25 November 2015

Betfair Group plc ("Betfair")

Interim results for the six months ended 31 October 2015

Six months ended 31 October	H1 FY16 £m	H1 FY15 £m	*Change* %
Revenue	274.4	237.6	*+15%*
EBITDA	80.5	73.9	*+9%*
Operating profit	67.2	59.9	*+12%*
Earnings per share	60.3p	55.0p	*+10%*
Underlying earnings per share [1]	60.3p	48.9p	*+23%*
Dividend per share	15.0p	9.0p	*+67%*

H1 highlights

- Revenue up 15% to £274.4m against a comparative period containing the World Cup
- Growth driven by Sportsbook, with volumes up 93%
- EBITDA up 9% to £80.5m, notwithstanding £26.8m of additional POC tax
- Interim dividend up 67% to 15.0 pence per share reflecting continued strong cash flow and the higher payout ratio target of 50% introduced in December 2014

Q2 highlights

- Number of active customers in sustainable markets up 31%
- Revenue up 16%, including a 25% increase in sustainable markets
- Sustainable revenue mix now 88% (Q2 FY15: 82%)
- Mobile remains the key growth driver across all products and now represents 76% of Sportsbook revenues
- Betfair US revenue up 35% following the successful integration of HRTV and strong casino growth

Recommended merger with Paddy Power

- All relevant regulatory filings have been submitted
- Shareholder documentation will be published on 27 November 2015
- On track for completion in Q1 2016, subject to shareholder and regulatory approval

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

"Betfair traded strongly in its key markets throughout the first half of FY16. These results, which came against a tough comparative period featuring last year's football World Cup, are ahead of our original expectations and demonstrate the Group's continued strong momentum.

Our strategy of focusing investment in markets with good regulatory visibility continues to pay off. Betfair's relatively low exposure to unregulated jurisdictions meant that even though revenue decline in these markets accelerated, primarily due to the impact of suspending operations in Portugal, it was more than offset by growth in sustainable markets.

Betfair's two largest markets, the UK and the USA, accounted for most of this growth. Our Sportsbook continued to take market share, with stakes up 93% year on year. In the US, TVG's acquisition of HRTV in February 2015 gave it greater distribution and access to premium content, which, together with the business' existing momentum, resulted in H1 revenue growth of 38%.

Our markets remain highly competitive and, alongside our strategy of giving customers generous pricing and promotions, we believe it is essential that we continue to invest. Over the last twelve months we have added more than 100 people to our product development teams, and, adjusting for the World Cup, our sales and marketing costs were up 13%.

Notwithstanding this investment, and the significant burden of higher gaming taxes, strong revenue growth and continued cost discipline resulted in 9% higher EBITDA."

[1] Underlying figures in FY15 exclude the profit on disposal of the Group's share of Betfair Australia. A reconciliation of reported figures to underlying figures is set out on page 7.

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Analyst and investor results webcast
There will be a live webcast of the results presentation at 10:00 a.m. GMT. Please pre-register for access to the webcast by visiting the Group website (http://corporate.betfair.com). A copy of the webcast and slide presentation given at the meeting will be available on the Group's website later today.

OVERVIEW

Revenue increased by 15% to £274.4m (H1 FY15: £237.6m), with double-digit growth in each of Sports, Gaming and Betfair US. Revenue from sustainable markets was up 24% to £238.9m (H1 FY15: £192.0m), reflecting a significant increase in the number of new customers, increased activity from existing customers, successful cross-selling of Gaming products and further growth in Betfair US.

Revenue from other markets was down 22% to £35.5m (H1 FY15: £45.6m), partly as a result of our decision to suspend operations in Portugal from July 2015 while licensing in the country is concluded and also due to the focus of investment in sustainable markets.

The revenue growth led to a 9% increase in EBITDA despite the introduction of the UK point of consumption tax ("POC") in December 2014, which amounted to £26.8m in the period.

We have continued to make good progress towards delivering our goal of achieving sustainable growth by:

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

Focus on sustainable markets

We continue to target investment in jurisdictions that we believe have good regulatory visibility; these 'sustainable markets' are currently considered to be the UK, the USA, Australia, Bulgaria, Denmark, Gibraltar, Ireland, Italy, Malta, Romania and Spain.

These markets, having grown by 24% in H1, are driving our overall growth and they contributed 88% of revenue in Q2 FY16 (compared to 82% in Q2 FY15 and 77% in Q2 FY14).

Investment in product and brand

We see product differentiation as a key driver of both customer acquisition and retention and we continue to invest heavily. In the first half, gross technology spend increased by 17% as we expanded the number of developers building new products. Recent enhancements include the roll out of our 'partial Cash Out' tool across both the Exchange and Sportsbook; launch of a new Exchange website and mobile app with a number of customer benefits including faster pricing updates and bet placement; expansion of our range of in-play Sportsbook markets, in sports such as tennis, rugby and basketball; introduction of a new virtual sports product; and significant improvements to our Italian products to ensure they were competitive ahead of the new football season.

For the new football season we launched our 'More to Play For' TV campaign across Sky Sports and BT Sport, alongside marketing partnerships with five Premier League clubs and a significantly increased presence on stadium perimeter boards in the Premier League, La Liga and Serie A. This investment has contributed to a 47% increase in UK&I activations since the start of the season.

International

Betfair's two most significant international investments are our startup businesses in New Jersey, where we operate an online casino, and Italy, where we operate Exchange, Sportsbook and Gaming products.

Revenue in the online casino in New Jersey doubled to £3.8m, driven by strong growth in the number of active customers.

In Italy, while our business remains at an early stage of its development, the Exchange is successfully attracting new customers despite the limitations that result from product restrictions and ring-fenced national liquidity. Cash Out, which is only permitted on exchanges in Italy, is proving very popular and compares favourably with Cash Out usage on Betfair.com; in October, 55% of Italian Exchange football customers used Cash Out compared with 35% in other regions. This is reflected in customer satisfaction, with 85% of customers now rating the Exchange positively, compared to 63% in the prior year.

We recently also launched an Exchange in Spain having previously ceased offering the product in 2012 following the introduction of new regulations. While liquidity is ring-fenced, we are, unlike in Italy, able to use largely the same product as in the rest of the world and we are hopeful that our differentiated product will help us to grow our presence in the market.

Expanding operating margins

We have continued to demonstrate good operating leverage in the business. In the first half, operating expenses increased by 6% while revenues were up 15%. This would have resulted in significant operating margin expansion had it not been for £26.8m of additional costs relating to point of consumption tax.

Recommended merger with Paddy Power

Relevant filings have been submitted to applicable regulators and shareholder documents will be published on 27 November 2015. Betfair will hold a Court Meeting and a General Meeting for shareholders on 21 December 2015. Subject to receiving the necessary approvals, we continue to expect the merger to close in the first quarter of 2016.

OPERATING REVIEW

Actives ('000)	**Q1 FY16**	**Q2 FY16**	**H1 FY16**	**Q1 FY15**	**Q2 FY15**	**H1 FY15**	***Q1 YoY***	***Q2 YoY***	***H1 YoY***
Sustainable markets	739	780	1,043	653	594	861	*+13%*	*+31%*	*+21%*
Other markets	116	82	146	131	114	167	*-11%*	*-28%*	*-13%*
Total actives	**855**	**862**	**1,189**	**784**	**708**	**1,028**	***+9%***	***+22%***	***+16%***

In H1 the number of active customers in sustainable markets increased by 21% to 1,043,000 (H1 FY15: 861,000) driven by the UK and Betfair US. The growth rate was dampened by the large number of customers acquired during the World Cup last year. The number of active customers in the second quarter, which was not impacted by the direct World Cup comparison, was up 31%. The number of active customers in other markets fell by 13% to 146,000 (H1 FY15: 167,000), reflecting the ongoing focus of investment on sustainable regions and the recent suspension of operations in Portugal.

Revenue (£m)	**Q1 FY16**	**Q2 FY16**	**H1 FY16**	**Q1 FY15**	**Q2 FY15**	**H1 FY15**	***Q1 YoY***	***Q2 YoY***	***H1 YoY***
Sustainable markets	116.3	122.6	238.9	93.7	98.3	192.0	*+24%*	*+25%*	*+24%*
Other markets	19.1	16.4	35.5	23.6	22.0	45.6	*-19%*	*-25%*	*-22%*
Total revenue	**135.4**	**139.0**	**274.4**	**117.3**	**120.3**	**237.6**	***+15%***	***+16%***	***+15%***

Revenue (£m)	**Q1 FY16**	**Q2 FY16**	**H1 FY16**	**Q1 FY15**	**Q2 FY15**	**H1 FY15**	***Q1 YoY***	***Q2 YoY***	***H1 YoY***
Sports	89.9	94.9	184.8	83.0	83.6	166.6	*+8%*	*+14%*	*+11%*
Gaming	25.1	24.6	49.7	19.8	22.2	42.0	*+27%*	*+11%*	*+18%*
Betfair US	20.1	19.2	39.3	14.2	14.2	28.4	*+42%*	*+35%*	*+38%*
Customer Funds	0.3	0.3	0.6	0.3	0.3	0.6	*Flat*	*Flat*	*Flat*
Total revenue	**135.4**	**139.0**	**274.4**	**117.3**	**120.3**	**237.6**	***+15%***	***+16%***	***+15%***

Sports

Sports revenue increased by 11% to £184.8m (H1 FY15: £166.6m), representing a strong performance against a comparative period that included £15.9m of revenue from the 2014 World Cup and abnormally high sportsbook margins. The Sportsbook continued to be the key contributor of growth and saw a 93% increase in volume to £0.8bn.

Football remains our most important sport and is the focus of most of our advertising and promotional spend. Accordingly, it is key to driving our new customer activations and future revenue growth. The new season has started well, picking up where the last season ended, and detailed planning is already well underway for Euro 2016. We have been encouraged by early trials of our 'Acca Edge' product innovation, which offers customers the ability to tailor 'insurance' on their accumulators within the betslip.

Improving our racing product has been a major area of focus in the last twelve months and this made a positive impact in H1. Royal Ascot saw record betting activity across Betfair's Exchange and Sportsbook, and there were strong performances at several UK autumn meetings and in the Breeders' Cup, which benefitted from the launch of in-play betting on US racing.

The Rugby World Cup in October, while being small relative to the football equivalent, was an opportunity to showcase significant improvements in our rugby product as well as providing incremental betting opportunities. Several close-fought ties enabled Betfair's signature 'Cash Out' and 'Price Rush' products to come to the fore; one Sportsbook customer who bet £10 in-play on Japan to beat South Africa received a 'Price Rush' from 11/1 to 250/1, netting over £2,000 of extra winnings.

Betfair's Exchange remains a key platform for political betting and £31m was traded on two of the biggest upsets in political betting history; the Conservatives traded at 10/1 shortly before their shock majority victory in May's General Election and Jeremy Corbyn was matched as high as 980/1 before claiming an easy win in the Labour leadership contest.

Gaming

Gaming revenue increased by 18% to £49.7m (H1 FY15: £42.0m) driven by a 32% increase in the number of customers using the product. The customer growth is primarily due to increased cross-selling from Sports, with record numbers of Sports customers trying Gaming products for the first time.

We have placed significant focus on improving our mobile Gaming product and the channel has continued to drive growth. Mobile revenue was up 86% and 57% of all Gaming customers used the channel in the period (H1 FY15: 46%).

Betfair US

Betfair US revenues increased by 38% to £39.3m, driven by growth in both TVG and our online casino in New Jersey, and EBITDA increased to £8.3m (H1 FY15: £3.5m).

In TVG, handle and revenue increased by 14% and 25% respectively (both in constant currency). This growth was helped by the acquisition of HRTV in February 2015, which increased TVG's access to premium content leading to higher customer engagement and, in turn, wagering volumes.

The mobile channel continues to show strong growth, with handle up 75%, following the launch of a new mobile website to complement TVG's native iOS app.

Betfair's online casino increased revenues by 100% to £3.8m (H1 FY15: £1.9m).

Regulation

Following the entry into force of the Betting (Amendment) Act in April 2015, Betfair was awarded a licence to operate a sportsbook and betting exchange in Ireland.

In September, we were awarded an interim licence to offer our products in Romania and we are currently applying for a licence in Portugal under the gambling law that entered into force in June. In accordance with a request from the Portuguese regulator we switched off our site in July whilst the process is concluded. The impact of this on Betfair's profitability in FY16 is estimated to be c.£10m.

FINANCIAL REVIEW

Summary

Six months ended 31 October	**H1 FY16 £m**	**H1 FY15 £m**	***Change %***
Revenue	274.4	237.6	*+15%*
EBITDA [1]	80.5	73.9	*+9%*
Operating profit	67.2	59.9	*+12%*
Profit before tax	66.3	67.3	*-1%*
Underlying profit before tax [2]	66.3	60.9	*+9%*
Earnings per share	60.3p	55.0p	*+10%*
Underlying earnings per share [2]	60.3p	48.9p	*+23%*

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

2 Underlying figures in FY15 exclude the profit on disposal of the Group's share of Betfair Australia. A reconciliation of reported figures to underlying figures is set out on page 7.

Revenue increased by 15% to £274.4m (H1 FY15: £237.6m) and EBITDA was up 9% to £80.5m (H1 FY15: £73.9m).

Reported profit before tax, which in the prior year included a £6.4m gain relating to the disposal of our joint venture in Australia, was down 1% to £66.3m (H1 FY15: £67.3m), and reported earnings per share was up 10% to 60.3 pence (H1 FY15: 55.0 pence).

Underlying earnings per share, which excludes the gain on disposal, increased by 23% to 60.3 pence (H1 FY15: 48.9 pence).

Gross margin

Gross profit for the year increased by 7% to £214.0m (H1 FY15: £200.4m). This represents a gross margin percentage of 78.0% (H1 FY15: 84.3%), with the year-on-year reduction driven by higher gaming taxes following the introduction of UK point of consumption tax in December 2014.

Administrative expenses

Six months ended 31 October	**H1 FY16 £m**	**H1 FY15 £m**	***Change %***
Sales and marketing	62.7	62.0	*+1%*
Technology	35.0	29.3	*+19%*
Operations	18.9	18.7	*+1%*
G&A	16.9	16.5	*+2%*
Operating expenses	**133.5**	**126.5**	***+6%***
Depreciation and amortisation	13.3	14.0	*-5%*
Total administrative expenses	**146.8**	**140.5**	***+4%***

Sales and marketing spend increased by 1%, with additional investment in TV, print and stadium perimeter boards largely offset by the lack of a major international football tournament. Adjusting for the World Cup spend last year, sales and marketing costs were 13% higher.

Gross technology costs before capitalisation of internal development expenditure were 17% higher than the prior year, driven predominantly by additional headcount. In H1 FY16, £2.9m of internal development expenditure was capitalised (H1 FY15: £3.1m). Technology expenses after this capitalisation were up 19% on the prior year.

Operations spend was up 1% in the period, with greater demand placed on customer services resources as a result of the growing customer base broadly mitigated by efficiency savings, including increased use of live chat.

General & administrative ("G&A") costs were up 2%, predominantly reflecting inflationary increases in salary costs.

Depreciation and amortisation of £13.3m was 5% lower than the prior year (H1 FY15: £14.0m) primarily as a result of assets becoming fully depreciated.

Average headcount of 2,056 was 13% higher than the prior year (H1 FY15: 1,827), largely driven by increased technology headcount and additional operational staff to serve the growing customer base.

EBITDA

Six months ended 31 October	**H1 FY16 £m**	**H1 FY15 £m**	***Change %***
Betfair excl. US	72.2	70.4	*+3%*
Betfair US	8.3	3.5	*+137%*
Total	**80.5**	**73.9**	***+9%***

EBITDA excluding Betfair US increased by 3% to £72.2m (H1 FY15: £70.4m), with strong revenue growth mostly offset by higher gaming taxes as a result of UK point of consumption tax.

Betfair US EBITDA increased by 137% to £8.3m (H1 FY15: £3.5m), with further growth in TVG, aided by the acquisition of HRTV, and reduced losses in our online casino.

Finance income and expenses

Net finance expense was £0.9m (H1 FY15: income of £0.9m). This includes interest on corporate funds of £0.3m (H1 FY15: £0.7m), net foreign exchange translation losses of £0.1m (H1 FY15: £0.2m gain) and non-cash charges of £1.1m (H1 FY15: nil) relating to deferred and contingent consideration for the acquisition of HRTV.

Taxation

The Group had a tax charge of £10.3m in the period (H1 FY15: £9.7m). The Group's underlying effective tax rate was 15.5% (H1 FY15: 15.9%) and we continue to expect the long-term sustainable tax rate to remain around this level.

Dividend

The Board has declared an interim dividend of 15.0 pence per share (H1 FY15: 9.0 pence). The increase reflects the increased profitability of the business, continued strong cash flow and stated dividend policy of targeting a payout ratio of approximately 50% in the medium term (up from 40% previously).

This will be paid on 15 January 2016 to holders of relevant shares on the register at 18 December 2015.

Capital expenditure

Six months ended 31 October	**H1 FY16 £m**	**H1 FY15 £m**	***Change %***
External capex	9.3	4.3	*+116%*
Internal devex	2.9	3.1	*-6%*
Total	**12.2**	**7.4**	***+65%***

Capital expenditure ("capex") increased to £12.2m (H1 FY15: £7.4m), driven by increased investment in technology infrastructure.

Cash and cash flow

Free cash flow in the period decreased by 15% to £57.4m (H1 FY15: £67.2m). The year-on-year movement was primarily due to UK POC tax payments, higher corporate tax payments relating to FY15, increased capex spend and working capital timing differences, offset by the strong business performance.

Cash at 31 October 2015, excluding customer funds which are held off-balance sheet, was £139.4m (31 October 2014: £271.4m). The reduction was predominantly due to the return of £199.7m of capital to shareholders, which was completed in January 2015, partly offset by the cash generated from operations.

Six months ended 31 October	**H1 FY16 £m**	**H1 FY15 £m**
Free cash flow	57.4	67.2
Dividends paid	(23.1)	(14.6)
Proceeds from disposal of stake in Betfair Australia	-	12.0
Other [1]	0.2	(2.2)
Net increase in cash and cash equivalents [2]	**34.5**	**62.4**

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

As at 31 October	**H1 FY16 £m**	**H1 FY15 £m**
Cash and cash equivalents	139.4	271.4

Reconciliation of Reported to Underlying

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

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

The Directors confirm that to the best of their knowledge:

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

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

> (a) DTR 4.2.7R of the Disclosure and Transparency Rules, being an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements; and a description of the principal risks and uncertainties for the remaining six months of the year; and
>
> (b) DTR 4.2.8R of the Disclosure and Transparency Rules, being related party transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or performance of the entity during that period; and any changes in the related party transactions described in the last annual report that could do so.

By order of the Board of Betfair Group plc

Breon Corcoran
Chief Executive Officer

Alexander Gersh
Chief Financial Officer

25 November 2015

Understanding and managing our principal risks

The Board continuously assesses and monitors the key risks of the business. The key risks that could affect the Group's performance and the factors that mitigate those risks have not significantly changed from those set out on pages 24 to 26 in the Group's Annual Report and Accounts 2015 (which is available to download at http://corporate.betfair.com). The principal risks facing the Group, together with the Group's risk management process in relation to these risks, continue to be monitored, reviewed and re-assessed. A summary of the principal risks and uncertainties that are most relevant to the remainder of the current financial year is included below:

- Online gambling regulation and licensing – new licensing regimes which make it commercially unviable for us to operate our products can restrict our ability to grow the business. While opportunities exist, they are not without risks – such as commercial viability, delays in licensing of betting exchanges compared with 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. Restrictions on advertising can reduce our ability to reach new customers and market new product offerings. We work closely with regulators and governments throughout the EU and elsewhere to try to secure favourable regulation for our products. We have dedicated internal and external legal, tax, compliance and public affairs resources with responsibility for advising business units in these matters and through appropriate policies, processes and controls. External third parties help us to substantiate evidence to support using a gross profits tax model. We monitor developments in advertising practice.

- Competition/our brand, products and customers – online gambling is a very competitive industry. Our competitors are constantly looking to gain advantage through aggressive marketing campaigns, pricing, promotional behaviour and new product features which could impact revenue or margins. Product and delivery to market is vital to gain competitive edge over other operators. Our customers are at the heart of the business, reduced activity by major customers and/or a significant number of customers could have a material negative impact on our financial performance and growth. We aim to mitigate this risk by investing in brand and marketing tools and activity, monitoring competitors and their promotional offers and the continuous development of product, with emphasis on mobile products and innovative features as well as acquisition through marketing. We closely monitor the behaviour of our customers and have teams focused on their acquisition, management and retention. We aim to ensure we provide a service and platform which grow value for both the customer and Betfair, and reduce the risk of customers leaving.

- Technology infrastructure, systems stability and availability – a major failure of the Group's and/or third party infrastructure could lead to significant costs and disruptions that could reduce revenue and harm our business reputation. Reduced availability of our products arising through software, infrastructure and systems issues could result in a poor customer experience and may impact customer loyalty. Continuous investment in a cost effective technology platform and infrastructure to ensure stability and availability, eliminate single points of failure and improve performance. Focus is on a secure and scalable offering across all products.

- Taxation – changes in tax regimes can undermine existing tax planning creating unexpected liabilities. Adherence to tax planning is monitored through regular reviews of governance structures. Proactive involvement of tax specialists in key business decisions ensures tax planning remains effective. Revenue growth and operating leverage is helping to offset increased tax liabilities.

- Reliance on third parties – we rely on third parties across our business. All of our products are dependent on third party suppliers for content/data. Operational functions also rely on third parties for software solutions and infrastructure. Where possible we limit reliance on a single supplier to reduce potential single points of failure. We use formal contract and service level management processes supported by continuous communication to focus on quality and availability of services delivered by our key suppliers. We assess their resilience and review the potential options in the event of a need to change.

- IT disaster recovery and business continuity – availability of our product is paramount. A significant outage or unavailability of any of our products can cause reductions in revenue and loss of customers. Delays in restoring services following an outage or incident could result in loss of customers and reputational damage. We regularly review our Business Continuity Plans and our IT Disaster Recovery capability and have service level agreements in place with third parties. Where possible we have failover solutions available and seek to limit single points of failure.

- Recruitment and retention of key employees – continued success and growth is dependent on the performance of key directors, managers and staff. Retention and recruitment of these individuals is a key component in securing our ability to grow and develop our business. Our ability to continue to attract, retain and motivate passionate and highly skilled employees in an intensely competitive environment means that competitive packages and development opportunities must be available. The Board reviews key positions through the Remuneration and Nomination Committees. Key senior staff and directors are part of long term incentive plans which reward high performance and loyalty. All staff are offered regular salary reviews, a comprehensive benefit package and are able to join (subject to local jurisdictional requirements) share save schemes which give them a long term stake in our success. Group HR actively manage succession planning and processes which are in place throughout the business to identify key roles, conduct regular appraisal, succession and talent reviews, and to provide competitive package and career development opportunities. Our employees participate in engagement surveys which help us to link improvements to achieving our corporate goals while reducing employee turnover and improving productivity and wellbeing.

- Security of customer funds and reliance on financial institutions – some jurisdictions continue to put pressure on banks to refuse to process transactions from online gaming companies. A reduced ability to transact with customers can impact our growth and expansion into new territories. Actual or perceived mismanagement of customer funds could have severe reputational and/or financial impacts. There is the possibility of loss arising in the event of failure of counterparties. We have strong relationships with key financial institutions and banking and payment suppliers. Wherever possible we avoid reliance on a single provider. We regularly assess their resilience and alternative options in the event of a need to change supplier. Under the terms of a Trust Deed, approximately 94% of all customer funds are held on trust in separate bank accounts which are ring-fenced from our corporate funds. The remaining sums are customer funds which certain regulators require Betfair to hold in separate non set-off bank accounts in the name of the licence holder. Daily and monthly reconciliations of customer funds take place to ensure timely detection of potential fraud or error. All customer funds are subject to the Group Treasury policy which is reviewed annually by the Audit Committee on behalf of the Board. At 31 October 2015 the majority of the Group's customer and corporate funds were held with major systemically important counterparties or pooled AAA rated money market funds. Exposure to counterparties are regularly reviewed by the Chief Financial Officer and adjusted accordingly.

- Data management and security - breach or loss of customer or other sensitive data and information could lead to significant costs and disruptions that could impact revenue and harm our business reputation. Specialist monitoring and detection solutions teams are used across development and live product offerings to mitigate this risk. Access to customer and other sensitive data and information is restricted and monitored in a variety of ways. We have appropriate policies, processes and controls and mandatory security awareness training. We comply with the relevant data protection and privacy legislation. An independent review of cyber threat has been undertaken and supports our approach to managing this threat.

Condensed Consolidated Income Statement

	Note	**Six months ended 31 October 2015 (Unaudited) £m**	Six months ended 31 October 2014 (Unaudited) £m	Year ended 30 April 2015 (Audited) £m
Continuing operations				
Revenue	2	**274.4**	237.6	476.5
Cost of sales		**(60.4)**	(37.2)	(90.6)
Gross profit		**214.0**	200.4	385.9
Administrative expenses		**(146.8)**	(140.5)	(291.6)
Group operating profit		**67.2**	59.9	94.3
Analysed as:				
EBITDA*		**80.5**	73.9	120.2
Depreciation and amortisation		**(13.3)**	(14.0)	(25.9)
Group operating profit		**67.2**	59.9	94.3
Net finance (expense) / income		**(0.9)**	0.9	0.4
Share of profit of equity accounted investments		**-**	0.1	0.1
Profit on disposal of joint venture	3	**-**	6.4	6.4
Profit before tax		**66.3**	67.3	101.2
Tax	4	**(10.3)**	(9.7)	(14.8)
Profit for the period / year		**56.0**	57.6	86.4
Attributable to:				
Equity holders of the Parent		**56.0**	57.6	86.4
Non-controlling interest		**-**	-	-
Profit for the period / year		**56.0**	57.6	86.4
Earnings per share				
Basic	5	**60.3p**	55.0p	85.9p
Diluted	5	**58.8p**	53.7p	83.7p

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

Condensed Consolidated Statement of Comprehensive Income

	Six months ended 31 October 2015 (Unaudited)	Six months ended 31 October 2014 (Unaudited)	Year ended 30 April 2015 (Audited)
	£m	£m	£m
Profit for the period / year	**56.0**	57.6	86.4
Other comprehensive income / (expense)			
Items that will be reclassified to profit or loss:			
Foreign exchange differences arising on consolidation	**0.1**	0.2	1.4
Reclassification to profit or loss	**-**	(0.8)	0.1
Other comprehensive income / (expense) for the period / year	**0.1**	(0.6)	1.5
Total comprehensive income for the period / year	**56.1**	57.0	87.9
Attributable to:			
Equity holders of the Parent	**56.1**	57.0	87.9
Non-controlling interest	**-**	-	-
Total comprehensive income for the period / year	**56.1**	57.0	87.9

Condensed Consolidated Balance Sheet

	Note	**31 October 2015 (Unaudited) £m**	31 October 2014 (Unaudited) £m	30 April 2015 (Audited) £m
Non-current assets				
Property, plant and equipment		**18.2**	14.0	14.8
Goodwill and other intangible assets		**78.7**	46.1	83.2
Investments		**0.1**	0.1	0.1
Available-for-sale financial assets		**1.3**	1.3	1.3
Deferred tax assets		**9.2**	5.0	4.2
		107.5	66.5	103.6
Current assets				
Trade and other receivables		**28.9**	24.2	23.3
Cash and cash equivalents	6	**139.4**	271.4	105.1
		168.3	295.6	128.4
Total assets		**275.8**	362.1	232.0
Current liabilities				
Trade and other payables		**124.2**	110.9	128.1
Tax payable		**32.3**	32.9	29.5
Provisions	7	**4.1**	1.1	5.1
		160.6	144.9	162.7
Non-current liabilities				
Trade and other payables		**20.0**	-	19.5
Provisions	7	**-**	0.5	0.4
Total liabilities		**180.6**	145.4	182.6
Net assets		**95.2**	216.7	49.4
Share capital	8	**0.1**	0.1	0.1
Share premium		**5.5**	0.9	5.3
Other reserves		**(2.6)**	(11.8)	(9.0)
Retained earnings		**92.2**	227.5	53.0
Equity attributable to equity holders of the Parent		**95.2**	216.7	49.4
Non-controlling interest		**-**	-	-
Total equity		**95.2**	216.7	49.4

Condensed Consolidated Statement of Changes in Equity
For the six month period ended 31 October 2015

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 2015	0.1	5.3	2.0	(11.0)	53.0	**49.4**	-	**49.4**
Total comprehensive income for the period								
Profit for the period	-	-	-	-	56.0	**56.0**	-	**56.0**
Other comprehensive income	-	-	-	0.1	-	**0.1**	-	**0.1**
Total comprehensive income for the period	-	-	-	0.1	56.0	**56.1**	-	**56.1**
Transactions with owners, recorded directly in equity								
Issue of shares	-	0.2	-	-	-	**0.2**	-	**0.2**
Dividend paid	-	-	-	-	(23.1)	**(23.1)**	-	**(23.1)**
Equity-settled share-based payments	-	-	-	-	6.3	**6.3**	-	**6.3**
Tax on equity-settled share-based payments	-	-	6.3	-	-	**6.3**	-	**6.3**
Total transactions with owners	-	0.2	6.3	-	(16.8)	**(10.3)**	-	**(10.3)**
Balance at 31 October 2015	**0.1**	**5.5**	**8.3**	**(10.9)**	**92.2**	**95.2**	**-**	**95.2**

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

Attributable to equity holders of the Company

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

* Employee Benefit Trust is defined as EBT.

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

Condensed Consolidated Statement of Changes in Equity
For the year ended 30 April 2015

Attributable to equity holders of the Company

	Share capital £m	Share premium £m	Other reserves £m	Foreign currency translation reserve £m	Retained earnings £m	Total parent equity £m	Non-controlling interest £m	Total equity £m
Balance at 1 May 2014	0.1	21.9	1.1	(12.5)	160.8	**171.4**	-	**171.4**
Total comprehensive income for the year								
Profit for the year	-	-	-	-	86.4	**86.4**	-	**86.4**
Other comprehensive income	-	-	-	1.5	-	**1.5**	-	**1.5**
Total comprehensive income for the year	-	-	-	1.5	86.4	**87.9**	-	**87.9**
Transactions with owners, recorded directly in equity								
Issue of shares	-	5.6	-	-	-	**5.6**	-	**5.6**
Share premium cancellation**	-	(22.2)	-	-	22.2	**-**	-	**-**
Capital reduction***	-	-	-	-	-	**-**	-	**-**
Dividend paid	-	-	-	-	(24.1)	**(24.1)**	-	**(24.1)**
Return of capital to shareholders including fees & duty***	-	-	-	-	(200.7)	**(200.7)**	-	**(200.7)**
Equity-settled share-based payments	-	-	-	-	9.2	**9.2**	-	**9.2**
Sale of own shares by the EBT*	-	-	-	-	4.4	**4.4**	-	**4.4**
Purchase of own shares by EBT*	-	-	-	-	(5.2)	**(5.2)**	-	**(5.2)**
Tax on equity-settled share-based payments	-	-	0.9	-	-	**0.9**	-	**0.9**
Total transactions with owners	-	(16.6)	0.9	-	(194.2)	**(209.9)**	-	**(209.9)**
Balance at 30 April 2015	**0.1**	**5.3**	**2.0**	**(11.0)**	**53.0**	**49.4**	**-**	**49.4**

* Employee Benefit Trust is defined as EBT.

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

*** During the year the Group returned £200.7m of cash to shareholders, including fees and duty.

Condensed Consolidated Statement of Cash Flow

	Note	**Six months ended 31 October 2015 (Unaudited) £m**	Six months ended 31 October 2014 (Unaudited) £m	Year ended 30 April 2015 (Audited) £m
Cash flows from operating activities				
Profit for the period / year		**56.0**	57.6	86.4
Adjustments for:				
Depreciation and amortisation		**13.3**	14.0	25.9
Equity-settled share-based payments and associated costs	9	**6.9**	5.7	10.4
Profit on disposal of joint venture	3	**-**	(6.4)	(6.4)
Share of profit of equity accounted investments		**-**	(0.1)	(0.1)
Net finance expense / (income)		**0.9**	(0.9)	(0.4)
Tax		**10.3**	9.7	14.8
Increase in trade and other receivables		**(5.8)**	(1.4)	(0.7)
(Decrease) / increase in trade and other payables		**(6.0)**	(1.9)	13.6
(Decrease) / increase in provisions		**(1.4)**	(0.2)	3.6
Cash generated from operations		**74.2**	76.1	147.1
Tax paid		**(5.9)**	(2.2)	(8.0)
Net cash from operating activities		**68.3**	73.9	139.1
Cash flows from investing activities				
Acquisition of business combination, net of cash received		**-**	-	(16.6)
Acquisition of property, plant and equipment		**(5.3)**	(2.3)	(6.3)
Acquisition of other intangible assets		**(2.3)**	(2.0)	(6.9)
Capitalised internal development expenditure		**(2.9)**	(3.1)	(6.6)
Payment of deferred consideration		**(0.7)**	-	-
Cash received on disposal of joint venture	3	**-**	5.5	5.5
Cash received from repayment of joint venture loan	3	**-**	6.5	6.5
Finance income received		**0.3**	0.7	1.1
Net cash (used in) / from investing activities		**(10.9)**	5.3	(23.3)
Cash flows from financing activities				
Proceeds from the issue of share capital		**0.2**	1.2	5.6
Dividends paid	10	**(23.1)**	(14.6)	(24.1)
Return of capital to shareholders, including fees and duty		**-**	-	(200.7)
Purchase of own shares by the EBT		**-**	(5.2)	(5.2)
Sale of own shares by the EBT		**-**	1.8	4.4
Net cash used in financing activities		**(22.9)**	(16.8)	(220.0)
Net increase / (decrease) in cash and cash equivalents		**34.5**	62.4	(104.2)
Cash and cash equivalents at the beginning of the period / year		**105.1**	209.8	209.8
Effect of exchange rate fluctuations on cash held		**(0.2)**	(0.8)	(0.5)
Cash and cash equivalents at period / year end	6	**139.4**	271.4	105.1

1 Accounting policies

Reporting entity

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

The condensed consolidated interim financial statements of the Company as at and for the six months ended 31 October 2015 comprise the Company and its subsidiaries (together referred to as the 'Group') and the Group's investments. The Group is involved in the provision of betting services and online gaming products.

The audited consolidated financial statements of the Group as at and for the year ended 30 April 2015 are available upon request from the Company's registered office at Waterfront, Hammersmith Embankment, Chancellors Road, London W6 9HP.

The condensed consolidated interim financial statements for the six months ended 31 October 2015 are unaudited and do not constitute statutory accounts for the purpose of section 434 of the Companies Act 2006, but have been reviewed by the auditors and their report is on page 29 of this statement.

Statement of compliance

These condensed consolidated interim financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting as endorsed and adopted for use in the European Union and the Disclosure and Transparency Rules (DTR) of the Financial Conduct Authority. They do not include all the statements required for full annual financial statements and should be read in conjunction with the consolidated financial statements of the Group as at and for the year ended 30 April 2015.

The comparative figures for the financial year ended 30 April 2015 are not the Group's statutory accounts for that financial year. Those accounts have been reported on by the Group's auditors and delivered to the registrar of companies. The report of the auditors was (i) unqualified, (ii) did not include a reference to any matters in which the auditors drew attention by way of emphasis without qualifying their report, and (iii) did not contain a statement under section 498 (2) or (3) of the Companies Act 2006.

The condensed consolidated interim financial statements were approved by the Board of Directors on 25 November 2015.

Basis of preparation

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

- financial instruments classified as available-for-sale are measured at fair value; and
- financial instruments at fair value through profit or loss are measured at fair value.

Financial instruments

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

The Group holds certain financial assets, being the available-for-sale financial assets, which are classified using the IFRS 13 fair value hierarchy as Level 2. There have been no transfers in the period (31 October 2014 and 30 April 2015: none). The fair value of these financial assets, the valuation techniques and the inputs used remain unchanged from the prior reported period.

The fair value of open bet liabilities is classified as level 2 in the hierarchy using observable inputs other than quoted prices. The principal assumptions within the open bet liabilities valuation relate to anticipated gross win margins on unsettled bets with the fair value determined by future sporting results. The fair value of deferred and contingent consideration is classified as level 3 in the hierarchy using some inputs not based on observable market data. The principal assumptions within the deferred and contingent consideration valuation relate to future net operating cash flows, the associated time period of these cash flows, the discount rate applied and the anticipated growth rate.

Going concern

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

1 Accounting policies (continued)

Basis of consolidation

The condensed consolidated interim financial statements incorporate the net assets and results of the Company and entities controlled by the Company (its subsidiaries) made up to the period and year end presented. Control exists when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

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

Business combinations

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

Significant accounting policies

These condensed consolidated interim financial statements are unaudited and have been prepared on the basis of accounting policies consistent with those applied in the consolidated financial statements for the year ended 30 April 2015.

Accounting estimates and judgements

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

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

In preparing these condensed consolidated interim financial statements, the significant judgements and estimates made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were consistent with those that applied to the consolidated financial statements as at and for the year ended 30 April 2015, with the exception of those disclosed below.

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 other reserves), 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.

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.

Following a review of the presentation of taxation liabilities, the Group has chosen to present only corporation tax liabilities on the face of the Statement of Financial Position and other tax liabilities within trade and other payables. This change is reflected in the comparative period presentation also. There is no change to the basis of measurement or to the value of current or total liabilities presented.

Changes in accounting policy

There have been no new or amended standards or interpretations that became effective in the period which have had an impact upon the values or disclosures in the interim financial information.

2 Operating segments

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

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

Sports consists of the Exchange sports betting product, Sportsbook, Multiples and Timeform.

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

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

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

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

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

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

Segmental information for the six months ended 31 October 2015, 31 October 2014 and the year ended 30 April 2015 for continuing operations is as follows:

2 Operating segments (continued)

Six months ended 31 October 2015 (unaudited)

	Sports £m	Gaming £m	Management of customer funds £m	**Betfair excl. US £m**	Betfair US £m	**Group £m**
Revenue	184.8	49.7	0.6	**235.1**	39.3	**274.4**
EBITDA				**72.2**	8.3	**80.5**
Depreciation and amortisation						**(13.3)**
Net finance expense						**(0.9)**
Profit before tax						**66.3**
Tax						**(10.3)**
Profit after tax						**56.0**
Total assets						**275.8**
Total liabilities						**180.6**

2 Operating segments (continued)

Six months ended 31 October 2014 (unaudited)

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

2 Operating segments (continued)

Year ended 30 April 2015 (audited)

	Sports £m	Gaming £m	Management of customer funds £m	Betfair excl. US £m	Betfair US £m	Group £m
Revenue	328.0	88.5	1.2	417.7	58.8	476.5
EBITDA				115.4	4.8	120.2
Depreciation and amortisation						(25.9)
Net finance income						0.4
Profit on disposal of joint venture						6.4
Share of profit of equity accounted investments						0.1
Profit before tax						101.2
Tax						(14.8)
Profit after tax						86.4
Total assets						232.0
Total liabilities						182.6

3 Profit on disposal of joint venture

	Six months ended 31 October 2015 (Unaudited) £m	Six months ended 31 October 2014 (Unaudited) £m	Year ended 30 April 2015 (Audited) £m
Profit on disposal of joint venture	**-**	6.4	6.4

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

4 Tax

Income tax is recognised based on management's best estimate of the underlying effective income tax rate for the full financial year and this income tax rate is then applied to the underlying profit before tax of the six month period. In the period to 31 October 2015 the Group's underlying estimated effective rate is 15.5% (six month period ended 31 October 2014: 15.9%; year ended 30 April 2015: 15.6%).

The income tax expense for the six month period ended 31 October 2015 is a charge of £10.3m (six months ended 31 October 2014: £9.7m; the year ended 30 April 2015: £14.8m).

The 2015 UK Summer Budget on 8 July announced that the UK corporation tax rate will reduce from 20% to 19% effective from 1 April 2016, and 18% in 2020. The reduction was substantially enacted on 26 October 2015, and accordingly the deferred tax assets relating to the UK have taken into account the reduction in the corporation tax rate to 19%.

5 Earnings per share

Basic earnings per share

The calculation of basic earnings per share for the six month period ended 31 October 2015 was based on the profit attributable to ordinary shareholders of £56.0m (six month period ended 31 October 2014: £57.6m and the year ended 30 April 2015: £86.4m) and a weighted average number of ordinary shares outstanding of 92,888,395 (six months ended 31 October 2014: 104,726,569 and year ended 30 April 2015: 100,573,899), calculated as follows:

	Six months ended 31 October 2015 (Unaudited)	Six months ended 31 October 2014 (Unaudited)	Year ended 30 April 2015 (Audited)
Profit for the period / year (£m)	**56.0**	57.6	86.4
Weighted average number of shares	**92,888,395**	104,726,569	100,573,899
Basic earnings per share	**60.3p**	55.0p	85.9p
Diluted earnings per share	**58.8p**	53.7p	83.7p

Diluted earnings per share

The calculation of diluted earnings per share for the six month period ended 31 October 2015 was based on the profit attributable to ordinary shareholders of £56.0m (six months ended 31 October 2014: £57.6m and the year ended 30 April 2015: £86.4m) and a weighted average number of ordinary shares outstanding after adjustment for the effect of all dilutive potential ordinary shares of 95,185,567 (six months ended 31 October 2014: 107,216,861 and year ended 30 April 2015: 103,167,618).

Profit used for diluted earnings per share

	Six months ended 31 October 2015 (Unaudited) £m	Six months ended 31 October 2014 (Unaudited) £m	Year ended 30 April 2015 (Audited) £m
Profit for the period / year used to determine diluted earnings per share	**56.0**	57.6	86.4

Weighted average number of shares (diluted)

	Six months ended 31 October 2015 (Unaudited)	Six months ended 31 October 2014 (Unaudited)	Year ended 30 April 2015 (Audited)
Weighted average number of ordinary shares (basic)	**92,888,395**	104,726,569	100,573,899
Effect of share options on issue	**2,297,172**	2,490,292	2,593,719
Weighted average number of ordinary shares (diluted)	**95,185,567**	107,216,861	103,167,618

The average market value of the Company's shares of £27.94 (31 October 2014: £10.62 and 30 April 2015: £13.92) was used to calculate the dilutive effect of share options based on the market value for the period / year that the options were outstanding.

6 Cash and cash equivalents

	31 October 2015 (Unaudited) £m	31 October 2014 (Unaudited) £m	30 April 2015 (Audited) £m
Cash and cash equivalents	**139.4**	271.4	105.1

The above cash and cash equivalent includes £16.3m (31 October 2014: £11.8m and 30 April 2015: £12.9m) of customer funds that are not held on trust in The Sporting Exchange (Clients) Limited in accordance with local regulations. These customer funds that are not held on trust are matched by liabilities of an equal value. The cash and cash equivalents also include an additional £0.7m of restricted cash relating to the Group's financial guarantees (31 October 2014: £0.8m and 30 April 2015: £0.7m).

As at 31 October 2015, £261.9m (31 October 2014: £267.4m and 30 April 2015: £280.6m) was held on trust in The Sporting Exchange (Clients) Limited on behalf of the Group's customers and is equal to the amounts deposited into customer accounts.

7 Provisions

	Onerous contracts £m	**Gaming tax £m**	**Total £m**
Current provisions			
Balance at 1 May 2014	1.2	-	1.2
Utilised in the period	(0.3)	-	(0.3)
Reclassification from non-current*	0.2	-	0.2
Balance at 31 October 2014	1.1	-	1.1
Additions in the period	-	4.1	4.1
Utilised in the period	(0.2)	-	(0.2)
Reclassification from non-current*	0.1	-	0.1
Balance at 30 April 2015	1.0	4.1	5.1
Utilised in the period	(1.4)	-	(1.4)
Reclassification from non-current*	0.4	-	0.4
Current provision 31 October 2015	**-**	**4.1**	**4.1**
Non-current provisions			
Balance at 1 May 2014	0.7	-	0.7
Reclassification to current*	(0.2)	-	(0.2)
Balance at 31 October 2014	0.5	-	0.5
Reclassification to current*	(0.1)	-	(0.1)
Balance at 30 April 2015	0.4	-	0.4
Reclassification to current*	(0.4)	-	(0.4)
Non-current provision 31 October 2015	-	-	-

* Non-current provisions reflect contractual obligations that will be settled more than 12 months after the reporting date. During the period, £0.4m (31 October 2014: £0.2m and 30 April 2015: £0.3m) has been reclassified from non-current provisions to current provisions.

7 Provisions (continued)

Gaming tax provisions relate to amounts provided for taxes in certain jurisdictions where the interpretation of tax legislation is uncertain. When the group disagrees with the application of unclear tax legislation, for example when it is applied retrospectively and / or results in a one-off disproportionate tax equivalent to many times the profit derived by the Group from its historic activities in that jurisdiction, the Group continues to challenge these interpretations.

In September 2015 the Group received a formal rejection of its appeal against a tax assessment in Germany, and has since issued legal proceedings in the German courts.

Whilst the maximum potential obligation for all ongoing cases could be greater than the recognised provision, and the outcomes may not be known for some time, a liability has been recorded for the Director's best estimate of the cash outflows that will ultimately be required in respect of each claim.

8 Equity

Share capital

	Ordinary shares		
	31 October 2015 (Unaudited) No.	31 October 2014 (Unaudited) No.	30 April 2015 (Audited) No.
As at 1 May	**92,603,251**	104,988,330	104,988,330
Issued by the Group in relation to:			
Exercised share options and restricted shares	**333,472**	308,965	790,464
Impact of share consolidation	**-**	-	(13,210,903)
Exercised SAYE options	**10,517**	18,527	35,360
Total fully paid, ordinary shares of £0.00095 (31 October 2014: £0.001 and 30 April 2015: £0.00095) each	**92,947,240**	105,315,822	92,603,251

9 Share-based payments

The Group had the following share-based payment schemes in operation as at 31 October 2015:

- Share option plans
- Save-As-You-Earn ("SAYE") share option schemes
- Restricted share scheme
- Long Term Incentive plan, Deferred Share Incentive Plan and Management Incentive Plan
- Stakeholder award scheme

The total expense recognised in respect of these schemes for the six month period ended 31 October 2015 was £6.9m (six month period ended 31 October 2014: £5.7m and year ended 30 April 2015: £10.4m).

Employer's National Insurance costs have been included in the charge, which total £0.6m (six month period ended 31 October 2014: £0.8m and year ended 30 April 2015: £1.2m).

During the six months ended 31 October 2015, the Group granted 718,780 (six month period ended 31 October 2014: 1,080,543 and year ended 30 April 2015: 1,836,311) share options under the share-based payments schemes.

10 Dividends proposed and paid

The Directors have approved an interim dividend of 15.0p per qualifying ordinary share (31 October 2014: 9.0p) to be paid on 15 January 2016. In line with the requirements of IAS 10 – 'Events after the Reporting Period', this dividend has not been recognised within these interim results. The estimated dividend to be paid amounts to £13.9m.

The final dividend for the year ended 30 April 2015 of 25.0p (30 April 2014: 14.0p) per qualifying ordinary share, totalling £23.1m (30 April 2014: £14.6m) was paid in the period ended 31 October 2015.

11 Contingent liabilities

The Group operates in an uncertain marketplace where many governments are either introducing or contemplating new regulatory or fiscal arrangements.

The Board monitors legal and regulatory developments and their potential impact on the business, however given the lack of a harmonised regulatory environment, the value and timing of any obligations in this regard are subject to a high degree of uncertainty and cannot always be reliably predicted.

Adoption of Financial Reporting Standard ("FRS") 101 – Reduced Disclosure Framework (FRS 101): Notification

Following publication of FRS 100 'Application of Financial Reporting Requirements' by the Financial Reporting Council, Betfair Group plc, the parent company, ("Company") is required to change its accounting framework for its individual financial statements, which is currently UK GAAP, for the financial year commencing 1 May 2015.

The Board considers that it is in the best interests of the Company to adopt FRS 101 'Reduced Disclosure Framework' for financial years beginning on and after 1 May 2015. No disclosures in the current UK GAAP financial statements would be omitted on adoption of FRS 101 and the Company's accounts will still be prepared to meet the requirements of the Companies Act 2006.

A shareholder or shareholders holding in aggregate 5% or more of the total allotted shares in Betfair Group plc may object to the use of the disclosure exemptions of FRS 101 by writing to the Company Secretary at Waterfront, Hammersmith Embankment, Chancellors Road (access on Winslow Road) London, W6 9HP not later than 6 January 2016.

INDEPENDENT REVIEW REPORT TO BETFAIR GROUP PLC

Introduction

We have been engaged by the company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 31 October 2015 which comprises the condensed consolidated income statement, the condensed consolidated statement of comprehensive income, the condensed consolidated balance sheet, the condensed consolidated statement of changes in equity, and condensed consolidated statement of cash flow for the six month period then ended, and the related explanatory notes. We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

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

Directors' responsibilities

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

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

Our responsibility

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

Scope of review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 31 October 2015 is not prepared, in all material respects, in accordance with IAS 34 as adopted by the EU and the DTR of the UK FCA.

Michael Harper
for and on behalf of KPMG LLP
Chartered Accountants
15 Canada Square
London
E14 5GL
25 November 2015