar gaming organisations. The awards made will vest 50% against the Relative TSR measure, 25% against Group EPS and 25% against Core Betfair Revenue. The Committee introduced TSR as an additional measure to improve alignment with shareholders, and better reflect market practice at FTSE-listed companies. EPS and Revenue remained as the other measures to reinforce our growth strategy and focus on profitability.

The joining awards of performance-based shares for the CEO and CFO described elsewhere in this report are measured on the same conditions as those of the 2012 LTIP.

The targets for the 2012 award are:

TSR Target (50% of award):

For the 2012 awards, the Remuneration Committee has agreed that appropriate TSR comparators over a three year performance period are: Bwin.party digital entertainment plc, Ladbrokes plc, Playtech Limited, Paddy Power plc, Rank Group plc, Sportingbet plc, Unibet, William Hill plc and 888 Holdings plc. In order for this part of the award to vest, Betfair must achieve performance as illustrated below:

Betfair's TSR against the TSR of members of the comparator group	% of the relevant part of the award that vests (subject to the Relative TSR performance condition)
Upper quartile	100%
Between median and upper quartile	25%–100% (straight-line basis)
Median	25%
Below median	0%

EPS Target (25% of award):

Betfair's Group EPS for the year ended 30 April 2015	% of the relevant part of the award that vests (subject to the Group EPS performance condition)
60.9 pence	100%
Between 50.3 pence and 60.9 pence	25%–100% (straight-line basis)
50.3 pence	25%
Below 50.3 pence	0%

N.B. EPS of 50.3 pence and 60.9 pence in 2015 is equivalent to threshold and maximum growth rates of 7% compound p.a. and 14% compound p.a. respectively.

Core Revenue Target (25% of award):

Betfair's Core Revenue for the year ended 30 April 2015	% of the relevant part of the award that vests (subject to the Core Revenue performance condition)
£498.3m	100%
Between £405.2m and £498.3m	25%–100% (straight-line basis)
£405.2m	25%
Below £405.2m	0%

N.B. Core Revenue of £405.2m and £498.3m in 2015 equivalent to threshold and maximum growth rates of 5% compound p.a. and 12.5% compound p.a. respectively.

In respect of both the EPS and Core Revenue targets, the Committee retains the discretion to adjust the performance outturn to reflect changes to accounting policy since the grant of the award and for material changes to the Board's assessment of the regulatory environment within which the Group operates.

To the extent that the performance targets are not met over the performance period, awards will lapse, i.e. there will be no re-testing of performance conditions. In the event of a change of control, vesting of options is subject to the discretion of the Committee.

Having reviewed the measures to be used for the 2013 Awards, the Committee has proposed that the same three measures will be used, although the weighting will be adjusted to 25% on Relative TSR, 25% on Revenue performance and 50% on EPS. The corresponding targets will be disclosed in next year's report.

All-employee share schemes

The Group operates an HMRC approved SAYE scheme, in which all UK employees including Executive Directors may participate. Participants can save up to £250 per month for three years and then use these savings to buy shares in the Group at a 20% discount to the market value at the start of the savings period. During the year reported, no such offer was made to employees but the Company has already committed to a further offer being made in FY14.

Share Option Plan

The 2009 Unapproved Option Plan allows Executives to be granted fair-market value options vesting subject only to continued employment. This plan is only used to attract and recruit new employees to the Company, and the Committee does not intend to make further awards to the current Executive Directors.

Other long-term incentive plans

Stephen Morana also holds awards under other incentive plans operated prior to Admission. Any applicable performance conditions on these awards have now been met. The Committee does not currently intend to make any further awards to Executive Directors under these plans.

Further details on these awards can be found at page 56.

Dilution

The Group's share schemes are funded through a combination of shares purchased in the market and new issue shares. Funding of awards through new issue shares is subject to an overall dilution limit of 10% of issued share capital in any 10 year period.

Pension contributions

The CEO is entitled to a Company pension contribution of 15% of basic salary into the Group's Personal Pension Plan (GPPP) which is a defined contribution scheme open to all employees. The CFO is entitled to a 10% contribution to the same scheme. As an alternative, Executive Directors may choose to take the amount as a cash supplement and the CEO has made such an election.

Other benefits

Benefits in kind for Executive Directors relate to life assurance, private medical care, income protection and critical illness cover and in the case of Breon Corcoran for the reported year, assistance with his relocation from Ireland to London. There is currently no car or car allowance policy.

Non-Executive Directors

All Non-Executive Directors' services are provided for under the terms of a letter of appointment with the Group, and are subject to annual re-election with one month's notice by either party (except for the Chairman with three month's notice by either party). Details of the terms of the appointment of the current Non-Executive Directors are as follows:

Non-Executive Director	Start of current term*	Expiry of current term
Josh Hannah	29 September 2010	5 October 2013
Ian Dyson	30 September 2010	5 October 2013
Fru Hazlitt	30 September 2010	5 October 2013
Mike McTighe	4 October 2010	5 October 2013
Gerald Corbett	3 January 2012	3 January 2015
Peter Jackson	24 April 2013	23 April 2016

* Please see Non-Executive Directors' profiles for total service on pages 30 and 31.

Executive Director service contracts

The Remuneration Committee's policy is to provide service contracts for Executive Directors with notice periods of 12 months or less. Both Executive Directors are subject to 12 months' notice by either party. Upon termination, Executive Directors are entitled to salary for the duration of their notice period. It is the Remuneration Committee's policy to seek to mitigate such payments. The Executive Directors' service agreements and letters of engagement for Non-Executive Directors will be available for inspection at the AGM.

External Directorships for Executive Directors

At the discretion of the Board, an Executive Director may be appointed as a Non-Executive Director at one other company. Before granting permission the Board will take into account, inter alia, the time commitment of the new role, any potential conflicts, the Listing Rules and the Code. The two Executive Directors, Breon Corcoran and Alex Gersh, do not have any external directorships.

Non-Executive Directors' fees

The fees paid to Non-Executive Directors, excluding the Chairman of the Board, are determined by the Board, on recommendation of the Executive Directors, and are set out in individual letters of appointment. The Chairman's fee is determined by the Remuneration Committee. For the year ended 30 April 2013, fees remain unchanged from the prior year.

The agreed annual basic fees payable to the Non-Executive Directors for the year to 30 April 2013 were:

Non-Executive Director (audited)	Annual basic fee £	Committee chairmanship fee £	Senior Independent Director fee £	Total £
Gerald Corbett	250,000[1]	–	–	**250,000**
Mike McTighe	50,000	10,000	10,000	**70,000**
Ian Dyson	50,000	15,000	–	**65,000**
Josh Hannah	50,000	–	–	**50,000**
Fru Hazlitt	50,000	–	–	**50,000**
Baroness Denise Kingsmill[2]	50,000	–	–	**25,000**
Peter Jackson[3]	50,000	–	–	**961**

[1] This fee includes chairing the Nomination Committee.

[2] This fee is pro-rated until 31 October 2012.

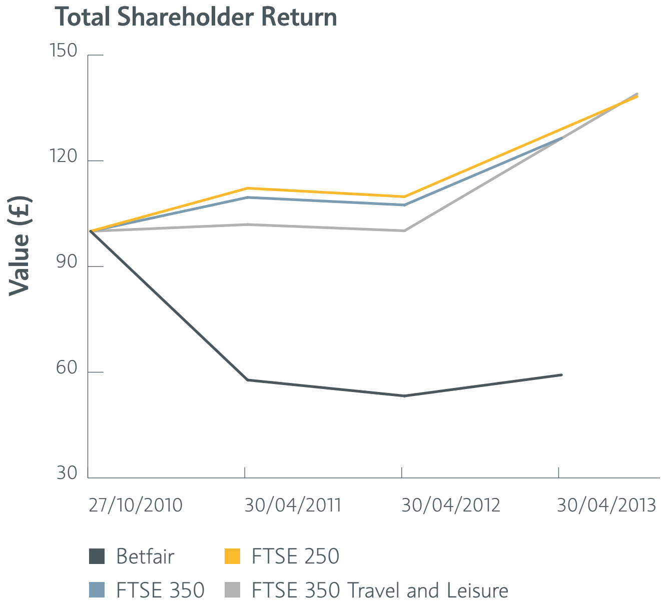
[3] This fee is pro-rated from 24 April 2013 when Mr Jackson joined the Board.

Non-Executive Directors are not eligible for bonuses or participation in share schemes and no pension contributions are made on their behalf.

Total shareholder return (TSR)

This graph shows the value, by 30 April 2013, of £100 invested in Betfair Group plc on 27 October 2010 (the official date of listing) compared with the value of £100 invested in the FTSE 250 Index, FTSE 350 Index and the FTSE 350 Travel and Leisure Index. The other points marked are the values at the intervening financial year-ends.

These indices were selected to reflect the most relevant broad equity market indices. TSR has been calculated in British Pounds Sterling, and is based on spot share prices and includes dividends reinvested on the relevant ex-dividend date.



Directors' interests in shares

Executive Directors and Non-Executive Directors had the following beneficial interest in the issued share capital of Betfair Group plc as at 30 April 2013:

Ordinary shares in Betfair Group plc (audited)	30 April 2013	30 April 2012
Executive Directors		
Breon Corcoran	**25,000**	–
Alex Gersh	**20,000**	–
Non-Executive Directors		
Gerald Corbett	**–**	–
Ian Dyson	**8,500**	8,500
Josh Hannah	**548,672**	588,672
Fru Hazlitt	**16,614**	14,114
Mike McTighe	**18,450**	18,450
Peter Jackson	**–**	–

Directors' remuneration (audited)

The fees paid to the Directors for the year to 30 April 2013 were as follows:

Year ended 30 April 2013	Salary/fee £	Bonus[3] £	Pension[4] £	Benefits[5] £	Total emoluments £	30 April 2012 Total £
Executive Directors						
Breon Corcoran[1]	386,250	309,000	57,938	142,161	895,349	–
Alex Gersh[1]	166,667	120,960	13,333	3,139	304,099	–
Stephen Morana[1]	850,559	229,819	41,039	2,427	1,123,844	672,360
Non-Executive Directors						
Gerald Corbett	250,000	–	–	–	**250,000**	–
Mike McTighe	70,000	–	–	–	**70,000**	70,000
Ian Dyson	65,000	–	–	–	**65,000**	65,000
Josh Hannah	50,000	–	–	–	**50,000**	50,000
Fru Hazlitt	50,000	–	–	–	**50,000**	50,000
Peter Jackson[1]	961	–	–	–	**961**	–
Former Directors[2]	25,000	–	–	–	**25,000**	50,000
Totals	**1,914,437**	**659,779**	**112,310**	**147,727**	**2,834,259**	**957,360**

[1] Pro-rated for the proportion of the year served. The figure for Stephen Morana includes his pro-rata salary plus the £422,300 notice pay and £17,866 holiday pay as detailed on page 50.

[2] Includes salary/fees for former Director Baroness Denise Kingsmill pro-rated until 31 October 2012.

[3] The bonuses for Breon Corcoran, Alex Gersh and Stephen Morana were calculated on a pro-rata basis for time served during the year. The committee is satisfied that the personal performance element for Breon Corcoran was met, for Alex Gersh substantially achieved and for Stephen Morana partially met. The payments represent 67%, 60% and 47% respectively of their maximum opportunities.

[4] The pension for Breon Corcoran is the value of the cash paid to him in lieu of contributions.

[5] The benefits in kind for Executive Directors include life assurance, private medical care, income protection and critical illness cover. In the case of Breon Corcoran, assistance was also provided to facilitate his relocation from Ireland by way of shipping costs, assistance with house and school searches and a contribution towards stamp duty.

Executive Directors' share awards (audited)

The interests of the Executive Directors in the Company's share schemes are set out in the tables below:

LTIP

Date of grant	Share options held at 30 April 2012	Number[1] conditionally granted in year	Exercise price	Exercisable between	Nil cost options	Fair market value options	Number of options lapsed in year	Share options held at 30 April 2013
Stephen Morana								
1 May 2009	**7,500**	–	Nominal Value	On vesting	7,500	–	7,500[2]	–
1 May 2009	**120,000**	–	£10.00		–	120,000	120,000[2]	–
1 May 2010	**22,500**	–	Nominal Value	On vesting	22,500	–	638[3]	21,862
1 May 2010	**150,000**	–	£10.00		–	150,000	4,244[3]	145,756
1 July 2011	**58,500**	–	Nominal Value	On vesting	58,500	–	24,393[3]	34,107
1 July 2011	**58,500**	–	£7.62		–	58,500	24,393[3]	34,107
1 January 2012	**26,688**	–	Nominal Value	On vesting	26,688	–	15,609[3]	11,079
1 August 2012	**–**	109,956	Nominal Value	On vesting	109,956	–	109,956[3]	–
Total	**443,688**	**109,956**			**225,144**	**328,500**	**306,733**	**246,911**

[1] Awards made under the LTIP during the year are subject to the performance conditions described on page 51 and 52.

[2] Awards made on 1 May 2009 did not meet performance conditions and therefore lapsed during the year.

[3] Stephen Morana left the Company and as a result these awards have been lapsed on a time apportioned basis.

The table above presents the maximum number of awards which may vest subject to performance targets being met in full, rather than the target number of awards which may vest (as disclosed last year).

Other share or options schemes

The following options over shares are held by the Executive Directors:

(audited) Scheme	Share options held at 1 May 2012	Granted during the year	Exercised during the year	Lapsed during the year	Share options held at 30 April 2013	Exercise price £	Market price at grant date £	Market price at exercise date £	Exercisable from	Expires on
Executive Directors										
Breon Corcoran										
Restricted Share Plan[1]	–	350,000	–	–	**350,000**	–	7.6813	–	1 August 2013	1 August 2022
Restricted Share Plan[2]	–	500,000	–	–	**500,000**	0.001	7.6813	–	1 August 2015	1 August 2022
Total	–	850,000	–	–	**850,000**					
Alex Gersh										
Restricted Share Plan[2]	–	108,788	–	–	**108,788**	0.001	7.3538	–	1 August 2015	1 August 2022
Total	–	108,788	–	–	**108,788**					
Stephen Morana										
Restricted Share Award Scheme (modified shares of The Sporting Exchange Limited Unapproved Share Option Plan 2006)	91,666	–	(91,666)	–	**–**	–	10.0000	8.4077	1 December 2012	10 September 2016
BETShare Performance Plan 2007	4,500	–	(4,500)	–	**–**	0.001	10.0000	7.7150	3 August 2008	2 August 2012
BETShare Performance Plan 2008	18,333	–	–	–	**18,333**	0.001	10.0000	–	3 September 2009	2 September 2013
BETShare Performance Plan 2009	17,242	–	–	–	**17,242**	0.001	10.0000	–	9 October 2010	8 October 2014
The Betfair Group Limited Senior Executives' Incentive Plan 2010	151,516	–	–	–	**151,516**	0.001	15.0000	–	27 October 2012	26 October 2020
Short-term Incentive Plan	–	11,756	–	(11,756)	**–**	0.001	7.5763	–	9 July 2013	9 July 2022
	283,257	11,756	96,166	(11,756)	**187,091**					

[1] These options vest in 3 equal tranches over three years starting on the first anniversary of grant.

[2] These grants have been made conditionally with the same performance conditions as the 01/08/2012 LTIP.

All other awards above are not subject to any performance conditions.

The lowest price of the shares during the year was 650 pence as at 28 January 2013 and the highest price was 865 pence as at 30 April 2013.

Approved by the Board of Directors and signed on its behalf by:

Mike McTighe
Remuneration Committee Chairman

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BETFAIR GROUP PLC

We have audited the financial statements of Betfair Group plc for the year ended 30 April 2013 set out on pages 59 to 102. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the EU. The financial reporting framework that has been applied in the preparation of the Parent Company Financial Statements is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's 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 and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 34, the Directors are responsible for the preparation of the Financial Statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the Financial Statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate

Opinion on financial statements

In our opinion:

- the Financial Statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 30 April 2013 and of the Group's loss for the year then ended;
- the Group Financial Statements have been properly prepared in accordance with IFRSs as adopted by the EU;
- the Parent Company Financial Statements have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- the Financial Statements have been prepared in accordance with the requirements of the Companies Act 2006; and, as regards the Group Financial Statements, Article 4 of the IAS Regulation.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion:

- the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006;
- the information given in the Directors' Report for the financial year for which the Financial Statements are prepared is consistent with the Financial Statements; and
- the information given in the Corporate Governance Statement set out on pages 44 to 47 with respect to internal control and risk management systems in relation to financial reporting processes and about share capital structures is consistent with the Financial Statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following:

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Company Financial Statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made;
- we have not received all the information and explanations we require for our audit; or
- a Corporate Governance Statement has not been prepared by the Company.

Under the Listing Rules we are required to review:

- the Directors' statement, set out on page 33, in relation to going concern;
- the part of the Corporate Governance Statement relating to the Company's compliance with the nine provisions of the UK Corporate Governance Code specified for our review; and
- certain elements of the report to shareholders by the Board on Directors' remuneration.

Michael Harper
Senior Statutory Auditor
for and on behalf of KPMG Audit Plc, Statutory Auditor
Chartered Accountants
15 Canada Square
London, E14 5GL
27 June 2013

CONSOLIDATED INCOME STATEMENT

For the year ended 30 April 2013

	Note	2013 £m	2012 £m
Continuing operations			
Revenue	2	387.0	388.5
Cost of sales		(49.8)	(48.1)
Gross profit		337.2	340.4
Administrative expenses		(406.2)	(294.1)
Group operating (loss)/profit		(69.0)	46.3
Analysed as:			
Underlying EBITDA* (excluding separately disclosed items)	2	73.3	86.0
Separately disclosed items	5	(22.1)	(2.5)
EBITDA*	2	51.2	83.5
Impairment of goodwill and other assets		(82.4)	–
Depreciation and amortisation		(37.8)	(37.2)
Group operating (loss)/profit		(69.0)	46.3
Profit on disposal of available-for-sale financial asset	6	16.8	–
Finance income	7	1.4	3.6
Finance expense	7	–	–
Net finance income		1.4	3.6
Share of profit of equity accounted investments	12	1.4	4.3
(Loss)/profit before tax		(49.4)	54.2
Tax	8	4.2	(7.6)
(Loss)/profit for the year from continuing operations		(45.2)	46.6
Discontinued operations			
Loss for the period/year from discontinued operations, net of tax	27	(21.1)	(12.6)
(Loss)/profit for the year		(66.3)	34.0
Attributable to:			
Equity holders of the Company		(66.3)	34.7
Non-controlling interest		–	(0.7)
(Loss)/profit for the year		(66.3)	34.0
(Loss)/earnings per share from continuing operations			
Basic		(44.4)p	45.4p
Diluted**		–	44.5p
(Loss)/earnings per share from continuing and discontinued operations			
Basic	9	(65.1)p	33.1p
Diluted**	9	–	32.5p

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

Underlying EBITDA has historically been presented as Adjusted EBITDA and defined as EBITDA before separately disclosed items and charges relating to equity-settled share-based payments. For the year ended 30 April 2013, Adjusted EBITDA has been renamed Underlying EBITDA and includes charges relating to equity-settled share-based payments but excludes separately disclosed items. Comparative periods have been amended accordingly. Separately disclosed items in the prior year include results from High Rollers (2013: £nil, 2012: £3.9m profit).

** As any potential ordinary shares would have the effect of decreasing the loss per share, they have not been treated as dilutive; hence diluted loss per share has not been disclosed.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 April 2013

	2013 £m	2012 £m
(Loss)/profit for the year	(66.3)	34.0
Other comprehensive income/(expense)		
Foreign exchange differences arising on consolidation	1.8	(2.9)
Other comprehensive income/(expense) for the year, net of income tax	1.8	(2.9)
Total comprehensive (expense)/income for the year	(64.5)	31.1
Attributable to:		
Equity holders of the Company	(64.5)	31.8
Non-controlling interest	–	(0.7)
Total comprehensive (expense)/income for the year	(64.5)	31.1

CONSOLIDATED BALANCE SHEET

As at 30 April 2013

	Note	2013 £m	2012 £m
Assets			
Non-current assets			
Property, plant and equipment	10	20.6	33.7
Goodwill and other intangible assets	11	54.6	132.4
Investments	12	7.9	6.2
Available-for-sale financial assets	13	1.3	2.1
Deferred tax assets	14	5.1	–
		89.5	174.4
Current assets			
Trade and other receivables	15	18.7	29.6
Cash and cash equivalents	16	168.1	135.4
		186.8	165.0
Total assets		276.3	339.4
Liabilities			
Current liabilities			
Trade and other payables	17	109.6	118.4
Tax payable		21.5	22.9
Provisions	18	11.6	–
		142.7	141.3
Non-current liabilities			
Deferred tax liabilities	14	–	2.0
Provisions	18	1.6	–
Total liabilities		144.3	143.3
Net assets		132.0	196.1
Equity			
Share capital	19	0.1	0.1
Share premium		19.4	12.0
Other reserves		(7.6)	(9.3)
Retained earnings		120.1	193.3
Equity attributable to equity holders of the Company		132.0	196.1
Non-controlling interest		–	–
Total equity	19	132.0	196.1

These financial statements were approved by the Board of Directors on 27 June 2013 and were signed on its behalf by:

Breon Corcoran
Chief Executive Officer

Alexander Gersh
Chief Financial Officer

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 April 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 2011	0.1	10.7	1.6	(7.5)	207.0	211.9	3.7	**215.6**
Comprehensive income for the year								
Profit for the year	–	–	–	–	34.7	34.7	(0.7)	**34.0**
Other comprehensive expense	–	–	–	(2.8)	(0.1)	(2.9)	–	**(2.9)**
Total comprehensive income/(expense) for the year	–	–	–	(2.8)	34.6	31.8	(0.7)	**31.1**
Transactions with owners, recorded directly in equity								
Issue of shares	–	1.3	–	–	–	1.3	–	**1.3**
Dividend paid	–	–	–	–	(9.6)	(9.6)	–	**(9.6)**
Equity-settled share-based payments	–	–	–	–	7.6	7.6	–	**7.6**
Purchase of own shares	–	–	–	–	(50.2)	(50.2)	–	**(50.2)**
Purchase of own shares by the EBT*	–	–	–	–	(0.1)	(0.1)	–	**(0.1)**
Sale of own shares by the EBT*	–	–	–	–	1.0	1.0	–	**1.0**
Deferred tax on equity-settled share-based payments	–	–	(0.6)	–	–	(0.6)	–	**(0.6)**
Total transactions with owners	–	1.3	(0.6)	–	(51.3)	(50.6)	–	**(50.6)**
Changes in ownership interests in subsidiaries								
Acquisition of non-controlling interest	–	–	–	–	3.0	3.0	(3.0)	**–**
Total changes in ownership interests in subsidiaries								
Balance at 30 April 2012	0.1	12.0	1.0	(10.3)	193.3	196.1	–	**196.1**
Balance at 1 May 2012	**0.1**	**12.0**	**1.0**	**(10.3)**	**193.3**	**196.1**	**–**	**196.1**
Comprehensive (expense)/income for the year								
Loss for the year	–	–	–	–	(66.3)	(66.3)	–	**(66.3)**
Other comprehensive income	–	–	–	1.8	–	1.8	–	**1.8**
Total comprehensive (expense)/income for the year	**–**	**–**	**–**	**1.8**	**(66.3)**	**(64.5)**	**–**	**(64.5)**
Transactions with owners, recorded directly in equity								
Issue of shares	–	7.4	–	–	–	7.4	–	**7.4**
Dividend paid	–	–	–	–	(11.2)	(11.2)	–	**(11.2)**
Equity-settled share-based payments	–	–	–	–	7.5	7.5	–	**7.5**
Purchase of own shares by the EBT*	–	–	–	–	(3.2)	(3.2)	–	**(3.2)**
Deferred tax on equity-settled share-based payments	–	–	(0.1)	–	–	(0.1)	–	**(0.1)**
Total transactions with owners	**–**	**7.4**	**(0.1)**	**–**	**(6.9)**	**0.4**	**–**	**0.4**
Balance at 30 April 2013	**0.1**	**19.4**	**0.9**	**(8.5)**	**120.1**	**132.0**	**–**	**132.0**

* Employee Benefit Trust is defined as EBT.

CONSOLIDATED STATEMENT OF CASH FLOW

For the year ended 30 April 2013

	Note	2013 £m	2012 £m
Cash flows from operating activities			
(Loss)/profit for the year		(66.3)	34.0
Adjustments for:			
Depreciation and amortisation	10, 11	40.1	41.2
Equity-settled share-based payments and associated costs	20	9.3	8.1
Profit on disposal of available-for-sale financial asset	6	(16.8)	–
Loss on disposal of subsidiary undertakings	27	5.3	–
Impairment loss in respect of goodwill and other assets	10, 11	90.1	–
Share of profit of equity accounted investments	12	(1.4)	(4.3)
Finance income	7	(1.5)	(3.4)
Tax	8, 27	(3.8)	7.6
Increase in trade and other receivables		(1.1)	(8.4)
Increase in trade and other payables		20.7	26.1
Increase in provisions	18	13.2	–
Cash generated from operations		87.8	100.9
Tax paid		(4.7)	(4.5)
Net cash flows generated from operating activities		83.1	96.4
Cash flows from investing activities			
Acquisition of property, plant and equipment		(7.2)	(14.3)
Acquisition of other intangible assets		(12.0)	(15.3)
Capitalised internal development expenditure		(18.9)	(29.4)
Disposal of discontinued operation, net of cash disposed	27	(24.5)	–
Cash injection in jointly controlled entities	12	–	(0.1)
Disposal of available-for-sale financial assets	13	18.8	–
Finance income received		0.9	1.3
Net cash flows used in investing activities		(42.9)	(57.8)
Cash flows from financing activities			
Proceeds from the issue of share capital	19	7.4	1.3
Dividends paid	19	(11.2)	(9.6)
Purchase and cancellation of own shares	19	–	(50.2)
Purchase of own shares by the EBT	19	(3.2)	(0.1)
Sale of own shares by the EBT	19	–	1.0
Net cash flows used in financing activities		(7.0)	(57.6)
Net increase/(decrease) in cash and cash equivalents		33.2	(19.0)
Cash and cash equivalents at the beginning of the year	16	135.4	155.0
Effect of exchange rate fluctuations on cash held		(0.5)	(0.6)
Cash and cash equivalents at year end	16	168.1	135.4

NOTES

(Forming part of the financial statements)

1 Accounting policies

Reporting entity

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

The consolidated financial statements of the Company as at and for the year ended 30 April 2013 comprise the Company and its subsidiaries (together referred to as the 'Group') and the Group's interest in jointly controlled entities. The Group is involved in the provision of betting services and online gaming products. The Parent Company financial statements present information about the Company as a separate entity and not about its Group.

The consolidated financial statements of the Group for the year ended 30 April 2013 were authorised for issue in accordance with a resolution of the Directors on 27 June 2013.

Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted for use in the European Union. The Company has elected to prepare its Parent Company financial statements in accordance with UK GAAP; these are presented on pages 99 to 101.

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

- derivative financial instruments are measured at fair value; and
- financial instruments at fair value through profit or loss are measured at fair value.

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 despite the ongoing economic uncertainty. 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 consolidated financial statements. Further detail is contained in the Directors' Report on page 33.

Functional currency and presentation currency

These consolidated financial statements are presented in Pounds Sterling, which is the Company's functional currency. All financial information presented in Pounds Sterling has been rounded to the nearest million, except otherwise stated.

Changes in accounting policy

The new standards and interpretations did not have a material impact on the results or the financial position of the Group as at 30 April 2013 or on any disclosures.

The Group continues to monitor the potential impact of other new standards and interpretations which may be endorsed by the European Union and require adoption by the Group in future accounting periods.

Basis of consolidation

Business combinations

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that are currently exercisable. The Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interest in the acquired entity; plus
- if the business combination is achieved in stages, the fair value of the pre-existing equity interest in the acquired entity; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the goodwill is negative, a bargain purchase gain is recognised immediately in profit or loss.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Any contingent consideration payable is measured at fair value as at the acquisition date. If the contingent consideration is classified as equity, then it is not re-measured and settlement is accounted for within equity.

(i) Subsidiaries

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that are currently exercisable or convertible are taken into account. The financial results of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group.

(ii) Associates and jointly controlled entities ('equity accounted investments')
Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies. Significant influence is presumed to exist when the Group holds between 20% and 50% of the voting power of another entity. Jointly controlled entities are those entities over whose activities the Group has joint control, established by contractual agreement and requiring unanimous consent for strategic, financial and operating decisions. Associates and jointly controlled entities are accounted for using the equity method (equity accounted investments) and are initially recognised at cost. The Group's investment includes goodwill identified on acquisition, net of any accumulated impairment losses.

The consolidated financial statements include the Group's share of the comprehensive income and equity movements of equity accounted investments, from the date that significant influence or joint control commences until the date that significant influence or joint control ceases. When the Group's share of losses exceeds its interest in an equity accounted investment, the Group's carrying amount is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of an investee.

(iii) Acquisition of non-controlling interests
Acquisitions of non-controlling interests are accounted for as transactions with owners in their capacity as owners therefore no goodwill is recognised as a result.

Transactions eliminated on consolidation
Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with equity accounted investments are eliminated against the investment to the extent of the Group's interest in the investments. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

Foreign currency transactions
Transactions in foreign currencies are translated to the respective functional currencies of Group entities 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 retranslated to the functional currency at the foreign exchange rate ruling at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortised cost in foreign currency translated at the exchange rate at the end of the period. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined. Foreign currency differences arising on retranslation are recognised in the income statement.

Foreign operations
The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on consolidation, are translated to the Group's presentational currency, Pounds Sterling, at foreign exchange rates ruling at the reporting date. The income and expenses of foreign operations are translated at an average rate for the year where this rate approximates to the foreign exchange rates ruling at the dates of the transactions.

Exchange differences arising from this translation of foreign operations are taken directly to the Translation reserve. When a foreign operation is disposed of, in part or in full, the relevant amount in Translation reserve is transferred to the income statement.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign currency gains and losses arising from such item are considered to form part of a net investment in the foreign operation and are recognised in other comprehensive income and presented in the translation reserve in equity.

The most significant currencies for the Group were translated at the following exchange rates:

Value of £1	**Assets and liabilities (Closing rates)**	Income and expenses (Cumulative average rates)
Euro	**1.18**	1.22
US Dollar	**1.55**	1.58
Australian Dollar	**1.50**	1.53
Romanian Lei	**5.12**	5.47

Discontinued operations
Results in relation to discontinued operations are disclosed as a single amount on the face of the consolidated income statement comprising the total post-tax loss of the subsidiary disposed of. The comparative periods in the income statement are stated in the same way.

1 Accounting policies continued

Restructuring costs
A restructuring cost is recognised when the Group has developed a detailed formal plan for the restructuring and has raised a valid expectation to those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it. The measurement of a restructuring cost includes only the direct expenditure arising from the restructuring, which are those amounts that are both necessarily incurred by the restructuring and not associated with the ongoing activities of the entity.

Available-for-sale financial assets
The Group's investments in certain equity securities are classified as available-for-sale financial assets. Subsequent to initial recognition, the assets are reviewed annually for changes in value with any impairment loss recognised through the income statement, and on disposal any realised gains and losses are also recognised through the income statement.

On an annual basis the available-for-sale financial assets are reviewed and re-measured on a fair value basis if the fair value is significantly different to the value previously recorded and where the fair value of the unlisted equity shares can be reliably measured.

Financial instruments
(i) Classification of financial instruments issued by the Group
Financial instruments issued by the Group are treated as equity only to the extent that they meet the following two conditions:

- they include no contractual obligations upon the Group to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Group; and
- where the instrument will or may be settled in the Company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Company's own equity instruments or is a derivative that will be settled by the Company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the Company's own shares, the amounts presented in these consolidated financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

(ii) Non-derivative financial instruments
Non-derivative financial instruments comprise investments in equity securities, trade and other receivables, including cash and cash equivalents, loans and borrowings, and trade and other payables.

Non-derivative financial instruments are recognised initially at fair value. Subsequent to initial recognition non-derivative financial instruments are measured as described below.

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

Cash and cash equivalents do not include certain client funds deposited in a stakeholder account held by The Sporting Exchange (Clients) Limited, a wholly-owned subsidiary of the Group, on the basis that they are held on trust for customers and do not belong to and are not at the disposal of the Group.

Non-derivative financial instruments measured at fair value through profit or loss
An instrument is classified at fair value through profit or loss if it is held for trading or is designated as such upon initial recognition. Financial instruments are designated at fair value through profit or loss if the Group manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Group's documented risk management or investment strategy. Upon initial recognition, directly attributable transaction costs are recognised in the income statement when incurred. Financial instruments at fair value through profit or loss are measured at fair value, and changes therein are recognised in the income statement.

(iii) Other
Other non-derivative financial instruments are measured at amortised cost using the effective interest method, less any impairment losses.

(iv) Derivative financial instruments
The Group from time to time holds derivative financial instruments to hedge its foreign currency risk exposure.

Derivatives are recognised initially at fair value; attributable transaction costs are recognised in the income statement when incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are accounted for as described below.

Cash flow hedges
Changes in the fair value of the derivative hedging instrument designated as a cash flow hedge are recognised directly in equity to the extent that the hedge is effective. To the extent that the hedge is ineffective, changes in fair value are recognised in the income statement.

If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised, then hedge accounting is discontinued prospectively. The cumulative gain or loss previously recognised in equity remains there until the forecast transaction occurs. When the hedged item is a non-financial asset, the amount recognised in equity is transferred to the carrying amount of the asset when it is recognised. In other cases the amount recognised in equity is transferred to the income statement in the same period that the hedged item affects the income statement.

Share capital

(i) Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity, net of any tax effects.

(ii) Repurchase of share capital (treasury shares)

When share capital recognised as equity is repurchased, the amount of the consideration paid which includes directly attributable costs, is net of any tax effects, and is recognised as a deduction from equity. Repurchased shares are classified as treasury shares and are presented as a deduction from total equity. When treasury shares are sold or reissued subsequently, the amount received is recognised as an increase in equity, and the resulting surplus or deficit on the transaction is transferred to or from retained earnings.

When the Company opts to buy back its own shares, this is treated as a cancellation of shares resulting in a reduction in equity.

Earnings per share

The Group presents basic and diluted earnings per share ('EPS') data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, which include awards under share award schemes and share options granted to employees.

Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the costs of materials and direct labour and any other directly attributable cost to bringing the assets to a working condition for their intended use.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognised within the income statement.

(ii) Depreciation

Depreciation is recognised in the income statement on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Land is not depreciated.

The estimated useful lives for the current and comparative periods are as follows:

Freehold buildings – 50 years
Leasehold improvements – Over the term of the lease or the useful economic life of the asset, if shorter
Plant and machinery – 10 years
Fixtures and fittings – 5 years
Computer equipment – 3 years
Motor vehicles – 3 years

Depreciation methods, useful lives and residual values are reviewed at each balance sheet date.

Goodwill and other intangible assets

(i) Goodwill

Goodwill represents amounts arising on acquisition of subsidiaries, associates and jointly controlled entities.

Acquisitions on or after 1 May 2007

In respect of business acquisitions that have occurred since 1 May 2007, goodwill represents the difference between the fair value of consideration for the acquisition and the net fair value of the identifiable assets, liabilities and contingent liabilities acquired. Identifiable intangibles are those which can be sold separately or which arise from legal rights regardless of whether those rights are separable.

Acquisitions prior to 1 May 2007

The Group has taken advantage of the exemption permitted by IFRS 1 and has not elected to restate business combinations that took place prior to 1 May 2007. In respect of acquisitions prior to 1 May 2007, goodwill is included at 1 May 2007 on the basis of its deemed cost, which represents the amount recorded under the Group's previous accounting framework which was broadly comparable save that only separable intangibles were recognised and goodwill was amortised.

1 Accounting policies continued

Goodwill and other intangible assets continued

Subsequent measurement
Goodwill is measured at cost less any accumulated impairment losses. Goodwill is allocated to CGUs and is not amortised but is tested annually for impairment. In respect of equity accounted investments, the carrying amount of goodwill is included in the carrying amount of the investment in the investee.

(ii) Internally generated goodwill and brands
Expenditure on internally generated goodwill and brands is recognised in the income statement as an expense, as incurred.

(iii) Research and development
Expenditure on research activities is recognised in the income statement as an expense in the period in which it is incurred.

Expenditure on development activities is recognised as an internally generated intangible asset only when the necessary criteria are met; including demonstrating the technical feasibility of the product and having sufficient certainty over the future revenue or cost savings that will be generated from the product.

The qualifying expenditure capitalised represents costs directly attributable to the development of the asset. This expenditure is capitalised from the point at which the above criteria are met up to the point at which the asset is available for use. If the criteria are not met the expenditure is recognised in the income statement as an expense in the period in which it is incurred.

Capitalised development expenditure assets are amortised on a straight-line basis from the date they are available for use over their useful economic lives.

(iv) Other intangible assets
Identifiable intangibles are assets which have finite lives, can be sold separately or which arise from legal rights regardless of whether those rights are separable.

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring in to use, the specific software. These costs are amortised over their estimated useful economic life or the life of the software licence contract.

Other intangible assets that are acquired by the Group are stated at cost less accumulated amortisation and less accumulated impairment losses.

(v) Amortisation
Amortisation is recognised in the income statement on a straight-line basis over the estimated useful economic lives of intangible assets, other than goodwill, from the date they are available for use. The estimated useful economic lives are as follows:

Computer software – The shorter of the licence period and up to 10 years
Licences – The shorter of the licence period and up to 10 years
Wagering technologies – 6 years
Customer lists – 2 to 4 years
Development expenditure – 3 years
Brand – 2 years
Broadcasting technologies – 2 years

Impairment

(i) Financial assets
A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. An indicator of impairment of a financial asset is apparent if objective evidence highlights that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate. An impairment loss in respect of an available-for-sale financial asset is calculated by reference to its fair value and book value. Significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognised in the income statement.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortised cost, the reversal is recognised in the income statement. For available-for-sale financial assets that are equity securities, the reversal is recognised directly in equity.

(ii) Non-financial assets
The carrying amounts of the Group's non-financial assets, other than deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill and intangible assets that are not yet available for use, the recoverable amount is estimated each year at the same time.

The recoverable amount of an asset or cash generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the 'cash generating unit'). The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to cash generating units that are expected to benefit from the synergies of the combination.

An impairment loss is recognised if the carrying amount of an asset when allocated to a cash generating unit exceeds its estimated recoverable amount. Impairment losses are recognised in the income statement. Impairment losses recognised in respect of cash generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amounts of the other assets in the unit on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Employee benefits

(i) Defined contribution plans
A defined contribution plan is a post-employment benefit plan under which the Company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in the income statement when they are due.

(ii) Short-term benefits
Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(iii) Share-based payment transactions
The following schemes are in place that allow employees to acquire shares in the Group:

Share option plans and Save-As-You-Earn schemes

Share option plans and Save-As-You-Earn schemes are accounted for as equity-settled share-based payment schemes on the basis that the Group will not be required to settle its obligations under these schemes in cash. The fair value of options granted is recognised as an employee expense with a corresponding increase in equity. The fair value is measured at grant date and spread over the period during which the employees become unconditionally entitled to the share options and is calculated using an option pricing model, taking into account the terms and conditions upon which the options were granted. The amount recognised as an expense is adjusted to reflect the actual number of share options that vest.

Restricted share scheme

The Group provides a restricted share scheme as part of its bonus plan. Awards made under the terms of the restricted share scheme until 2011 represent a conditional right to receive shares in the Company provided that certain Group and individual performance criteria are met. Restricted shares are valued with reference to the market value of the shares on the date of grant.

The shares vest over a three-year period and one-third of the total entitlement vest each year. The first year's entitlement can be taken in cash at the option of the employee, and accordingly this component is accounted for as a cash settled scheme and recorded as a liability. If, on the date of settlement, the employee elects to receive shares instead of cash, the liability previously recognised is transferred to equity, as the consideration for the equity instruments issued.

The remaining two-thirds of restricted shares granted cannot be taken in cash and accordingly are accounted for as equity-settled schemes. A charge is recognised in employee expenses on a straight-line basis over the vesting period with a corresponding increase in equity.

1 Accounting policies continued

Long-term incentive plan ('LTIP'), Short-term incentive plan ('STIP') and Management incentive plan ('MIP')
During the 2010 financial year, the Group revised the terms of the existing restricted shares scheme for Directors, executives and senior management with the LTIP, STIP and MIP schemes.

These bonus schemes entitle the recipients to cash, share options and restricted share rewards based on meeting the Group and individual performance criteria over a three year (for LTIP) and one year period (STIP and MIP). The schemes have awards in the form of cash, share options and restricted shares. Determining the fair value of each element is consistent with the measurement outlined above in each share-based payment category.

The STIP and the MIP have cash elements which are fixed in value and are paid and expensed in the first year that the award is issued. The cash award represents two-thirds of the total award. There is no option given to the recipient of the award to elect to have these issued in shares. The cash element issued is classified as a cash bonus in the income statement and not a 'cash settled share-based payment'. This is on the basis that the employee does not have the option to choose whether they receive cash or shares.

Long-term Senior Executives' Incentive Plan ('SEIP')
The Long-term Senior Executives' Incentive Plan (SEIP) was approved by the Board on 16 October 2007. The plan provides for certain senior management and Directors to be granted one-off awards consisting of a cash and restricted shares element. The scheme came into effect upon the admission of the Group's shares on the London Stock Exchange.

The cash was paid on the date of admission to the participants in the scheme. The restricted shares were granted on the date of admission and half of the restricted shares vested on the first anniversary of the listing and the next half on the second anniversary of the listing.

The restricted shares in the SEIP are measured consistently with the treatment of normal restricted shares.

Stakeholder award scheme
During 2011, the Group issued 309,280 restricted shares and 26,829 phantom shares to the employees of the Group as part of the new Stakeholder award scheme. The scheme relates to the individual employees' performance during the financial year ended 30 April 2010 for which a cash bonus accrual had been recognised. Subsequent to the year ended 30 April 2010 the reward was settled by the issue of equity instruments.

The restricted shares and phantom shares had a vesting period spanning from the first day of the financial year to which they relate to the vest date of 1 August 2011. The restricted shares in the scheme were convertible into shares upon vest date and they were measured consistently with the treatment of normal restricted shares. The phantom shares in the scheme were only convertible to cash upon the vest date and they are measured based on the market value at the date of grant.

Revenue
Revenue is measured as the consideration received from customers and represents amounts received for services provided by the Group, as set out below.

Commission and fee income arising from the Group's betting exchange activities, which comprises both sports betting and exchange games, is recognised on the date the market for an event is settled.

The Sportsbook, Games, and Multiples product revenue represents gains and losses from betting activity. Open betting liability positions are recognised based on the best estimate of the expenditure that will be required to settle the position at the balance sheet date, and losses arising from these positions are recognised in revenue.

Revenues from pari-mutuel betting products (Advanced Deposit Wagering and Tote products) represents a percentage of the stake recognised on settlement of the event.

Commission revenue on spread betting and other financial products is recognised on the date of the transaction of each trade.

Online Poker revenue is recorded as the net income (rake) earned from completed poker games.

Revenue also includes amounts received from the management of customer funds.

Expenses
(i) Cost of sales
Cost of sales principally comprises betting and gaming taxes, customer payment transaction fees, sporting levies and other data rights charges.

(ii) Operating lease payments
Payments made under operating leases are recognised in the income statement on a straight-line basis over the term of the lease. Lease incentives received are recognised in the income statement as an integral part of the total lease expense over the term of the lease.

Finance income and expense

Finance income comprises interest earned on corporate funds invested, changes in the fair value of financial assets at fair value through profit or loss, and gains on hedging instruments that are recognised in the income statement. Interest income is recognised as it accrues in the income statement, using the effective interest method.

Finance expenses comprise interest expense on borrowings, unwinding of the discount on provisions, changes in the fair value of financial assets at fair value through profit or loss, impairment losses recognised on financial assets, and losses on hedging instruments that are recognised in the income statement. All borrowing costs are recognised in the income statement using the effective interest method.

Foreign currency gains and losses are reported on a net basis, either in finance income or finance expense as appropriate.

Tax

Tax expense comprises current and deferred tax. Tax expense is recognised in the income statement except to the extent that it relates to items recognised directly in equity (through the other reserve), in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Additional income taxes that arise from the distribution of dividends are recognised at the same time that the liability to pay the related dividend is recognised.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for tax purposes.

The following temporary differences are not provided for: the initial recognition of goodwill; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

In determining the current and deferred tax the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgments about future events. New information may become available that causes the Group to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components.

Segment information is based on the internal reports regularly reviewed by the Group's Chief Operating Decision Maker ('CODM') in order to assess each segment's performance and to allocate resources. The CODM is the Chief Executive Officer.

Leases

Under accounting standards there is a requirement for management to examine the buildings element within each property lease to determine if the lease meets the definition of a finance lease and, if so, it should be accounted for as such. This review involves determining the fair value of each property at the inception of the lease and analysing the minimum lease payments between their 'land' and 'buildings' elements. Based on management's review of leases for the years ended 30 April 2013 and 2012, all premises leases qualify as operating leases.

Separately disclosed items

Items that are material in size, unusual or infrequent in nature are included within operating profit and disclosed separately in the income statement.

The separate reporting of these items, which are disclosed within the relevant category in the income statement, helps provide a more accurate indication of the Group's underlying business performance.

1 Accounting policies continued

Accounting estimates and judgements

The preparation of consolidated financial statements in conformity with IFRSs 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 ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected. In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the consolidated financial statements is included in the following notes:

Estimates

Note 11 – Capitalisation of development expenditure
The Group makes certain estimates surrounding costs included in the capitalisation of development expenditure incurred for each project, when considering whether or not a project meets the criteria within IAS 38 'Intangible assets'. An estimate is also required in determining the start and end dates of the projects as well as determining the appropriate useful economic lives of each capitalised project.

Note 8 – Income tax
Tax on profits is determined according to complex tax laws and regulations. Where the effect of these laws and regulations is unclear, estimates are used in determining the liability for the tax to be paid on past profits which are recognised in the financial statements.

Note 11 – Measurement of the recoverable amounts of goodwill and other intangible assets
A full impairment review has been performed of all goodwill and intangible assets held by the Group on a cash generating unit basis. The impairment review is performed on a 'value in use' basis, which requires estimation of future net operating cash flows, the time period over which they will occur, an appropriate discount rate and an appropriate growth rate.

Note 14 – Deferred tax
Deferred tax assets and liabilities represent management's best estimate in determining the amounts to be recognised. When assessing the extent to which deferred tax assets should be recognised, consideration is given to the timing and level of future taxable income.

Note 17 – Accounting for accruals
The calculation of accruals contains an inherent level of subjectivity. Management considers that the current level of accruals represents management's best estimate of the likely exposure.

Note 20 – Measurement of share-based payments
Judgement and estimation is required in determining the fair value of shares at the date of award. The fair value is estimated using valuation techniques which take into account the award's term, the risk free interest rate and the expected volatility of the market price of shares of comparable businesses to the Group.

Judgements

Note 1 – Basis of consolidation
Judgement is applied when determining if an acquired entity is controlled by the Group, and whether the acquired entity meets the criteria to be defined as a subsidiary. Control is presumed to exist when the Group owns, directly or indirectly through subsidiaries, more than half of the voting power of an entity. However if the Group owns half or less of the voting power of an entity, control may still exist. In assessing control, the Group considers whether it has the ability to control on a legal or contractual basis rather than whether that control is actually exercised. Specific examples of where the Group has control of subsidiaries are where it has the power to govern the entity's financial and operating policies by virtue of statute or agreement and where it has the power to cast the majority of votes of the entity's governing body.

Note 5 – Separately disclosed items
Judgement has been used by management to identify items that are material in size and unusual or infrequent in nature. They are included within operating profit and disclosed separately in the income statement. The separate reporting of these items helps to provide an indication of the Group's underlying business performance.

Note 22 – Valuation of derivative financial instruments
Judgement is required in the assessment of prospective effectiveness both at hedge inception and during the period over which hedge accounting is adopted. The fair value of derivative financial instruments can also involve judgement. Where appropriate, external valuations from financial institutions are undertaken to support the carrying value of such items.

Business combinations
Judgement and estimation is required in the identification and valuation of separable assets and liabilities on acquisitions. In particular, in the identification and valuation of separable intangible assets and determining appropriate useful economic lives for these assets, and also in determining contingent consideration payable in respect of acquisitions where required by the terms of the agreement.

Future accounting developments

The following new standards, interpretations and amendments were issued by the IASB or the IFRIC but were not effective for the financial year (and in some cases have not yet been adopted by the EU):

- amendments to IAS 1 Presentation of Items of Other Comprehensive Income
- IFRS 10 Consolidated Financial Statements
- IFRS 11 Joint Arrangements
- IFRS 12 Disclosure of Interests in Other Entities
- IFRS 13 Fair Value Measurement
- revision to IAS 27 Separate Financial Statements
- revision to IAS 28 Investments in Associates and Joint Ventures
- revision to IAS 19 Employee Benefits
- amendments to IFRS 1 Government Loans
- amendments to IAS 32 Offsetting Financial Assets and Financial Liabilities
- IFRS 9 Financial Instruments
- amendments to IFRS 7 Financial Instruments: Disclosures – Offsetting of financial assets and financial liabilities.

The Directors have decided not to early adopt the above standards and they do not expect that the adoption of the standards listed above will have a material impact on the financial statements of the Group in future periods.

There are no other IFRSs or IFRICs in issue but not yet effective that are expected to have a significant impact for the Group.

Reclassification of equity-settled shared-based payments

Underlying EBITDA in the Consolidated Income Statement has historically been presented as EBITDA excluding separately disclosed items and equity-settled share-based payments. For the year ended 30 April 2013 charges relating to equity-settled share-based payments have been included within Underlying EBITDA and comparative periods have been amended accordingly.

If no reclassification was made, the Underlying EBITDA would be £82.6m for the year ended 30 April 2013 and £94.1m for the year ended 30 April 2012, respectively.

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 CODM in making decisions about reporting matters. These segments are:

- Core Betfair
  - Exchange
  - Sports
  - Gaming
  - Management of customer funds
- Other investments
  - Betfair US
- High Rollers.

As stated in the interim release for the six months ended 31 October 2012, it was the intention of the CODM to operate a new organisational structure based on the Exchange, Sports and Gaming business units. The Group has realigned operations from the previous structure to provide reportable business performance under these units. To meet the requirements of IFRS 8, the operating segments disclosure has been revised to reflect the new reportable business segments. Comparative periods have been amended accordingly.

Exchange consists of the Exchange sports betting product, which offers markets on Racing, Football, Sports and Specials (SAS) and Timeform. Sports consists of the Sportsbook, Multiples and our Betfair Select product. 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.

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

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

Following the decision to dispose of the Group's subsidiary LMAX Limited in October 2012 (which was completed in January 2013) and treatment of these operations as discontinued, the segmental information disclosed previously has been amended (see note 27). Tradefair Spreads Limited, which was previously reported under the LMAX segment, is part of the Group's continuing operations and is now reported as part of the Core reporting segment.

Similarly, High Rollers was also assessed by the Board as being a reportable segment in 2011.

2 Operating segments continued

The results of the Australian joint venture are consolidated in the Group accounts on an equity accounting basis. As such only the net assets and the share of profits/losses are presented in the operating segment note below. If proportional consolidation was applied the Group's share of the Australian joint venture would have increased revenue by £18.0m (30 April 2011: £16.0m) and increased EBITDA by £2.1m (30 April 2012: increase by £4.9m).

The revenue from Exchange, Sports, Gaming and the management of customer funds represents the developed and integrated parts of the Group's business and have been grouped together as Core Betfair. Other investments represent relatively recent additions to the Group's business and which the CODM considers to be in the early stages of development.

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 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 Core Betfair, Other investments and High Rollers and the analysis of EBITDA for them is summarised below.

Management also reviews Group revenue on a geographic basis, determined by the location of the customers when known. This information is analysed below on the following basis:

- UK
- Europe
- Rest of World
- Unallocated.

The majority of the Group's non-current assets are located in the UK.

Revenue unallocated to a geographical segment represents amounts from the management of customer funds and High Rollers.

Segmental information for the years ended 30 April 2013 and 30 April 2012 is as follows:

Year ended 30 April 2013

	Exchange £m	Sports £m	Gaming** £m	Management of customer funds £m	**Core Betfair £m**	Betfair US £m	**Other investments £m**	**High Rollers £m**	**Group £m**
Revenue	247.5	24.1	75.9	1.5	**349.0**	38.0	**38.0**	–	**387.0**
Underlying EBITDA*					**70.4**	2.9	**2.9**	–	**73.3**
Separately disclosed items					**(21.9)**	(0.2)	**(0.2)**	–	**(22.1)**
EBITDA					**48.5**	2.7	**2.7**	–	**51.2**
Depreciation and amortisation									**(37.8)**
Impairment									**(82.4)**
Profit on disposal of available-for-sale financial asset									**16.8**
Net finance income									**1.4**
Share of profit of equity accounted investments									**1.4**
Profit before tax									**(49.4)**
Tax									**4.2**
Loss for the period from discontinued operations									**(21.1)**
Loss after tax and discontinued operations									**(66.3)**
Total assets									**276.3**
Total liabilities									**144.3**

* Underlying EBITDA has historically been presented as Adjusted EBITDA and defined as EBITDA before separately disclosed items and charges relating to equity-settled share-based payments. For the year ended 30 April 2013, Adjusted EBITDA has been renamed Underlying EBITA and includes charges relating to equity-settled share-based payments but excludes separately disclosed items. Comparative periods have been amended accordingly. Separately disclosed items in the prior year include results from High Rollers (2013: £nil, 2012: £3.9m profit).

** Includes results from Tradefair Spreads Limited that was previously disclosed as LMAX and classified as other investments.

Year ended 30 April 2012

	Exchange £m	Sports £m	Gaming** £m	Management of customer funds £m	**Core Betfair £m**	Betfair US £m	**Other investments £m**	**High Rollers £m**	**Group £m**
Revenue***	250.1	18.1	81.1	3.0	**352.3**	36.2	**36.2**	**–**	**388.5**
Underlying EBITDA*					**86.9**	(0.9)	**(0.9)**	**–**	**86.0**
Separately disclosed items					**(6.4)**	–	**–**	**3.9**	**(2.5)**
EBITDA					**80.5**	(0.9)	**(0.9)**	**3.9**	**83.5**
Depreciation and amortisation									**(37.2)**
Net finance income									**3.6**
Share of profit of equity accounted investments									**4.3**
Profit before tax									**54.2**
Tax									**(7.6)**
Loss for the year from discontinued operations									**(12.6)**
Profit after tax and discontinued operations									**34.0**
Total assets									**339.4**
Total liabilities									**(143.3)**

* Underlying EBITDA has historically been presented as Adjusted EBITDA and defined as EBITDA before separately disclosed items and charges relating to equity-settled share-based payments. For the year ended 30 April 2013, Adjusted EBITDA has been renamed Underlying EBITA and includes charges relating to equity-settled share-based payments but excludes separately disclosed items. Comparative periods have been amended accordingly. Separately disclosed items in the prior year include results from High Rollers (2013: £nil, 2012: £3.9m profit).

** The results relating to Tradefair Spreads Limited's operation which was previously reported under the LMAX segment and which is still part of the Group's continuing operations is shown within Gaming.

*** The amount previously disclosed has been amended to reflect the new organisational structure of reportable segments.

Geographical information determined by location of customers is set out below:

Year ended 30 April 2013

	UK** £m	Europe £m	Rest of World £m	Unallocated* £m	Group £m
Core Betfair	214.3	110.8	22.4	1.5	349.0
Other investments	–	–	38.0	–	38.0
Total Group revenue	**214.3**	**110.8**	**60.4**	**1.5**	**387.0**

Year ended 30 April 2012

	UK** £m	Europe £m	Rest of World £m	Unallocated* £m	Group £m
Core Betfair	196.9	133.7	18.7	3.0	352.3
Other investments	–	–	36.2	–	36.2
Total Group revenue	**196.9**	**133.7**	**54.9**	**3.0**	**388.5**

* Unallocated represents revenue from the management of customer funds.

** Revenue derived from customers located in Ireland has been reclassified from Europe to UK for the year ended 30 April 2013. The prior year comparatives have been amended to reflect this reclassification.

3 (Loss)/profit before tax

(Loss)/profit before tax is stated after charging:

	2013 £m	2012 £m
Equity-settled share-based payments and associated costs	9.3	8.1
Depreciation of property, plant and equipment	17.0	16.2
Amortisation of capitalised development costs	15.6	16.9
Amortisation of other intangibles	7.5	8.1
Rentals payable under operating leases	8.7	8.4
Research and non-capitalised development costs	51.0	49.5

Auditors' remuneration:

	2013 £m	2012 £m
Fees payable to the Company's auditor for the audit of these financial statements	0.1	0.1
Fees payable to the Company's auditor and its associates for other services:		
Audit of financial statements of subsidiaries pursuant to legislation	0.5	0.6
Other services pursuant to legislation – review of interim financial statements	0.1	0.1
Other services pursuant to legislation – profit estimate listing procedures	0.1	–
Tax services	0.1	0.5
Transaction advisory	0.1	0.1
Total	1.0	1.4

Amounts paid to the Company's auditor and their associates in respect of services to the Company, other than the audit of the Company's financial statements, have not been disclosed as the information is required instead to be disclosed on a consolidated basis.

4 Employee numbers and costs

The average number of persons employed by the Group (including Directors) during the year, analysed by category, was as follows:

	2013 No.	2012 No.
Technology	924	994
Sales and marketing	272	281
Operations	545	656
G&A	325	333
Total	2,066	2,264

The above numbers include the average numbers of persons of 71 (2012: 78) employed by Group's discontinued operation LMAX.
The number of persons employed by the Group (including Directors) as at 30 April 2013 was 1,773 (2012: 2,302).

The aggregate payroll costs of these persons were as follows:

	2013 £m	2012 £m
Wages and salaries	104.7	110.6
Social security costs	10.8	11.3
Redundancy costs	–	1.5
Equity-settled share-based payments and associated costs (note 20)	9.3	8.1
Pension costs	2.4	2.7
Total	127.2	134.2

The above numbers include the aggregate payroll costs of £5.5m (2012: £6.7m) in relation to the Group's discontinued operation LMAX.

Details on the remuneration of Directors are set out in the Directors' Remuneration Report on pages 48 to 56.

5 Separately disclosed items

Separately disclosed items are those items the Group considers to be non-recurring or material in nature that should be brought to the reader's attention in understanding the Group's financial performance.

	2013 £m	2012 £m
Regulatory developments	–	6.4
Results from High Rollers	–	(3.9)
Restructuring costs	19.4	–
Costs incurred on corporate projects	2.7	–
Total	**22.1**	2.5

During the year ended 30 April 2013, the Group has incurred costs of £19.4m, which relate to its restructuring and cost optimisation initiatives (see note 18), and £2.7m in relation to professional fees resulting from the rejected takeover approach by CVC and partners. During the year ended 30 April 2012, regulatory developments comprise a one-off expense relating to Spanish gaming tax and other costs relating to the Group's Spanish operations in prior periods. During the year ended 30 April 2013, separately disclosed items have been recorded within administrative expenses (2012: separately disclosed items were recorded within cost of sales).

Impairment of goodwill and other intangible assets

	2013 £m	2012 £m
Impairment recognised of goodwill and other intangible assets	82.4	–

As at 30 April 2013, following the announcement of the Group's strategic priorities during the first six months of the financial year, management has undertaken a review of the carrying value of all intangible assets, including goodwill and capitalised development expenditure. As a result of this review, an impairment charge of £82.4m has been recorded in the income statement (see note 11).

6 Profit on disposal of available-for-sale financial asset

	2013 £m	2012 £m
Profit on sale of investment	16.8	–

On 20 November 2012 the Group sold its shares held in Kabam for $30m (£18.8m) (see note 13).

7 Finance income and expense

Recognised in income statement

	2013 £m	2012 £m
Finance income		
Bank interest receivable	1.1	1.2
Foreign exchange gain	0.3	2.4
Total	**1.4**	3.6

The Group has no finance expense in the current year (2012: £nil).

8 Tax

Recognised in the income statement

	2013 £m	2012 £m
Current tax		
UK – current year	4.1	4.8
UK – adjustments in respect of prior periods	(0.6)	(3.5)
Overseas – current year	0.9	2.6
Overseas – adjustments in respect of prior periods	(0.2)	(0.5)
Current tax expense	4.2	3.4
Deferred tax		
Origination and reversal of temporary differences	(8.2)	4.4
Tax rate reduction	(0.2)	(0.2)
Deferred tax	(8.4)	4.2
Total tax (credit)/expense	(4.2)	7.6

Reconciliation of effective tax rate

	2013 £m	2012 £m
(Loss)/profit before tax	(49.4)	54.2
Total tax credit/(expense)	4.2	(7.6)
(Loss)/profit for the year	(45.2)	46.6
Tax using the UK corporation tax rate of 23.9% (2012: 25.8%)	(11.8)	14.0
Effect of tax rates in foreign jurisdictions	(0.9)	(2.1)
Non-deductible expenses	15.5	1.1
Tax rate reduction	0.2	(0.1)
Current year losses for which no deferred tax asset was recognised	1.0	2.1
Adjustments in respect of prior periods	(0.6)	(4.7)
Group relief claimed for no payment	(3.6)	(2.7)
Tax exempt revenues	(4.0)	–
Total tax (credit)/expense	(4.2)	7.6

Tax recognised directly in equity

	2013 £m	2012 £m
Other deferred tax in relation to equity-settled share-based payments	(0.9)	(1.4)
Deferred tax	(0.9)	(1.4)
Current tax in relation to equity-settled share-based payments	0.8	0.8
Total tax	(0.1)	(0.6)

The Group's consolidated effective tax rate for the year was 8.5% (30 April 2012: 14.0% restated for LMAX discontinued operations).

The tax effect of exceptional and impairment items in the current year amounted to a tax credit of £10.4m (2012: £0.2m).

The 2013 Budget on 25 March 2013 announced that the UK corporation tax rate will reduce to 20% by 2015. A reduction in the rate from 26% to 24% (effective from 1 April 2012) was substantively enacted on 26 March 2012, and a further reduction to 23% (effective from 1 April 2013) was substantively enacted on 3 July 2012.

This will reduce the Group's future current tax charge accordingly. The deferred tax liability at 30 April 2013 has been calculated based on the rate of 23% substantively enacted at the balance sheet date.

It has not yet been possible to quantify the full anticipated effect of the announced further 3% rate reduction, although this will further reduce the Group's future current tax charge and reduce the Group's deferred tax liability accordingly.

9 Earnings per share

Basic earnings per share

The calculation of basic earnings per share for the year ended 30 April 2013 was based on the loss attributable to ordinary shareholders of £66.3m (30 April 2012: profit of £34.7m) and a weighted average number of ordinary shares outstanding of 101,854,246 (30 April 2012: 104,569,704).

	2013	2012
(Loss)/profit for the year (£m)	(66.3)	34.7
Weighted average number of shares	101,854,246	104,569,704
Basic (loss)/earnings per share*	(65.1)p	33.1p
Diluted earnings per share*	–	32.5p

* The (loss)/earnings per share calculations include the results of the discontinued operations.

Please see page 59 for the separately disclosed basic and diluted earnings per share for the continuing operations of the Group.

Diluted earnings per share

The calculation of diluted earnings per share for the year ended 30 April 2013 was based on the loss attributable to ordinary shareholders of £66.3m (30 April 2012: profit of £34.7m) and a weighted average number of ordinary shares outstanding after adjustment for the effect of all dilutive potential ordinary shares of 103,378,698 (30 April 2012: 106,780,109).

As any potential ordinary shares would have the effect of decreasing the loss per share for the year ended 30 April 2013, they have not been treated as dilutive; hence diluted earnings per share have not been disclosed.

Profit used to determine diluted earnings per share

	2013 £m	2012 £m
(Loss)/profit used to determine diluted earnings per share	(66.3)	34.7

As any potential ordinary shares would have the effect of decreasing the loss per share for the year ended 30 April 2013, they have not been treated as dilutive; hence diluted earnings per share have not been disclosed.

Weighted average number of shares (diluted)

	2013	2012
Weighted average number of ordinary shares (basic)	101,854,246	104,569,704
Effect of share options on issue	1,524,452	2,210,405
Weighted average number of ordinary shares (diluted)	103,378,698	106,780,109

The average market value of the Company's shares of £7.33 (2012: £7.76) was used to calculate the dilutive effect of share options based on the market value for the year that the options were outstanding.

10 Property, plant and equipment

	Freehold land and buildings £m	Leasehold improvements £m	Computer equipment £m	Fixtures and fittings £m	Vehicles, plant and equipment £m	Total £m
Cost						
At 1 May 2011	0.8	13.7	80.4	6.9	0.7	102.5
Additions	–	4.2	10.7	1.7	0.3	16.9
Disposals	–	(4.9)	(1.0)	(0.4)	(0.3)	(6.6)
Net foreign exchange differences	–	–	–	0.1	–	0.1
At 30 April 2012	0.8	13.0	90.1	8.3	0.7	112.9
Additions	–	2.2	4.2	0.8	–	7.2
Disposals	–	(0.9)	(0.2)	(0.1)	(0.5)	(1.7)
Derecognised on disposal of subsidiary	–	(0.4)	(4.4)	(0.1)	–	(4.9)
Net foreign exchange differences	–	0.1	0.6	0.1	–	0.8
At 30 April 2013	**0.8**	**14.0**	**90.3**	**9.0**	**0.2**	**114.3**
Depreciation						
At 1 May 2011	0.1	8.1	57.8	3.1	0.4	69.5
Depreciation for the year	–	2.0	12.6	1.4	0.2	16.2
Disposals	–	(4.9)	(1.0)	(0.4)	(0.3)	(6.6)
Net foreign exchange differences	–	–	–	0.1	–	0.1
At 30 April 2012	0.1	5.2	69.4	4.2	0.3	79.2
Depreciation for the year	–	2.5	12.7	1.7	0.1	17.0
Impairment	–	1.9	1.3	0.1	–	3.3
Disposals	–	(0.8)	(0.2)	–	(0.2)	(1.2)
Derecognised on disposal of subsidiary	–	(0.4)	(4.4)	(0.1)	–	(4.9)
Net foreign exchange differences	–	0.1	0.2	–	–	0.3
At 30 April 2013	**0.1**	**8.5**	**79.0**	**5.9**	**0.2**	**93.7**
Net book value						
At 30 April 2012	0.7	7.8	20.7	4.1	0.4	33.7
At 30 April 2013	**0.7**	**5.5**	**11.3**	**3.1**	**–**	**20.6**

In the year ended 30 April 2013, additions totalling £1.3m and depreciation totalling £0.4m was recognised in respect of discontinued operations (see note 27). Except for £1.8m of leasehold improvements, the impairment relates solely to the assets of the discontinued operation.

11 Goodwill and other intangible assets

	Goodwill £m	Computer software £m	Licences £m	Development expenditure £m	Brand £m	Customer lists £m	Broadcasting and wagering technologies £m	Total £m
Cost								
At 1 May 2011	53.5	21.7	1.7	74.1	1.9	3.8	0.9	157.6
Acquisitions through business combinations	0.2	–	–	–	–	–	–	0.2
Other acquisitions – internally developed	–	–	–	29.4	–	–	–	29.4
Other acquisitions – externally purchased	–	9.5	–	7.0	–	–	–	16.5
Disposals	–	(0.2)	–	–	–	–	–	(0.2)
Net foreign exchange differences	0.3	–	(0.1)	–	0.1	0.1	–	0.4
At 30 April 2012	54.0	31.0	1.6	110.5	2.0	3.9	0.9	203.9
Other acquisitions – internally developed	–	–	–	18.9	–	–	–	18.9
Other acquisitions – externally purchased	–	3.5	–	3.2	–	5.3	–	12.0
Disposals	–	(0.1)	–	–	–	–	–	(0.1)
Derecognised on disposal of subsidiary	–	–	–	(13.9)	–	–	–	(13.9)
Net foreign exchange differences	1.8	0.1	–	0.1	0.1	0.2	–	2.3
At 30 April 2013	**55.8**	**34.5**	**1.6**	**118.8**	**2.1**	**9.4**	**0.9**	**223.1**
Amortisation								
At 1 May 2011	–	8.5	1.3	32.2	1.9	2.1	0.6	46.6
Amortisation for the year	–	6.9	0.1	16.9	–	1.0	0.1	25.0
Disposals	–	(0.2)	–	–	–	–	–	(0.2)
Net foreign exchange differences	–	–	(0.1)	–	0.1	0.1	–	0.1
At 30 April 2012	–	15.2	1.3	49.1	2.0	3.2	0.7	71.5
Amortisation for the year	–	6.4	0.1	15.6	–	1.0	–	23.1
Impairment	34.6	5.1	–	47.0	–	–	0.1	86.8
Disposals	–	(0.1)	–	–	–	–	–	(0.1)
Derecognised on disposal of subsidiary	–	–	–	(13.9)	–	–	–	(13.9)
Net foreign exchange differences	0.7	–	0.1	–	0.1	0.2	–	1.1
At 30 April 2013	**35.3**	**26.6**	**1.5**	**97.8**	**2.1**	**4.4**	**0.8**	**168.5**
Net book value								
At 30 April 2012	54.0	15.8	0.3	61.4	–	0.7	0.2	132.4
At 30 April 2013	**20.5**	**7.9**	**0.1**	**21.0**	**–**	**5.0**	**0.1**	**54.6**

Computer software represents software licences which have been purchased from suppliers. Licences represent bookmaking licences held by the Group.

Development expenditure represents internally and externally generated costs incurred on development activities. These costs have been capitalised in accordance with the requirements of IAS 38 'Intangible Assets'.

The remaining other intangibles represent assets purchased as part of the TVG Network acquisition (being brand, customer lists and broadcasting and wagering technologies) and the customer database purchased as part of the Blue Square Bet acquisition in March 2013. These are amortised over their estimated useful economic lives which fall between two to six years.

The amortisation charge of intangible assets is recognised within 'Administrative expenses' in the income statement.

11 Goodwill and other intangible assets continued

In the year ended 30 April 2013, the Group capitalised development expenditure amounting to £1.5m, incurred amortisation of £1.9m and impaired assets amounting to £6.2m in respect of the discontinued operations.

Goodwill
At 30 April 2013, the carrying amount of goodwill, after the impairment review, was £20.5m (2012: £54.0m) allocated across one (2012: four) cash generating units (CGUs) as follows:

	2013 £m	2012 £m
CGU		
Sports	–	8.7
Games	–	2.5
Poker	–	10.0
TVG	20.5	32.8
Total goodwill net book value at 30 April	20.5	54.0

All goodwill is recorded in local currency. Additions during the year are converted at the exchange rate on the date of the transaction and the goodwill at the end of the year is stated at closing exchange rates.

Impairment testing

Goodwill
Impairment charges of £34.6m were recognised in the year ended 30 April 2013. In the prior periods, goodwill has been allocated to the following CGU's in line with Group's segmental reporting:

- Sports
- Games
- Poker
- TVG.

As part of the strategic review referred to on pages 3 to 7 and changes to the future reporting structure of the Group's operations, it is considered appropriate to monitor the business at a more granular level and goodwill has been allocated to CGU's on this basis. In line with this approach, subsequent impairments of £21.0m have been recognised in respect of past acquisitions.

Following recent regulatory developments in the US, management undertook a strategic review of the US market and TVG's position within that market. As a result of this review, the TVG CGU has been impaired by £13.6m. The key changes to assumptions since the previous impairment test relate to an anticipated reduction in operating margins and future growth rates.

In order to determine whether impairments are required, the Directors estimate the recoverable amount of each CGU. The calculation is based on projecting future pre-tax cash flows over a five year period and uses a terminal value to incorporate expectations of growth thereafter. The terminal value is calculated using a perpetuity model, which reflects the expected long-term average growth rate for the business in which the CGU operates.

The budgets for the next financial year form the basis of the cash flow projections for each CGU. Cash flow projections for the next four financial years reflect management's expectations of the medium term operating performance of the CGUs and growth prospects in each CGU's markets and regions, and have been modelled in line with historic patterns experienced by the Group in recent years, where relevant. A discount factor is applied to obtain a 'value in use' which is the recoverable amount, unless the fair value less costs to sell the respective CGU is an amount in excess of the 'value in use'.

The calculation of value in use for goodwill is sensitive to the following key assumptions:

(i) Operating cash flow
One of the key drivers of operating cash flow is revenue. The 2014 revenue figures for each CGU are based on the budget for the next financial year. For the years 2015 to 2018, the likely organic growth rates were assessed for each region in the CGU, taking account of past experience, growth prospects in regions and historic player patterns. For TVG CGU, the terminal growth rate used was 2.0% (2012: 2.0%). The management consider the assumed growth rate to be conservative.

(ii) Discount rate applied
The discount rate applied to a CGU represents a pre-tax rate that reflects the Group's weighted average cost of capital adjusted for the risks specific to the CGU.

For the TVG CGU, a pre-tax discount rate of 12.5% (2012: 12.5%) has been used in discounting the projected cash flows for that CGU.

The calculation of recoverable amount of TVG goodwill is primarily sensitive to forecast future earnings, the discount rates applied as well as future developments in US horseracing. Management have considered the effect of either a decrease of up to 10.0% in future planned earnings for all financial years ending 30 April 2018 or an increase in the discount rate for each CGU of up to 2.0%, both of which are considered unlikely. There are no reasonable changes in the key assumptions that would cause the carrying amount of TVG CGUs to exceed the recoverable amount.

Development expenditure and software
As part of the strategic review, management has also performed a detailed review of the carrying value of capitalised development costs. Those projects which are no longer in use as part of the sustainable revenues strategy (as referred in the Strategic Review section) have been impaired resulting in a charge of £47.0m. This charge includes the impairment of the development costs incurred in building the US Exchange (£10.4m) and the LMAX Exchange (£6.2m). The charge in respect of LMAX has been included within the loss from discontinued operations as a result of the LMAX sale (see note 27). The remaining £30.4m impairment charge relates to specific projects where the anticipated returns no longer support the carrying value as a result of the change in strategic focus of the business.

Following a review of the carrying value of the Group's software assets, an impairment charge of £5.1m has also been recorded.

12 Investments in subsidiaries, associates and jointly controlled entities

The Group and Company have the following principal investments in subsidiaries, associates and jointly controlled entities:

	Country of origin	Principal activity	Classification	Ordinary shares held %
The Sporting Exchange Limited	England	Holding company	Subsidiary	100
Betfair Limited	England	Support services	Subsidiary	100
Betfair General Betting Limited	England	Bookmaking	Subsidiary	100
The Sporting Exchange (Clients) Limited	England	Gambling and betting	Subsidiary	100
Timeform Limited	England	Publisher	Subsidiary	100
Timeform Betfair Racing Club Limited	England	Horse racing club	Subsidiary	100
TSE Global Limited	England	Trading	Subsidiary	100
TSE Development Limited	England	Intellectual property licensor	Subsidiary	100
TSE Holdings Limited	England	Holding company	Subsidiary	100
Winslow One Limited	England	Holding company	Subsidiary	100
Winslow Two	England	Holding company	Subsidiary	100
Winslow Three Limited	Cayman Islands	Support services	Subsidiary	100
Winslow Four	Cayman Islands	Support services	Subsidiary	100
TSE (Gibraltar) LP	Gibraltar	Bookmaking	Subsidiary	100
TSE Data Processing Limited	Ireland	Data centre	Subsidiary	100
Polco Limited	Malta	Intellectual property licensor	Subsidiary	100
Betfair Games Limited	Malta	Online gaming	Subsidiary	100
Betfair Casino Limited	Malta	Online gaming	Subsidiary	100
Betfair Counterparty Services Limited	Malta	Online gaming	Subsidiary	100
Betfair Entertainment Limited	Malta	Online gaming	Subsidiary	100
Betfair International Plc.	Malta	Bookmaking	Subsidiary	100
Betfair Marketing Limited	Malta	Marketing activities	Subsidiary	100
Betfair Holding (Malta) Limited	Malta	Holding company	Subsidiary	100
Betfair Poker Holdings Limited	Malta	Holding company	Subsidiary	100
Betfair Italia S.R.L.	Italy	Bookmaking	Subsidiary	100
TSE Holdings (Hong Kong) Limited	Hong Kong	Holding company	Subsidiary	100
TSE (Beijing) Management Consulting Co Limited	China	Support services	Subsidiary	100
TSE Development Romania S.R.L.	Romania	R&D activities	Subsidiary	100
TSE Services Limited	Gibraltar	Support services	Subsidiary	100
TSE Marketing España	Spain	Marketing activities	Subsidiary	100
The Rebate Company LLC	USA	Online gaming	Subsidiary	100
TSE US Holdings Inc	USA	Holding company	Subsidiary	100
TSE US LLC	USA	R&D activities	Subsidiary	100
ODS Holdings LLC	USA	Holding company	Subsidiary	100
ODS Technologies LP	USA	Online gaming	Subsidiary	100
Betfair US LLC	USA	Online gaming	Subsidiary	100
Tradefair Spreads Limited	England	Spread Betting services	Subsidiary	99.98
London Multi Asset Exchange (Holdings) Limited	England	Holding company	Subsidiary	99.98
Betfair Pty Limited	Australia	Bookmaking	Joint venture	50
Betfair Development Pty Limited	Australia	Intellectual property licensor	Joint venture	50
Betfair Australasia Pty Limited	Australia	Holding company	Joint venture	50
TSED Unipessoal LDA	Portugal	R&D activities	Subsidiary	100

The Sporting Exchange Limited is held directly by Betfair Group plc. All other subsidiaries are held indirectly.

Other direct holdings of the Group and Company have been excluded in accordance with the Companies Act 2006 s410, as they are not deemed to be significant to these accounts. A full list of the Group and Company subsidiaries will be included in the next annual return.

The interest in the joint ventures of the Group is as follows:

	2013 £m	2012 £m
Share of net liabilities		
At the beginning of the year	(1.7)	(6.1)
Share of operating profit*	1.1	4.2
Share of interest receivable	0.3	0.1
Contribution of cash into joint venture	–	0.1
Share of change in equity	–	(0.1)
Foreign exchange differences	–	0.1
At the end of the year	(0.3)	(1.7)
Goodwill		
At the beginning of the year	0.4	0.4
At the end of the year	0.4	0.4
Loan		
At the beginning of the year	7.5	7.7
Foreign exchange differences	0.3	(0.2)
At the end of the year	7.8	7.5
Net book value		
At the beginning of the year	6.2	2.0
At the end of the year	7.9	6.2

* £1.9m of the share of the operating profit of Betfair Australasia Pty Limited in the year ended 30 April 2012 comprises a one-off gain of £2.9m due to a settlement of historic tax matters related to Goods and Services Tax (GST) which is partially offset by a one-off legal fee of £1.0m accrued to cover fees relating to an ongoing legal case.

The table below presents the summary aggregated financial information of the Group's joint venture Betfair Australasia Pty Limited at 100%.

	2013 £m	2012 £m
Current assets	19.5	13.9
Non-current assets	6.6	9.2
Current liabilities	(2.7)	(22.0)
Revenue	36.0	31.9
Expenses	(36.8)	(26.2)

13 Available-for-sale financial asset

At 30 April 2013, the available-for-sale financial assets comprised the Group's 8.9% (fully diluted holdings of 9.9%) non-controlling interest in Featurespace Limited (£0.1m) and non-controlling interest in LMAX Limited of 33% (£1.2m). On 20 November 2012 the Group sold its shares held in Kabam for $30m (£18.8m).

	2013 £m	2012 £m
At 1 May	2.1	2.1
Disposals	(2.0)	–
Reclassification of remaining shares held in LMAX	1.2	–
At 30 April	1.3	2.1

14 Deferred tax assets and liabilities

Recognised deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Total	
	2013 £m	2012 £m	2013 £m	2012 £m	2013 £m	2012 £m
Property, plant and equipment	6.3	4.2	–	–	6.3	4.2
Intangible assets	–	1.6	(4.3)	(14.0)	(4.3)	(12.4)
Equity-settled share-based payments and associated costs	1.2	3.6	–	–	1.2	3.6
Value of tax loss carry-forwards	–	1.3	–	–	–	1.3
Other	1.9	1.3	–	–	1.9	1.3
Deferred tax assets/(liabilities)	9.4	12.0	(4.3)	(14.0)	5.1	(2.0)

The Group has unrecognised deferred tax assets in respect of losses of £12.3m (2012: £11.7m), unrecognised deferred tax assets in respect of depreciation in excess of capital allowances of £1.0m (2012: £0.9m), unrecognised deferred tax assets in respect of share-based payments of £1.9m (2012: £nil) and unrecognised deferred tax liabilities in respect of intangible assets of £0.5m (2012: £nil).
These have not been recognised on the basis that there is insufficient certainty of there being future taxable profits in those jurisdictions.

Movements in deferred tax are as follows:

	Property, plant and equipment £m	Intangible assets £m	Share-based payments £m	Tax value of loss carry-forwards £m	Other £m	Total £m
Balance at 1 May 2011	3.6	(8.9)	5.4	1.4	2.1	3.6
Recognised in income statement	0.5	(3.5)	(0.4)	(0.1)	(0.7)	(4.2)
Foreign exchange differences	–	–	–	–	–	–
Recognised in equity	–	–	(1.4)	–	–	(1.4)
Balance at 30 April 2012	4.1	(12.4)	3.6	1.3	1.4	(2.0)
Adjustment in respect of disposal of discontinued operations	(0.3)	(0.1)	–	–	–	(0.4)
Recognised in income statement	2.5	8.2	(1.5)	(1.3)	0.5	8.4
Foreign exchange differences	–	–	–	–	–	–
Recognised in equity	–	–	(0.9)	–	–	(0.9)
Balance at 30 April 2013	6.3	(4.3)	1.2	–	1.9	5.1

15 Trade and other receivables

	2013 £m	2012 £m
Trade receivables	2.2	1.9
Other receivables	3.9	12.5
Prepayments and accrued income	12.6	15.2
Total	18.7	29.6

16 Cash and cash equivalents

	2013 £m	2012 £m
Cash and cash equivalents	168.1	135.4

As at 30 April 2013, £284.1m (30 April 2012: £288.3m) 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.

The above cash and cash equivalent includes £8.9m (2012: £15.1m; £9.3m of which is related to LMAX Limited) of client funds, that are not held on trust in The Sporting Exchange (Clients) Limited in accordance with local regulations. These client funds that are not held on trust are matched by liabilities of an equal value as disclosed in note 17. The cash and cash equivalent also includes an additional £5.1m of restricted cash relating to the Group's financial guarantees (2012: £8.0m).

17 Trade and other payables

	2013 £m	2012 £m
Trade payables	5.5	15.6
Other payables	22.7	25.0
Amounts owed to joint ventures	3.2	3.0
Other taxation and social security	7.3	3.9
Non-trade payables and accrued expenses	70.9	70.9
Total	**109.6**	118.4

Included in other payables at 30 April 2013 is an amount of £8.9m (2012: £15.1m) in respect of amounts due to customers, representing deposits received and customer winnings which are not held on trust. This is offset by an equivalent amount of client funds held, which is included in cash and cash equivalents as disclosed in note 16.

18 Provisions

	Redundancy provision £m	Onerous contracts £m	Total £m
Balance at 1 May 2012	–	–	–
Provision accounted for in the year	9.7	1.9	11.6
Current provisions 30 April 2013	**9.7**	**1.9**	**11.6**
Balance at 1 May 2012	–	–	–
Provision accounted for in the year	–	1.6	1.6
Non-current provisions 30 April 2013	**–**	**1.6**	**1.6**

The redundancy provision relates to costs incurred as part of restructuring and cost optimisation initiatives. All affected employees will depart the Group within one year of the balance sheet date.

Onerous contracts relate to provisions made in relation to operating leases for premises that have been vacated during the course of the year as part of the restructuring.

19 Equity

Share capital

	Ordinary shares	
	2013 No.	2012 No.
As at 1 May	102,328,826	107,904,239
Issued by the Group in relation to:		
Exercised share options and restricted shares	1,864,890	921,983
Exercised SAYE options	27,894	8,613
Shares cancelled	–	(6,506,009)
New shares issued for cash	–	–
Total fully paid, ordinary shares of £0.001 each	**104,221,610**	102,328,826

	2013 £m	2012 £m
Allotted, called up and fully paid		
104,221,610 ordinary shares of £0.001 each (30 April 2012: 102,328,826)	0.1	0.1

During the year, the Group received consideration of £7.3m (30 April 2012: £1.2m) for the exercise of 1,864,890 (30 April 2012: 921,983) share options and restricted shares and £0.1m (30 April 2012: £0.1m) for the exercise of 27,894 (30 April 2012: 8,613) SAYE options, resulting in total consideration from the issue of shares of £7.4m (30 April 2012: £1.3m).

Exercise prices ranged from £0.001 to £8.00.

The Employee Benefit Trust held 2,640,497 ordinary shares in the Company as at 30 April 2013 (30 April 2012: 2,458,771).

As part of the Share Buyback Programme, the Group purchased 6,506,009 shares at a total cost of £50.2m (including the cost of the transaction of £0.2m) during the year ended 30 April 2012.

The total fully diluted shares as at 30 April 2013 was 107,500,314 (30 April 2012: 107,773,076).

19 Equity continued

Other reserves
Other reserves mainly comprise tax directly recognised in equity.

Translation reserve
The foreign currency translation reserve comprises all foreign exchange differences on the revaluation of foreign currency entities and long-term foreign currency balances considered to be quasi-equity in nature.

Reconciliation of movement in equity

	2013 £m	2012 £m
Balance at 1 May	196.1	215.6
Total comprehensive income for the year		
(Loss)/profit for the year	(66.3)	34.0
Other comprehensive income/(expense)		
Foreign exchange differences arising on consolidation	1.8	(2.9)
Other comprehensive income/(expense)	1.8	(2.9)
Total comprehensive (expense)/income for the year	(64.5)	31.1
Transactions with owners, recorded directly in equity		
Issue of shares	7.4	1.3
Purchase of own shares	–	(50.2)
Purchase of own shares by the EBT	(3.2)	(0.1)
Sale of own shares by the EBT	–	1.0
Equity-settled share-based payment transactions	7.5	7.6
Dividends paid	(11.2)	(9.6)
Tax directly recognised in equity	(0.1)	(0.6)
Total transactions with owners	0.4	(50.6)
Balance at 30 April	132.0	196.1

20 Share-based payments
The Group had the following share-based payment schemes in operation during the year:

(a)Share option plans
(b)Save-As-You-Earn (SAYE) share option schemes
(c)Restricted share scheme
(d)Long-term incentive plan, Short-term incentive plan and Management incentive plan
(e)Senior Executives' Incentive Plan
(f)Stakeholder shares scheme.

As at 30 April 2013, 3,278,704 share options and restricted shares (2012: 5,444,250) in the capital of the Group remain outstanding and are exercisable up to 30 April 2023.

In accordance with IFRS 2, the Group has recognised an expense in respect of all share-based awards granted after 7 November 2002 that had not vested as at 30 April 2006. The total expense recognised in respect of these schemes was £8.5m (excluding Employers' National Insurance costs) for the year ended 30 April 2013 (30 April 2012: £7.6m). Employers' National Insurance costs amount to £0.8m (30 April 2012: £0.5m).

The fair value of the options (Share option plans and Save-As-You-Earn share option schemes) is determined using the Black-Scholes option pricing model. The expected volatility is based on historical volatilities of the Group's traded options. The expected term used in the model is based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

The expected dividend yield and volatility was calculated based on the historical yield and historical volatility of the Company since initial listing on the London Stock Exchange.

(a) Share option plans

Under the Group's share option plans, options may be granted to the Directors and employees to purchase ordinary shares. No consideration is payable on the grant of an option. Options typically vest over a period of four years and the term of the options may not exceed ten years. Share options are granted under a service condition. There are no market conditions associated with the share option grants. Options vest subject to continued employment although certain employees may be given extended vesting dates after their employment ceases.

Financial year granted	Outstanding at 1 May 2012	Granted during the year	Lapsed/ cancelled during the year	Exercised during the year	Outstanding at 30 April 2013	Exercise price £	Exercisable before
2004	30,893	–	–	(25,893)	5,000	0.25 – 2.25	2014
2005	340,773	–	–	(109,228)	231,545	2.17 – 4.50	2015
2006	1,908,946	–	–	(1,531,477)	377,469	4.50	2016
2007	601,538	–	–	–	601,538	0.001 – 10.00	2017
2008	36,275	–	–	–	36,275	0.001 – 10.00	2018
2009	8,313	–	(2,000)	–	6,313	0.001 – 10.00	2019
2010	16,187	–	(3,187)	–	13,000	0.001 – 10.00	2020
2011	80,200	–	(67,138)	–	13,062	0.001 – 10.00	2021
2012	340,111	–	(264,738)	(14,216)	61,157	0.001 – 8.71	2022
2013	–	10,036	(6,252)	(3,784)	–	0.001 – 8.76	2023
	3,363,236	10,036	(343,315)	(1,684,598)	1,345,359		

1,293,384 options were exercisable under this scheme as at 30 April 2013 (2012: 2,943,808).

The weighted average exercise price for share options exercised during the year is £4.35 (2012: £2.18).

The fair value of the options is expensed over the period that the options vest. The following assumptions were used in the Black-Scholes pricing model for these options:

Financial year options granted	2013	2003 – 2012
Share price at date of grant	£8.06	£0.40 – £10.00
Exercise price	£0.001 – £8.76	£0.001 – £10.00
Expected volatility	40.35%	32.51% – 62.71%
Expected term until exercised	1 – 4 years	1 – 5 years
Expected dividend yield	0.8%	Nil – 0.8%
Risk-free interest rate	0.41% – 0.97%	0.35% – 5.79%

The weighted average fair value of the awards granted during the year ended 30 April 2013 under the share option plan at the date of grant was £5.05 (2012: £4.12).

The expense recognised in the income statement (excluding Employers' National Insurance costs) was a credit of £0.1m (2012: charge of £1.0m).

The Group provides for National Insurance contributions, where necessary, on options which were granted to certain employees on or after 6 April 1999 under its unapproved share option schemes. The charge is based on the expected timing of future exercises of the share options and the market value of the underlying shares expected at those dates in those cases where the liability has not been passed onto the employee.

(b) Save-As-You-Earn (SAYE) share option schemes

The Group operates a HMRC approved SAYE share option scheme in which all UK employees and some international employees can participate. Participants save a fixed amount of up to £250 per month for three years and are then able to use these savings to buy shares in the Group at a price fixed at a 20% discount to the market value at the start of the savings period. There are no market conditions associated with the SAYE option grants.

The SAYE options must ordinarily be exercised within six months of completing the relevant savings period, and are satisfied through the issue of new shares. In line with market practice, the exercise of these options is not subject to any performance condition.

20 Share-based payments continued

(b) Save-As-You-Earn (SAYE) share option schemes continued

Financial year granted	Outstanding at 1 May 2012	Granted during the year	Lapsed/ cancelled during the year	Exercised during the year	Outstanding at 30 April 2013	Exercise price £	Exercisable before
2009	**41,768**	–	(38,568)	(3,200)	**–**	8.00	2012
2010	**57,150**	–	(34,430)	–	**22,720**	8.00	2013
2012	**633,677**	–	(146,439)	(24,694)	**462,544**	5.68	2014
	732,595	–	(219,437)	(27,894)	**485,264**		

The weighted average exercise price for share options exercised during the year is £6.13 (2012: £8.00).

The fair value of the SAYE share options is expensed over the service period based on the Black-Scholes model with the following assumptions:

Financial year options granted	2003 – 2012
Share price at date of grant	£2.71 – £10.00
Exercise price	£2.17 – £8.00
Expected volatility	40.07% – 54.40%
Expected term until exercised	3.25 years
Expected dividend yield	Nil – 0.69%
Risk-free interest rate	0.84% – 5.08%

There were no SAYE share options granted during the year ended 30 April 2013 (30 April 2012: 661,201). The weighted average fair value of the options granted in the year ended 30 April 2012 was £3.21.

The expense recognised in the income statement (excluding Employers' National Insurance costs) was £0.9m (2012: £0.7m).

(c) Restricted shares schemes

The Group provided a restricted shares scheme as part of its bonus plan until 2010. In 2010, the bonus plan was revised with the introduction of the Long-term incentive plan, Short-term incentive plan and Management incentive plan. Refer to note 20 (d).

Awards made under the terms of the restricted share scheme plan prior to 2010 have vested.

In January 2012, the Group modified certain outstanding share options and replaced them with restricted shares on a 3:1 basis. These were expensed over the remaining vesting period of the originally granted share options.

A number of individuals were granted restricted shares in the period. These have a range of vesting periods of up to three years from the first day of the award to which they relate and one third of the shares will vest each year for three years.

Scheme year	Outstanding at 1 May 2012	Granted during the year	Lapsed/ cancelled during the year	Exercised during the year	Outstanding at 30 April 2013	Exercise price £	Exercisable before
2007	**49,542**	–	–	(49,542)	**–**	0.001	2012
2008	**83,919**	–	–	(27,470)	**56,449**	0.001	2013
2009	**128,680**	–	–	(51,119)	**77,561**	0.001	2014
2012	**327,652**	–	(23,970)	(101,069)	**202,613**	0.001	2017
2013	**–**	405,053	–	–	**405,053**	0.001	2018
	589,793	405,053	(23,970)	(229,200)	**741,676**		

Restricted shares are valued with reference to the market value of the shares on the date of grant.

The weighted average exercise price for share options exercised during the year was £0.001 (2012: £0.001).

The total expense recognised in the income statement related to the restricted shares (excluding Employers' National Insurance costs) was £2.8m (2012: £0.6m).

(d) Long-term incentive plan, Short-term incentive plan and Management incentive plan
In 2010, the Group revised the terms of the existing restricted shares scheme for the Directors, executives and senior management with the introduction of the following schemes:

- Long-term incentive plan (LTIP) which consists of share options and restricted share awards;
- Short-term incentive plan (STIP) which consists of cash and restricted share awards; and
- Management incentive plan (MIP) which consists of cash and restricted share awards.

The schemes have awards in the form of cash, share options and restricted shares. Determining the fair value of each element is consistent with the measurement outlined above in each share-based payment category. The level of award granted in each of the schemes is based on a mixture of the individual performance of the employee and the Group wide performance over the term of the award which is between one and three years.

Scheme year	Outstanding at 1 May 2012	Granted during the year	Lapsed/ cancelled during the year	Exercised during the year	Outstanding at 30 April 2013	Exercise price £	Exercisable before
2010	**4,794**	–	–	(1,048)	**3,746**	0.001	2020
2011	**4,689**	–	–	(505)	**4,184**	0.001	2021
2013	**–**	181,954	(38,912)	–	**143,042**	0.001	2023
	9,483	181,954	(38,912)	(1,553)	**150,972**		

The fair value of the share options in the LTIP scheme is expensed over the three year period that the options vest. No grants were awarded in the current year which included option elements. The following assumptions were used in the Black-Scholes pricing model for options in the previous year:

Financial year options granted	2012
Share price at date of grant	£8.56
Exercise price	£8.56
Expected volatility	43.91%
Expected term until exercised	4 years
Expected dividend yield	Nil
Risk-free interest rate	1.97%

The STIP and the MIP have cash elements which are fixed in value and are paid and expensed in the first year that the awards are issued. The cash award represents two-thirds of the total award. There is no option given to elect to have these issued in shares. The cash element issued is classified as a cash bonus in the income statement and not a 'cash settled share-based payment' on the basis that the employee does not have the option to choose whether they receive cash or shares.

The restricted shares in the LTIP, STIP and MIP are measured consistently with the treatment of normal restricted shares. The restricted shares in the LTIP scheme vest at the end of the third year. The vesting period of the STIP and MIP restricted shares vest over the second and third year after the first year's cash element is paid.

An expense of £4.3m for the options and restricted shares has been recognised (excluding Employers' National Insurance costs) which is management's best estimate of the charge in respect of these awards for the current year (2012: £0.6m). The cash element of the scheme has been included in the bonus cash pool for the performance year ended 30 April 2013.

The Employers' National Insurance costs amounted to £0.5m (2012: £0.1m).

(e) Senior Executives' Incentive Plan
The Long-term Senior Executives' Incentive Plan ('SEIP') was approved by the Board on 16 October 2007. The plan entailed certain senior management and Directors be granted one-off awards consisting of a cash and restricted shares element. The scheme came into effect upon the admission of the Group's shares on the London Stock Exchange, and the cash was paid on the date of admission to the participants in the scheme. The restricted shares were granted on the date of admission and half will vest on the first anniversary of the listing and the next half on the second anniversary of the listing subject to continued employment.

The restricted shares in the SEIP are measured consistently with the treatment of normal restricted shares.

The expense recognised (excluding Employers' National Insurance costs) was £0.6m (2012: £4.6m). The Employers' National Insurance costs amounted to £0.1m (2012: £0.3m).

20 Share-based payments continued

(e) Senior Executives' Incentive Plan continued

Scheme year	Outstanding at 1 May 2012	Granted during the year	Lapsed/ cancelled during the year	Exercised during the year	Outstanding at 30 April 2013	Exercise price £	Exercisable before
2011	**600,486**	–	(7,576)	(130,788)	**462,122**	0.001	2021

(f) Stakeholder award scheme

During 2011, the Group issued restricted shares and phantom shares to the employees of the Group as part of the stakeholder award scheme. The scheme relates to the individual employees' performance during the financial year ended 30 April 2010.

The restricted shares and phantom shares have a vesting period spanning from the first day of the financial year to which they relate to the vest date of 1 August 2011. The restricted shares in the scheme are convertible into shares upon vest date and they are measured consistently with the treatment of normal restricted shares. The phantom shares in the scheme are only convertible to cash upon the vest date and they are measured based on the market value at the date of grant (1 May 2010: £10.00).

No expense was incurred in the year ended 30 April 2013 (2012: Nil).

Scheme year	Outstanding at 1 May 2012	Granted during the year	Lapsed/ cancelled during the year	Exercised during the year	Outstanding at 30 April 2013	Exercise price £	Exercisable before
2011	**148,657**	–	(11,224)	(44,122)	**93,311**	0.001	2020

21 Employee benefits

Defined contribution plans

In August 2008, the Group introduced a defined contribution pension plan available to certain employees. The total expense shown within pension costs disclosed in note 4 relating to this plan in the current year was £2.4m (2012: £2.7m).

22 Financial instruments

The carrying value of the Group's financial instruments by category together, with their fair values is analysed as follows:

	Carrying value 2013 £m	Fair value 2013 £m	Carrying value 2012 £m	Fair value 2012 £m
Trade and other receivables (note 15)	**6.1**	**6.1**	14.4	14.4
Cash and cash equivalents (note 16)	**168.1**	**168.1**	135.4	135.4
Derivative financial liability (note 22(b))	**(0.1)**	**(0.1)**	(0.1)	(0.1)
Trade and other payables (note 17)	**(28.2)**	**(28.2)**	(40.6)	(40.6)
Net financial assets	**145.9**	**145.9**	109.1	109.1

(a) Fair values of financial instruments

Trade and other receivables

The fair value of trade and other receivables is valued at fair value less any provision for bad debts. The fair value is estimated using the present value of future cash flows discounted at the market rate of interest at the reporting date if the effect is material.

Trade and other payables

The fair value of trade and other payables is estimated as the present value of future cash flows, discounted at the market rate of interest at the balance sheet date if the effect is material.

Derivative financial instruments

Derivative financial instruments comprise Sports betting open positions. The fair value of open Sports bets at the year end has been calculated using the latest available prices on the Group's own markets on relevant sporting events. The fair value calculation also includes the impact of any exchange hedging activities in relation to these open positions.

Cash and cash equivalents

The fair value of cash and cash equivalents is estimated as its carrying amount where the cash is repayable on demand. Where it is not repayable on demand then the fair value is estimated at the present value of future cash flows, discounted at the market rate of interest at the balance sheet date.

The table below sets out fair value measurements using the IFRS 7 fair value hierarchy:

	Total 2013 £m	**Level 1 2013 £m**	**Level 2 2013 £m**	**Level 3 2013 £m**
Available-for-sale financial asset (note 13)	**1.3**	**–**	**1.3**	**–**
Fair value of open bets	**(0.1)**	**–**	**(0.1)**	**–**
Net position	**1.2**	**–**	**1.2**	**–**

	Total 2012 £m	Level 1 2012 £m	Level 2 2012 £m	Level 3 2012 £m
Available-for-sale financial asset (note 13)	2.1	–	2.1	–
Fair value of open bets	(0.1)	–	(0.1)	–
Net position	2.0	–	2.0	–

Categorisation within the hierarchy has been determined on the basis of the lowest level input that is significant to the fair value measurement of the relevant asset as follows:

Level 1 – valued using quoted prices in active markets for identical assets
Level 2 – valued by reference to valuation techniques using observable inputs other than quoted prices included within level 1
Level 3 – valued by reference to valuation techniques using inputs that are not based on observable market data.

There have been no transfers during the year between levels 1 and 2.

(b) Financial risk management
The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. Risk management policies and procedures are reviewed regularly and monitored to reflect changes in market conditions and the Group's activities.

The Group aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations surrounding risk management.

The Group has exposure to the following risks from its use of financial instruments:

- Liquidity risk
- Market risk including currency risk and interest risk; and
- Credit risk.

This note presents information about the Group's exposure to the above risks as well as outlining the Group's objectives, policies and processes for managing financial risk and the measurement of capital.

22 Financial instruments continued

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. The Group also spreads its cash reserves across several highly rated banks and investments to mitigate counterparty risks.

The Group performs regular cash flow projections to ensure that it has sufficient cash on demand to meet expected operational expenses for a period of at least 90 days. The Group has no committed lines of credit.

The Group's financial liabilities, including estimated interest payments and excluding the effect of netting agreements summarised in the table below all have contractual maturities of one year or less as at 30 April 2013.

	Carrying amount	
	2013 £m	2012 £m
Non-derivative financial liabilities		
Trade and other payables (note 17)	**28.2**	40.6
Derivative financial liabilities		
Open bet liability (within non-trade payables and accrued expenses)	**0.1**	0.1
Total	**28.3**	40.7

The maturity analysis of the trade and other payables is as follows:

30 April 2013

	0-30 days £m	31-60 days £m	61-90 days £m	> 91 days £m	Total £m
Trade and other payables	**26.7**	**0.7**	**0.3**	**0.5**	**28.2**

30 April 2012

	0-30 days £m	31-60 days £m	61-90 days £m	> 91 days £m	Total £m
Trade and other payables	38.2	2.0	0.2	0.2	40.6

Market risk

Market risk is the risk that changes in market prices, such as foreign currency exchange rates and interest rates will affect the Group's income or the value of its holdings in financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

The management of market risk is performed by the Group under the supervision of the Corporate Risk Committee and according to the guidelines approved by them. The Group will utilise hedges where there is an identified requirement to manage profit or loss volatility.

Foreign currency risk

The Group is exposed to currency risk on sales and purchases that are denominated in a currency other than Pounds Sterling (GBP). The currencies in which these transactions primarily are denominated are US Dollars (USD), Euros (EUR) and Australian Dollars (AUD).

The Group does not normally hedge against these sales and purchases. However, the Group monitors all foreign currency exposures and where appropriate may undertake currency hedging to mitigate the risk of unfavourable foreign exchange movements on specific commitments the Group enters into.

The Group's exposure to foreign currency risk is as follows. This is based on the carrying amount for monetary financial instruments except derivatives when it is based on notional amounts:

30 April 2013

	GBP £m	EUR £m	USD £m	AUD £m	Other £m	Total £m
Cash and cash equivalents	138.8	15.3	12.1	0.9	1.0	168.1
Trade payables	(4.0)	(1.4)	(0.1)	–	–	(5.5)
Balance sheet exposure	**134.8**	**13.9**	**12.0**	**0.9**	**1.0**	**162.6**

30 April 2012

	GBP £m	EUR £m	USD £m	AUD £m	Other £m	Total £m
Cash and cash equivalents	98.0	16.4	18.1	2.0	0.9	135.4
Trade payables	(9.8)	(5.5)	(0.2)	–	(0.1)	(15.6)
Balance sheet exposure	**88.2**	**10.9**	**17.9**	**2.0**	**0.8**	**119.8**

A 15.0% weakening of the following currencies against the Pounds Sterling at 30 April 2013 would have increased/(decreased) equity and income statement by the amounts shown below. This calculation assumes that the change occurred at the balance sheet date and had been applied to risk exposures existing at that date.

This analysis assumes that all other variables, in particular other exchange rates and interest rates, remain constant.

	Equity		Income statement	
	2013 £m	2012 £m	**2013 £m**	2012 £m
Foreign currency				
EUR	**(0.2)**	(1.0)	**2.7**	2.9
USD	**–**	–	**2.1**	3.2
AUD	**–**	–	**0.2**	0.3

A 15.0% strengthening of the above currencies against Pounds Sterling at 30 April would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

Interest rate risk
The Group has no bank loans and therefore is not exposed to interest rate risk on its liabilities. At the balance sheet date the Group's interest-bearing financial assets were as follows:

	2013 £m	2012 £m
Variable rate instruments		
Financial assets – cash and cash equivalents	**168.1**	135.4

Sensitivity analysis
An increase of 200 and a decrease of 200 basis points in interest rates at the balance sheet date would have increased/(decreased) equity and profit by the amounts shown below. The rationale behind the 2.0% sensitivity analysis is that interest rates in the UK have been low due to the economic climate and any increase or decrease greater than 2.0% is unlikely to occur. This calculation assumes that the change occurred at the balance sheet date and had been applied to risk exposures existing at that date.

22 Financial instruments continued

Interest rate risk continued

This analysis assumes that all other variables, in particular foreign currency rates, remain constant and considers the effect of financial instruments with variable interest rates. The analysis is performed on the same basis for 2012.

	2013 £m	2012 £m
Profit or loss		
Increase	3.5	3.3
Decrease	(1.1)	(1.2)

Credit risk

Credit/counterparty risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers and investments.

Group Treasury policy and objectives in relation to credit risk is to minimise the likelihood that the Group will experience financial loss due to counterparty failure and to ensure that in the event of a single loss, the failure of any single counterparty would not materially impact the financial wellbeing of the Group.

The Group limits its exposure to credit risk by only depositing surplus funds on a short-term basis. The ring-fenced customer funds held by the Group in trust are spread across leading banking groups with the main aim of reducing risk as opposed to maximising income.

Trade receivables are assessed for risk of default by customers and terms of trade are adjusted accordingly. Receivables are insured on risk and cost grounds.

As of 30 April 2013, the trade receivables balance was £2.2m (2012: £1.9m) of which £1.4m is current and £0.8m is past due. An amount of £0.7m (2012: £0.5m) of the trade receivable balance has been provided for.

Exposure to credit risk

The carrying amount of the financial assets represents the maximum credit exposure. Therefore, the maximum exposure to credit risk at the balance sheet date was £174.2m (2012: £149.8m) being the total of the carrying amount of the financial assets excluding equity investments, shown in note 22(a).

Capital management

The capital structure of the Group consists of cash and cash equivalents and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings as disclosed in note 19.

The Board's policy is to maintain a strong capital base so as to maintain investor and creditor confidence and to sustain future development of the business. The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The Group currently has sufficient capital for its needs.

23 Operating leases

The Group had total future minimum payments under non-cancellable operating leases as follows:

	2013 £m	2012 £m
Not later than one year	6.3	6.9
Later than one year and not later than five years	14.6	19.4
Later than five years	3.5	5.1
Total	24.4	31.4

Operating lease payments represent rents payable by the Group for office properties. These leases have varying terms, escalation charges and renewal rights.

During the year £8.7m was recognised as an expense in the income statement in respect of operating leases (2012: £8.4m).

24 Capital commitments

Contracted but not provided for in the financial statements:

	2013 £m	2012 £m
Capital	0.2	0.9
Marketing	3.3	6.1
Total	3.5	7.0

25 Related parties

Group

Transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note.

Betfair Pty Limited

During the year the Group recharged the Australian joint venture, Betfair Pty Limited, the following costs:

- salary and related costs amounting to £nil (2012: £0.1m); and
- operational costs amounting to £1.5m (2012: £0.9m).

During the year the Australian joint venture recharged the Group the following costs:

- salary and related costs amounting to £0.3m (2012: £0.5m); and
- operational costs amounting to £2.7m (2012: £2.0m).

The outstanding balance as at 30 April 2013 of loans receivable from the Australian joint venture is £7.8m (2012: £7.5m). The balance is not interest bearing.

In addition to the recharges detailed above, the Group collects revenue on behalf of the joint venture and to a lesser extent the Australian joint venture collects revenue on behalf of the Group.

As at 30 April 2013, the Group owed £3.2m (2012: £3.0m) to the Australian joint venture.

Featurespace Limited

During the year the Group was charged £0.2m (2012: £0.5m) for consultancy services by Featurespace Limited in which the Group have a non-controlling interest.

Transactions with key management personnel

Key management personnel compensation, excluding the Group's Directors, is shown in the table below:

	2013 £m	2012 £m
Short-term benefits	3.5	2.5
Share-based payment expense	2.7	2.2
Total	6.2	4.7

26 Dividends

	2013 £m	2012 £m
Amounts recognised as distributions to equity holders in the period		
Final dividend for the year ended 30 April 2012 of 7.0p per qualifying ordinary share (2011: 5.9p)	7.1	6.2
Interim dividend for the year ended 30 April 2013 of 4.0p per qualifying ordinary share (2012: 3.2p)	4.1	3.4
Total	11.2	9.6

Proposed final dividend for the year ended 30 April 2013 of 9.0p per share (2012: 7.0p).

The proposed final dividend is subject to approval by shareholders at the Annual General Meeting and has not been included as a liability in these financial statements.

27 Disposals during the year and discontinued operations

On 18 December 2012 the Group entered into a sale and purchase agreement for the sale of 67% of the shares of LMAX Limited for £2.4m. The transaction was finalised in January 2013, on which date control of LMAX Limited passed to the acquirer.

The net assets of LMAX Limited at the date of disposal were:

	2013 £m
Trade and other receivables	12.9
Cash and cash equivalents*	26.9
Trade and other payables*	(31.4)
Net assets disposed of	8.4
Consideration received	2.4
Cash and cash equivalents disposed of	(26.9)
Net cash outflow	(24.5)

* Cash and cash equivalents includes £22.7m of clients funds held matched by liabilities of an equal value in trade and other payables.

The results of the discontinued operations, which have been included in the consolidated income statement, were as follows:

	Period ended 18 January 2013 £m	Year ended 30 April 2012 £m
Revenue	4.1	1.2
Cost of sales	(2.2)	(0.6)
Gross profit	1.9	0.6
Administrative expenses	(17.4)	(13.0)
Operating loss	(15.5)	(12.4)
EBITDA	(5.5)	(8.3)
Impairment loss recognised	(7.7)	–
Depreciation and amortisation	(2.3)	(4.1)
Operating loss	(15.5)	(12.4)
Net finance income/(expense)	0.1	(0.2)
Loss before tax	(15.4)	(12.6)
Loss on disposal of discontinued operations	(5.3)	–
Tax	(0.4)	–
Net loss attributable to discontinued operations	(21.1)	(12.6)

During the year, LMAX Limited contributed £5.2m (2012: £2.3m) to the Group's net operating cash flows and paid £2.8m (2012: £2.9m) in respect of investing activities.

COMPANY BALANCE SHEET

As at 30 April 2013

	Note	2013 £m	2012 £m
Fixed assets			
Investments	2	153.7	146.2
Current assets			
Debtors	3	6.4	0.7
Cash at bank and in hand		1.6	0.8
		8.0	1.5
Creditors: Amounts falling due within one year	4	(12.0)	(3.0)
Net current liabilities		(4.0)	(1.5)
Total assets less current liabilities			
Creditors: Amounts falling due after more than one year	5	(52.7)	(50.5)
Net assets		97.0	94.2
Capital and reserves			
Share capital	6	0.1	0.1
Share premium	6	19.4	12.0
Profit and loss account	6	77.5	82.1
Shareholders' funds		97.0	94.2

These financial statements were approved by the Board of Directors on 27 June 2013 and were signed on its behalf by:

Breon Corcoran
Chief Executive Officer

Alexander Gersh
Chief Financial Officer

NOTES

(forming part of the financial statements)

1 Company accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Company's financial statements.

Basis of preparation

The financial statements have been prepared under the historical cost accounting rules and in accordance with applicable accounting standards in the United Kingdom (UK).

Under section s408 of the Companies Act 2006 the Company is exempt from the requirement to present its own profit and loss account.

Under Financial Reporting Standard 1 the Company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the Company in its own published consolidated financial statements. The Company reported a loss for the financial year ended 30 April 2013 of £0.9m (2012: £0.5m).

Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the consolidated profit and loss account.

Share-based payments

The Group's share option plans and restricted shares scheme allows employees to acquire shares in the Betfair Group. The fair value of these schemes is recognised as an employee expense with a corresponding increase in equity, with the exception of cash settled transactions which result in a corresponding increase in other creditors. The fair value is measured at grant date and spread over the period during which the employees become unconditionally entitled to participate in the scheme and is calculated using an option pricing model, taking into account the terms and conditions upon which the options were granted.

The amount recognised as an expense is adjusted to reflect the actual number of share options that vest.

Restricted shares are valued with reference to the market value of the shares on the date of grant. They have a vesting period of three years from the first day of the financial year to which they relate and one third of the shares will vest each year for three years.

All cash settled share-based payments are recorded as a liability and revalued at the market value at the balance sheet date with the difference taken to the profit and loss account, except where the cash component is fixed.

The Company has recognised an increase in investments corresponding to the FRS 20 Share-based payment charge in respect of awards to employees of subsidiary companies.

Cash and liquid resources

Cash comprises cash at bank and in hand and deposits repayable on demand, less overdrafts payable on demand.

Investments

Fixed asset investments are stated at cost less any provision for impairment.

Treasury share transactions

The Company has recognised an increase in investments corresponding to the FRS 20 Share-based payment charge.

2 Investments

	Shares in Group undertakings £m
Cost	
As at 1 May 2012	146.2
Increase in the cost of investment for share-based payments under FRS 20	7.5
At 30 April 2013	**153.7**

3 Debtors

	2013 £m	2012 £m
Amounts owed by fellow Group undertakings	6.4	0.7

4 Creditors: amounts falling due within one year

	2013 £m	2012 £m
Amounts owed to fellow Group undertakings	12.0	3.0

5 Creditors: amounts falling due more than one year

	2013 £m	2012 £m
Loans owed to fellow Group undertakings	52.7	50.5

6 Reconciliation of movement in capital and reserves

	Share capital £m	Share premium £m	Profit and loss account £m	Total Parent equity £m
Balance at 1 May 2011	0.1	10.7	134.8	145.6
Total loss for the year	–	–	(0.5)	(0.5)
Issue of shares	–	1.3	–	1.3
Share buyback	–	–	(50.2)	(50.2)
Dividends paid	–	–	(9.6)	(9.6)
Equity-settled share-based payment transactions	–	–	7.6	7.6
Balance at 30 April 2012	0.1	12.0	82.1	94.2
Balance at 1 May 2012	0.1	12.0	82.1	94.2
Total loss for the year	–	–	(0.9)	(0.9)
Issue of shares	–	7.4	–	7.4
Dividends paid	–	–	(11.2)	(11.2)
Equity-settled share-based payment transactions	–	–	7.5	7.5
Balance at 30 April 2013	**0.1**	**19.4**	**77.5**	**97.0**

FIVE YEAR SUMMARY

£m	2013	2012	2011*	2010*	2009*
Revenue	**387.0**	388.5	393.3	340.9	301.2
Underlying EBITDA excluding equity-settled share-based payments and associated costs	**82.6**	94.1	79.7	53.5	70.3
Equity-settled share-based payments and associated costs	**(9.3)**	(8.1)	(6.4)	(4.2)	(4.3)
EBITDA before separately disclosed items	**73.3**	86.0	73.3	49.3	66.0
Separately disclosed items	**(22.1)**	(2.5)	(17.0)	(4.6)	(0.9)
EBITDA	**51.2**	83.5	56.3	44.7	65.1
(Loss)/profit before tax	**(49.4)**	54.2	26.6	17.8	47.5
(Loss)/profit for the year	**(66.3)**	34.0	23.0	15.1	38.8

* As reported in previous Annual Reports and not restated for discontinued operation of LMAX.

SHAREHOLDER INFORMATION

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Please contact Computershare quoting your shareholder reference number (on your share certificate or dividend tax voucher) for advice regarding any change of name or address, transfer of shares or loss/destruction of share certificate. Computershare will also be able to respond to general queries such as the number of shares you hold or payment details for dividends.

Amalgamation of accounts
Shareholders who receive duplicate sets of Company mailings owing to multiple accounts in their name should contact Computershare to request their accounts be amalgamated.

Dividend mandates
We encourage shareholders to have their dividends paid directly into their bank account. This method of payment removes the risk of delay or loss of dividend cheques in the post and ensures your account is credited on the due date. Tax vouchers are provided by Computershare. To take advantage of this convenient method of payment contact Computershare or visit www-uk.computershare.com/investor.

Electronic communications
Using the Company's corporate website as a method of communicating with shareholders the Company is able to distribute messages to shareholders instantaneously. Receiving the Company's communications electronically allows the Company to communicate with its shareholders in a more environmentally friendly, cost effective and timely manner. You can to elect to receive email notifications by contacting Computershare or by registering with Investor Centre at www-uk.computershare.com/investor.

Scams and frauds
Shareholders are advised to be wary of any unsolicited communications, such as:

- offers to buy or sell shares at a discount;
- opportunities to receive free company reports;
- free financial advice; and
- chances to invest in carbon credit trading schemes.

If you receive any unsolicited advice, make sure you get the correct name of the person and organisation and check that they are appropriately authorised by the FCA by visiting www.fca.org.uk. More information on protecting your investment can be found at www.fca.org.uk/consumers.

Share dealing
If you wish to buy or sell shares in the Company you can do this by using the services of a stockbroker or high street bank or through telephone or online dealing services. The Company's Registrar, Computershare offer a telephone and online service, further information can be found at www.computershare.com/sharedealingcentre or by calling 0870 703 0084 (Mon-Fri).

Please note the following when contacting Computershare:

- you will need to have your shareholder reference number available; and
- if your shareholding is in certificated form you will need to present your valid share certificate at the time of sale.

Please note the price of shares can go down as well as up, and you are not guaranteed to get back the amount you originally invested. If you are in any doubt you should contact an independent financial adviser. Details of stockbrokers in the UK can be found via the Association of Private Client Investment Managers and Stockbrokers (APCIMS) on +44(0) 20 7448 7100 or at www.apcims.co.uk.

ShareGift
If you have only a small number of shares which would cost more for you to sell than they are worth, you may wish to consider donating them to the charity ShareGift (Registered Charity 1052686) which specialises in accepting such shares as donations. The relevant stock transfer form may be obtained from the Company's registrar Computershare. There are no implications for Capital Gains Tax purposes (no gain or loss) on gifts of shares to charity and it is also possible to obtain income tax relief. Further information about ShareGift may be obtained on 020 7930 3737 or from www.sharegift.org.uk.

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INVESTOR RELATIONS

Betfair Group plc website
The Company's corporate website provides shareholders with a broad range of information including investor information such as the Company's financial statements, current and historic share prices, AGM materials, events and governance information. You may visit the investor website at corporate.betfair.com/investor-relations.

Financial Calendar	
2013 Final Results	27 June 2013
Ex-dividend date	4 September 2013
Record date	6 September 2013
2014 Q1 Interim Management Statement	5 September 2013
Annual General Meeting	5 September 2013
Payment of final dividend	2 October 2013

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Here you will find the latest information on the following:

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- Investor relations
- Corporate responsibility
- Latest news and media

corporate.betfair.com

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