

14 December 2010

Betfair Group plc
Half year report for the six months ended 31 October 2010

Betfair delivers continued growth during a period of significant strategic progress

Betfair Group plc (LSE:BET), the world's biggest betting community and one of the world's leading online betting and gaming operators, today announces its unaudited results for the six months ended 31 October 2010.

Group

<i>Unaudited</i>	Reported			Underlying ¹		
	H1 FY11 £m	H1 FY10 £m	Change %	H1 FY11 £m	H1 FY10 £m	Change %
Group revenue	213.3	168.0	+27.0%	188.5	168.0	+12.3%
Adjusted EBITDA ²	37.6	25.1	+49.4%	31.2	25.1	+24.0%
Profit after tax	6.8	7.8	-12.7%	14.4	9.6	+49.8%
Basic earnings per share	6.4p	7.5p	-14.7%	13.6p	9.2p	+47.8%

- Underlying revenue up 12.3% to £188.5m (H1 FY10: £168.0m)¹
- Underlying Adjusted EBITDA up 24.0% to £31.2m (H1 FY10: £25.1m)¹
- Underlying profit after tax up 49.8% to £14.4m (H1 FY10: £9.6m)¹
- Reported profit after tax down 12.7% to £6.8m (H1 FY10: £7.8m) after net exceptional costs of £14.7m primarily associated with the Company's listing
- Cash position at 31 October 2010 of £178.2m with no debt (31 October 2009: £136.5m)
- Customer funds held on deposit in separate ring fenced accounts at 31 October 2010 of £288.0m (31 October 2009: £259.1m)

Core Betfair

Core Betfair includes Betfair's unique Betting Exchange and its portfolio of other sports betting, games and poker products.

- Active customers up 31.1% to 654,000 (H1 FY10: 499,000)
- Revenue growth of 11.3% to £167.2m (H1 FY10: £150.1m)
- Strong revenue growth of 22.3% in Q1 driven by World Cup, followed by growth of 1.6% in Q2
- 25.7% growth in Adjusted EBITDA to £35.5m (H1 FY10: £28.2m)²
- Adjusted EBITDA margin of 21.2% (H1 FY10: 18.8%)²

Other investments

Other investments comprises Betfair's subsidiaries, Betfair US and LMAX, which are in an investment phase.

- Revenue growth of 19.9% to £21.4m (H1 FY10: £17.8m)
- Adjusted EBITDA loss of £4.3m (H1 FY10: loss of £3.1m)²

Key developments in H1

- Highly successful World Cup campaign
- Completion of migrations of poker to the Ogame platform and of browser-based casino to Playtech during the period to improve cross-sell offering to customers in Core Betfair
- Strong revenue growth of more than 70% from mobile channel led by new iPad, iPhone and Android Apps
- Continued implementation of technology investment programme
- New legislation for exchange wagering in California
- Launch of LMAX's exchange platform for online retail financial trading

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: the revenue and EBITDA from the High rollers segment; exceptional items; equity settled share-based payments; profit on sale of financial asset; and the associated tax effect of these adjustments. A reconciliation of reported figures to underlying figures is set out in Appendix 2

2 Excluding exceptional items and equity settled share-based payments

Commenting on today's announcement, David Yu, Betfair's Chief Executive Officer, said:

"We are pleased to report our first set of results as a listed company, which cover an exceptionally busy period. We have made significant progress throughout the Group pursuing our five key growth priorities of: building on our leadership in sports betting; continuing to expand our product portfolio and cross-selling these products to Sports customers; taking advantage of the proliferation and convergence of new channels; continuing our geographic expansion; and developing our platform to address new markets and new verticals.

We also completed a listing of Betfair's shares on the London Stock Exchange, an important development which we believe will enable us to grow more quickly than we could do as an unlisted business.

From a trading perspective, we delivered double digit revenue growth in the period driven by a strong performance during the World Cup in the first quarter. Growth in the second quarter was moderated by more challenging conditions, particularly in horse racing and poker, which together offset robust performances in football, other sports and Games. An increase in active customers in the six month period of more than 30% was generated by a disciplined marketing campaign. The increase of over 25% in Core Betfair Adjusted EBITDA demonstrates that our planned margin progression is on track with marketing expenditure in particular returning to historical levels.

Trading in the third quarter began on a stronger overall trend than the second quarter in Sports, again led by football. Recent weather conditions in the UK and Ireland, however, caused a number of race meeting cancellations, moderating overall growth rates in the quarter to date. Games growth has strengthened but poker has continued to show significant year-on-year declines following its migration to the Ogame network. In the second half, we will continue to improve our customer offering and address challenges in racing and poker with a number of product enhancements and initiatives.

We remain confident that our Core Betfair business is on track to deliver Adjusted EBITDA in line with our expectations for the current financial year. Looking further ahead, we believe that Betfair's unique product proposition and well-invested technology platform position the Group strongly for growth in the years to come, together with the potential for significant margin enhancement in Core Betfair."

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Analyst results webcast

There will be a live webcast of the results presentation at 9.30 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.

About Betfair

Betfair is the world's biggest betting community and 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 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 31 October 2010, Betfair had more than 3 million registered customers worldwide and processed, on average, more than 6 million transactions per day on the Betting Exchange, more than all European Stock Exchanges combined during the preceding 12 month period.

Betfair also owns Betfair US, which comprises TVG (a licensed US horse racing wagering and television broadcasting business) and a development office in California, and 74.8% 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.

The Betfair Group employs more than 2,000 people and has twice been named the UK's 'Company of the Year' by the Confederation of British Industry and has won two Queen's Awards for Enterprise, being recognised for Innovation in 2003 and most recently for International Trade in 2008.

Disclaimer

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Certain statements, beliefs and opinions contained in this announcement, particularly those regarding the possible or assumed future financial or other performance of Betfair, industry growth or other trend projections are or may be forward looking statements. Forward-looking statements can be identified by the use of forward-looking terminology, including the terms "believes", "estimates", "anticipates", "expects", "intends", "plans", "goal", "target", "aim", "may", "will", "would", "could" or "should" or, in each case, their negative or other variations or comparable terminology. These forward-looking statements include all matters that are not historical facts. By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future and may be beyond Betfair's ability to control or predict. Forward-looking statements are not guarantees of future performance. No representation is made that any of these statements or forecasts will come to pass or that any forecast result will be achieved.

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Other than in accordance with its legal or regulatory obligations (including under the UK Listing Rules and the Disclosure and Transparency Rules of the Financial Services Authority), Betfair is not under any obligation and Betfair expressly disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

No statement in this announcement is intended as a profit forecast or a profit estimate and no statement in this announcement should be interpreted to mean that earnings per Betfair share for the current or future financial years would necessarily match or exceed the historical published earnings per Betfair share.

Certain data in this announcement, including financial, statistical and operating information, has been rounded. As a result of such rounding, the totals of data presented in this announcement may vary slightly from the actual arithmetic totals of such data. Percentages in tables have been rounded and accordingly may not add up to 100%.

BUSINESS REVIEW

We are pleased to announce Betfair's maiden set of results as a listed company. The results cover an exceptionally busy period, and one of considerable progress in each of the areas of long-term growth opportunity which we have previously highlighted.

In sports betting, our unique Betting Exchange remains our core competitive advantage. We delivered a highly successful World Cup campaign through a combination of efficient marketing and improvements to our user interface such as the redesigned sports home page and special World Cup features. More broadly, we have enhanced the community features and content of our offering through the addition of Paul Nicholls, the champion National Hunt trainer, to our expert racing team, by increasing the availability of streamed video for our customers and through the launch of a new and improved forum for the vibrant Betfair community. Through the last six months we have also committed significant resource towards further enhancement of our Sports product which will be available to our customers in the second half of the financial year.

In our Games and Poker products, we completed two major strategic projects. At the end of July 2010, we migrated our poker product to the more liquid Ogame network and, in August 2010, we launched a new browser-based casino product using the Playtech platform. Delivering these two projects has required considerable resource and we are now in a much stronger position to offer attractive portfolio products to our customer base.

Progress in new channels during the first half of the year has been focused on expanding the availability of our Betting Exchange across a variety of mobile platforms. We released native Apps for the iPhone, the iPad and Android devices which are already driving significant growth in average revenue per user ("ARPU") for customers using these products. Revenue from the mobile channel grew by over 70% in the first half and now represents approximately 4% of our Sports revenue. We anticipate continued significant growth from mobile going forward that will be additive to our other channels.

Geographically, we continue to see momentum towards positive regulatory change in a number of our key markets. Most notably in the last six months, legislation has been passed in California that will allow exchange wagering on horse racing from May 2012. We are excited by the potential offered by this change and we are actively engaging with regulators and horse racing industry participants in California to discuss the details of the regulation. A similar bill is also going through the legislative process in New Jersey and we continue to monitor the situation closely.

Finally, in terms of new markets for Betfair's exchange technology, in October 2010 we successfully launched LMAX's platform for online retail financial trading. Whilst this business is at a very early stage of its development, we are pleased with the launch and are excited by its prospects and potential for growth.

In addition to the progress highlighted above, we also completed a listing of the Company's shares on the London Stock Exchange at the end of October 2010. This will assist us with the development of our international operations through the enhanced transparency and reputational benefits of being a publicly listed company, thereby enabling us to grow faster than we could as an unlisted company. Additional benefits include having more flexibility to react to a developing and consolidating industry and improving our ability to incentivise and retain high quality management and staff.

We are pleased with the achievements of the first half and the significant progress we have made gives us confidence that Betfair remains well placed to deliver long-term growth for its shareholders.

Results overview

The results for the period highlight both the Group's continued revenue growth and increasing profitability as well as our commitment to invest in order to secure future growth for our shareholders.

The Group is reporting its results under three segments:

- "Core Betfair" includes our unique Betting Exchange and a portfolio of other sports betting, games and poker products.
- "Other investments" comprise our subsidiaries which are in an investment phase: Betfair US, which primarily comprises TVG, a licensed US horse racing wagering and television broadcasting business; and LMAX, which launched an exchange platform for online retail financial trading just prior to the end of the reported period.
- "High rollers" which comprised a trial service with a small number of customers. The trial was concluded during Q1 FY11 and will not be available to customers for the foreseeable future.

In addition, we have a 50% shareholding in Betfair Australia, the results of which are included in our financial statements using the equity accounting method.

Financial summary

Six months ended 31 October <i>Unaudited</i>	H1 FY11 £m	H1 FY10 £m	Change %
Revenue			
Core Betfair revenue	167.2	150.1	+11.3%
Other investments revenue	21.4	17.8	+19.9%
Underlying Group revenue ¹	188.5	168.0	+12.3%
High rollers revenue	24.7	-	N/A
Group revenue	213.3	168.0	+27.0%
Adjusted EBITDA ²			
Core Betfair	35.5	28.2	+25.7%
Other investments	(4.3)	(3.1)	N/A
Underlying Group Adjusted EBITDA ¹	31.2	25.1	+24.0%
High rollers	6.4	-	N/A
Group Adjusted EBITDA	37.6	25.1	+49.4%
Exceptional items	(14.7)	-	N/A
Equity settled share-based payments	(2.3)	(2.1)	N/A
EBITDA			
Core Betfair	16.4	26.1	-37.3%
Other investments	(2.2)	(3.1)	N/A
Group EBITDA (excluding High rollers)	14.2	23.0	-38.4%
High rollers	6.4	-	N/A
Group EBITDA	20.6	23.0	-10.7%
Group operating profit	7.3	10.5	-31.0%
Underlying Group operating profit ¹	17.8	12.6	+41.4%
Profit before tax	7.4	9.2	-18.9%
Underlying profit before tax ¹	16.9	11.3	+49.4%
Profit after tax	6.8	7.8	-12.7%
Underlying profit after tax ¹	14.4	9.6	+49.8%
Basic earnings per share	6.4p	7.5p	-14.7%
Diluted earnings per share	6.2p	7.1p	-12.7%
Underlying basic earnings per share ¹	13.6p	9.2p	+47.8%
Underlying diluted earnings per share ¹	13.1p	8.7p	+50.6%
Cash as at 31 October	178.2	136.5	+30.5%
Customer funds held on deposit in separate ring fenced accounts as at 31 October	288.0	259.1	+11.2%

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: the revenue and EBITDA from the High rollers segment; exceptional items; equity settled share-based payments; profit on sale of financial asset; and the associated tax effect of these adjustments. A reconciliation of reported figures to underlying figures is set out in Appendix 2.

2 Excluding exceptional items and equity settled share-based payments

Underlying Group revenue (excluding High rollers) for the period increased by 12.3% to £188.5m, which reflected underlying growth in Core Betfair, as well as growth in Other investments.

Revenue growth in Core Betfair resulted primarily from a strong performance during the World Cup which contributed significantly to Q1 FY11 revenue growth of 22.3%. The World Cup also provided an opportunity for customer acquisition and our efficient marketing campaign delivered a 44.5% increase in the number of Actives in the first quarter compared with the prior year.

In Q2 FY11, revenue growth in Core Betfair moderated to 1.6%, with continuing robust growth in football and other sports, as well as Games, but weaker performances in horse racing and Poker. Horse racing revenue showed a slight year-on-year decline in Q2 FY11 due to a reduced level of ARPU from existing customers who, while maintaining their frequency of activity, decreased their average bet size. In Poker, while the migration to the Ogame platform has delivered a better product for the longer term, the migration has also resulted in a reduced level of Poker revenue in Q2 FY11, impacting both UK and international performance.

We have plans in place to address the challenges in both horse racing and Poker. For our horse racing customers, we have already added new content and, in the second half, will introduce enhancements to our horse racing multiples product to cover our each way markets. In Poker, we have released a new upgraded customer interface which includes side games, a browser-based poker client and improved multi-table functionality. We will continue to work to re-engage with those customers who have not remained active on the new platform.

Adjusted EBITDA grew strongly in the period, both in Core Betfair and for the Group. This reflected revenue growth together with an increased Adjusted EBITDA margin of 21.2% (H1 FY10: 18.8%) in Core Betfair, while in Other investments Adjusted EBITDA losses increased as planned to £4.3m as investment continued to take place in Betfair US and accelerated ahead of the launch of the LMAX trading platform in October 2010.

The Group's reported results for the period have been affected by a total of £16.8m of exceptional costs in Core Betfair which are primarily associated with the successful listing in October 2010. In addition, Betfair US had an exceptional gain of £2.1m resulting from the release of a provision following the settlement of TVG legacy litigation during the period. The Group also made a profit of £1.2m on the sale of its minority holding in a lottery operator in China.

The Group ended the period with a cash balance of £178.2m (31 October 2009: £136.5m) and no debt. This figure above excludes customer funds of £288.0m (31 October 2009: £259.1m) held on deposit on the same date in separate ring fenced accounts.

Further analysis of our performance is set out in the Financial Review section of this announcement.

Current trading and outlook

Trading in the third quarter began on a stronger overall trend than the second quarter in Sports, again led by football. Recent weather conditions in the UK and Ireland, however, caused a number of race meeting cancellations, moderating overall growth rates in the quarter to date. Games growth has strengthened but poker has continued to show significant year-on-year declines following its migration to the Ogame network. In the second half, we will continue to improve our customer offering and address challenges in racing and poker with a number of product enhancements and initiatives.

We remain confident that our Core Betfair business is on track to deliver Adjusted EBITDA in line with our expectations for the current financial year. Looking further ahead, we believe that Betfair's unique product proposition and well-invested technology platform position the Group strongly for growth in the years to come, together with the potential for significant margin enhancement in Core Betfair.

Customers

Core Betfair Actives increased by 44% in Q1 and by 11% in Q2 compared with the same quarters a year earlier, and by 31.1% to 654,000 during the six month period. This growth was driven primarily by an increase of more than 50% in football Actives related to the World Cup. The Betting Exchange remains at the heart of Betfair's business, with 85% of Actives placing an exchange bet during the 12 months prior to 31 October 2010.

One of the most significant developments in the period has been our progress in expanding our customer offering via mobile devices. In May 2010, we launched the first iPhone betting application to be offered in the Apple App Store. This was followed by launches of an iPad App in August 2010 and an Android App in September 2010. This channel has tremendous potential for growth, with customers who bet via mobile devices increasing their ARPU by, on average, 19% and is an area where we will be placing increasing focus in the coming months. We had a total of 92,800 active mobile customers in the period, an increase of 132% over H1 FY10. Revenue from the mobile channel grew by over 70% in the first half and now represents approximately 4% of our Sports revenue. Betfair's mobile offering is unique compared with other betting operators in that third party developers are able to offer mobile applications alongside Betfair's proprietary Apps through the open nature of our technology platform. Applications from third party developers increase choice and product innovation for our customers using the mobile channel.

A number of significant further product initiatives were launched in the period as we continue to innovate and enhance the product experience for our Core Betfair customer base:

- We have enhanced the community features and content of our offering through the addition of Paul Nicholls, the champion National Hunt trainer, to our expert racing team, by increasing the availability of streamed video for our customers and through the launch of a new and improved forum for the vibrant Betfair community.
- We have introduced a new tool for our customers, the "Betchecker", which allows them to track Betfair's prices on football markets against those of leading competitors. The data shown by Betchecker objectively demonstrates the better odds overall available on the Betting Exchange which is part of our core marketing message. A customer who had placed a winning bet on all English football match odds and correct score markets since the start of the season would be 15% better off with Betfair than with our nearest competitor.

- Betfair Poker customers were migrated from a proprietary product to an offering on the Ogame network in July 2010, thereby providing access to much higher levels of liquidity throughout the day and making it a more compelling product for our customers to play. By the end of Q2 FY11, more than 118,000 of our customers had downloaded the new Poker software.
- Betfair's browser-based casino product was migrated to the Playtech platform in August 2010, following the launch of the downloadable casino product from the same provider in November 2009. We now have a more integrated, more comprehensive and more frequently refreshed casino offering which allows us to market the product more effectively. We anticipate that this product will improve the long-term yield on our casino games.

Our customers continue to demonstrate their trust in Betfair through the amount of funds they leave on deposit with us. The level of customer funds held on deposit in separate ring fenced accounts at the end of the period increased by 11.2% to £288.0m (31 October 2009: £259.1m), a level that we believe is well in excess of any other operator in the sector.

Technology platform

The business has continued to make progress on its investment programme in technology to ensure that Betfair is in a position to preserve and extend its product leadership and market share in sports betting in an increasingly complex regulatory environment.

Implementation of the investment programme began during FY10 and it remains on track to be completed during FY12. Activity in the first half of FY11 was focused on enhancing certain back office functions including a new payments platform which will be launched this month. This new platform allows us to add new payment methods more quickly, which will be important in increasing conversion as our customer base becomes more international.

Betfair US

Betfair US has continued to build relationships with industry participants and regulators in the United States, both through TVG and our development office in San Francisco.

Operationally, TVG has had a strong first half and has grown its share of the US advance deposit wagering ("ADW") market. Handle grew by 21% and overall revenue by 10% (both in local currency terms) in the period driven by increases in both actives and revenue per user. We have also expanded the number of States in which TVG can accept wagers to include Illinois and Pennsylvania. During the period, we have been investing in the development of a new TVG website which will go live in the first half of calendar 2011.

Outside the ADW market, progress has been made in the last few months to allow exchange wagering on horse racing in the United States, with new legislation being passed in California and under consideration in New Jersey. Further details are provided in the Regulation section below.

LMAX

Following the receipt of FSA authorisation in July 2010, LMAX launched its exchange platform for online retail financial trading in the last week of October 2010 after a period of beta testing.

The launch has so far gone according to plan and we are excited by the potential for the platform, although it remains in its very early stages. We will continue to invest in LMAX with the aim of enhancing its product offering and expanding into other markets in Europe in 2011.

Betfair Australia

Betfair Australia, our joint venture with Crown Limited, continued to show double digit revenue growth in the period. It also increased its underlying gross margin as a result of an agreement with Racing Queensland in September 2010 that payment of race fields fees by Betfair for the period between September 2008 and June 2012 should be based on gross profits, together with the introduction of a new reduced rate of gross profits tax in Tasmania with effect from September 2010.

Following the end of the period, and as has previously been announced, the Australian Federal Court found against Betfair Australia in its dispute with Racing New South Wales over the basis for charging for race fields information. Betfair Australia is seeking leave to appeal to the Australian High Court. Should this leave be granted, the case is likely to be finally determined during 2011.

Regulation

We are in constructive dialogue with the relevant authorities in the UK on a range of issues including the determination of the 50th Levy scheme and proposals for the regulatory framework for participants in the UK online betting and gaming industry. We would support the creation of a robust competitive environment which provides a level playing field for all participants.

We continue to see momentum towards regulation of online betting and gaming in Europe. As we have previously commented, the timescale and specific details of individual regimes are difficult to predict. A number of countries including Spain, Denmark, Germany, Ireland, Greece and Cyprus are currently in various stages of considering the introduction of a clear regulatory structure. The process of regulatory change can, however, be subject to delays, as has been the case recently in Denmark. We nevertheless believe that the move towards regulation across Europe will continue and that this will be positive overall for both ourselves and the wider industry in the medium term. In Italy, we continue to discuss the potential for licensed betting exchanges with the local regulatory authorities. We remain hopeful that progress will be made in 2011.

In the United States, it has been encouraging that a tangible step towards liberalisation of the online betting and gaming industry took place in September 2010 with the enactment into law in California of legislation enabling exchange wagering to take place on horse racing with effect from May 2012. We are actively engaging with regulators and horse racing industry participants to progress this opportunity. In addition, in November 2010 the New Jersey Senate voted in favour of similar exchange wagering legislation, which remains subject to approval from the lower house and signature from the governor.

Dividend

As previously indicated, there will be no interim dividend.

The Directors continue to anticipate that a final dividend will be paid in respect of the year ending 30 April 2011 and this will be based on a payout ratio of approximately 20% of the profit after tax of the Group after excluding losses in the Other investments segment. The amount of the final dividend will be announced with the preliminary results in June 2011 and is expected to be paid in September 2011. It will be calculated after excluding exceptional items and the profits attributable to the High rollers segment and will represent two-thirds of the amount of the dividend which would have been paid had the Company been listed for the whole of FY11.

FINANCIAL REVIEW

Core Betfair

Revenues and KPIs

Core Betfair revenue and KPIs are set out for each operating segment below. A complete analysis of KPIs on an annual, semi-annual and quarterly basis since the start of FY08 is available on the Group website (<http://corporate.betfair.com>).

Six months ended 31 October <i>Unaudited</i>	H1 FY11 £m	H1 FY10 £m	Change %
Core Betfair revenue			
- Sports	123.6	110.8	+11.7%
- Games	30.7	26.1	+17.6%
- Poker	11.4	12.1	-6.5%
Core Betfair Net Gaming Revenue	165.7	149.0	+11.2%
Revenue from management of customer funds	1.5	1.1	+32.8%
Core Betfair revenue	167.2	150.1	+11.3%

The period was characterised by very strong revenue growth in the first quarter which moderated in the second quarter. Growth in revenue in Q1 FY11 was driven by the World Cup (which fell entirely within Q1 FY11) in Sports, with Games also gaining from cross-selling, and broadly stable Poker revenue ahead of the migration at the end of July 2010. Q2 FY11 proved more challenging, albeit against a strong second quarter in FY10, with modest growth in Sports revenues, continued growth in Games and a significant fall in Poker revenue due to the migration of customers onto the Ogame platform, which took place just prior to the start of the second quarter. Further analysis of each operating segment is set out below.

Revenue from the management of customer funds held on deposit in separate ring fenced accounts grew by 32.8% to £1.5m, reflecting the increase in the average level of customer deposits held during the period and a slightly higher interest rate environment.

Sports KPIs

Period <i>Unaudited</i>	Q1 FY11	Q2 FY11	H1 FY11	Q1 FY10	Q2 FY10	H1 FY10
Sports KPIs						
- Actives ('000)	472	368	579	321	332	437
- ARPU (£)	134	164	213	160	179	253
- Net Gaming Revenue (£m)	63.5	60.1	123.6	51.4	59.3	110.8
Change						
- Actives	+46.9%	+10.8%	+32.6%			
- ARPU	-15.9%	-8.5%	-15.8%			
- Net Gaming Revenue	+23.6%	+1.4%	+11.7%			

Q1 FY11 Sports revenue growth of 23.6% resulted primarily from a strong performance during the World Cup. This also provided an opportunity for customer acquisition and our efficient marketing campaign delivered a 46.9% increase in the number of Sports Actives. Sports revenue growth moderated to 1.4% in Q2 FY11, with robust growth in football and other sports, but a weaker performance in horse racing. Horse racing revenue showed a modest decline in Q2 FY11 due to a reduced level of ARPU from existing customers who, while maintaining their frequency of activity, decreased their average bet size. To address this challenge, we have already added new content and, in the second half, will introduce enhancements to our horse racing multiples product to cover our each way markets.

Over the six month period, ARPU was down 15.8%, driven primarily by the greater weighting of recreational customers in the football segment, particularly during the World Cup. The increase in ARPU in Q2 FY11 compared with Q1 FY11 reflected the return to a less recreational customer base after the World Cup.

Games KPIs

Period	Q1	Q2	H1	Q1	Q2	H1
<i>Unaudited</i>	FY11	FY11	FY11	FY10	FY10	FY10
Games KPIs						
- Actives ('000)	102	90	155	80	78	126
- ARPU (£)	163	156	198	166	165	207
- Net Gaming Revenue (£m)	16.7	14.0	30.7	13.3	12.8	26.1
Change						
- Actives	+28.5%	+15.7%	+23.1%			
- ARPU	-1.9%	-5.9%	-4.4%			
- Net Gaming Revenue	+26.1%	+8.9%	+17.6%			

Games performed well in both Q1 and Q2 FY11, with revenue growth across all products driven primarily by growth in Actives in the period. Revenue growth in Q1 FY11 also benefited from a casino yield in excess of historic averages.

The casino product offering has been improved by the migration to the web-based Playtech casino product in August 2010. We now have a more integrated, more comprehensive and more frequently refreshed casino offering which allows us to market the product with increased effectiveness. We anticipate that this product will improve the long-term yield on our casino games.

Poker KPIs

Period	Q1	Q2	H1	Q1	Q2	H1
<i>Unaudited</i>	FY11	FY11	FY11	FY10	FY10	FY10
Poker KPIs						
- Actives ('000)	71	70	105	56	64	88
- ARPU (£)	86	75	108	105	97	137
- Net Gaming Revenue (£m)	6.1	5.3	11.4	5.9	6.2	12.1
Change						
- Actives	+26.2%	+9.8%	+18.9%			
- ARPU	-18.2%	-23.3%	-21.4%			
- Net Gaming Revenue	+3.3%	-15.8%	-6.5%			

The key development in Poker was the migration to the Ogame platform at the end of July 2010. This proceeded smoothly from a technical viewpoint and the Betfair Poker product now offers enhanced liquidity to our customers throughout the day, underlining the strategic rationale for the migration. We were pleased to have increased the total number of Actives by 10% year-on-year. A proportion of our higher value customer base, however, did not continue to be active in Q2 FY11 following the migration, which resulted in a drop in ARPU during the quarter. The first release of the new poker client did not include side games functionality, which was also a contributing factor to the revenue decline in Q2 FY11. Since the period end, a browser-based poker client has been introduced as well as side games and improved multi-table functionality. We will continue to work to re-engage with those customers who have not remained active on the new platform.

We believe that the improved levels of liquidity available in the new Poker product will provide a more sustainable base going forward. However, recovering revenue lost from clients who are no longer active following the migration is likely to take longer than previously anticipated.

Geographic KPIs

Period	Q1	Q2	H1	Q1	Q2	H1
<i>Unaudited</i>	FY11	FY11	FY11	FY10	FY10	FY10
Actives ('000)						
- UK	291	225	349	230	223	298
- Europe	225	182	292	128	146	192
- Rest of World	10	9	14	7	7	9
Total	526	416	654	364	375	499
ARPU (£)						
- UK	163	191	259	172	188	273
- Europe	152	177	227	215	224	312
- Rest of World	475	484	668	533	585	809
Total	164	191	253	194	209	298
Net Gaming Revenue (£m)						
- UK	47.4	42.9	90.3	39.6	41.8	81.4
- Europe	34.1	32.2	66.3	27.5	32.6	60.0
- Rest of World	4.8	4.2	9.1	3.5	4.0	7.6
Total	86.3	79.3	165.7	70.6	78.4	149.0
Change in Actives						
- UK	+26.1%	+1.2%	+17.0%			
- Europe	+76.4%	+24.8%	+52.0%			
- Rest of World	+54.9%	+27.9%	+46.3%			
Total	+44.2%	+10.8%	+31.0%			
Change in ARPU						
- UK	-5.2%	+1.4%	-5.2%			
- Europe	-29.5%	-20.7%	-27.3%			
- Rest of World	-10.8%	-17.2%	-17.4%			
Total	-15.2%	-8.6%	-15.1%			
Change in Net Gaming Revenue						
- UK	+19.6%	+2.6%	+10.9%			
- Europe	+24.3%	-1.1%	+10.5%			
- Rest of World	+38.1%	+5.8%	+20.8%			
Total	+22.3%	+1.3%	+11.2%			

The UK showed overall revenue growth of 10.9% in the period, primarily driven by the previously observed pattern of a strong start in Sports in Q1 FY11 which moderated in Q2 FY11. UK Actives were up substantially in the first quarter as a result of growth in football Actives from the World Cup. In the second quarter, changes to the sporting calendar year-on-year (most notably the 2009 Ashes series in the FY10 comparable year) contributed to a lower level of growth in Actives.

In Europe, continued growth year-on-year in Actives was offset by a decline in ARPU, leading to a small fall in Net Gaming Revenue in Q2 FY11. This was the result of a number of factors, including a greater weighting of poker revenue in Europe and the loss of revenue from France following the decision to withdraw from the market in May 2010. On an underlying basis (excluding France), European revenue grew by 1.3% in Q2 FY11 and total Core Betfair Net Gaming Revenue by 2.3%.

Multiples revenue showed robust growth in Q2 FY11 on a global basis. Regional fluctuations in margin against the prior year quarter had a positive effect in the UK and the opposite effect in Europe.

Gross margin

Core Betfair gross margin was £140.9m (H1 FY10: £125.7m), representing a gross margin percentage of 84.3% (H1 FY10: 83.7%).

Administrative expenses

Six months ended 31 October <i>Unaudited</i>	H1 FY11 £m	H1 FY10 £m	Change %
Commercial and marketing	43.3	41.5	+4.4%
Technology and product	34.0	22.9	+48.5%
Operations	9.1	9.2	-1.8%
Corporate	19.1	23.9	-20.1%
Total	105.4	97.5	+8.1%
<i>Commercial and marketing as % of Core Betfair revenue</i>	<i>25.9%</i>	<i>27.6%</i>	
<i>Technology and product as % of Core Betfair revenue</i>	<i>20.3%</i>	<i>15.2%</i>	
<i>Operations as % of Core Betfair revenue</i>	<i>5.4%</i>	<i>6.1%</i>	
<i>Corporate as % of Core Betfair revenue</i>	<i>11.4%</i>	<i>15.9%</i>	
Total as % of Core Betfair revenue	63.1%	64.9%	

Commercial and marketing spend has, as anticipated, returned to more normalised levels through a disciplined and efficient marketing campaign during the World Cup, and the key focus is now on retention of the higher value customers recruited during the last six months. It is expected that overall commercial and marketing costs for the full year as a percentage of revenue will reduce further due to a planned first half weighting of spend during FY11.

The increase in technology and product expenses reflects the anticipated costs of the investment programme in the technology platform, which began in the latter half of FY10. As previously indicated, this programme will be completed during FY12, with costs peaking as a percentage of Core Betfair revenue during FY11. It is anticipated that, between FY10 and FY12, a total incremental cost of £25m will be incurred in excess of the long-term sustainable level of technology and product expenses as a percentage of Core Betfair revenue.

Operational costs continue their long term downward trend as a percentage of Core Betfair revenue as we benefit from ongoing economies of scale in this area.

Corporate costs declined to £19.1m from £23.9m in the first half of FY10. It should be noted, however, that there are a number of phasing issues in this expense category which distort a year-on-year comparison. Administrative costs in FY11 are anticipated to be higher in the second half of the year and the total for the year will, as previously indicated, be higher than the total of £36.5m in FY10, particularly as a result of incremental costs associated with our listing.

Core Betfair EBITDA

Six months ended 31 October <i>Unaudited</i>	H1 FY11 £m	H1 FY10 £m	Change %
Adjusted EBITDA	35.5	28.2	+25.7%
Exceptional items	(16.8)	-	N/A
Equity settled share-based payments	(2.3)	(2.1)	+9.3%
EBITDA	16.4	26.1	-37.3%

Core Betfair Adjusted EBITDA increased by 25.7% to £35.5m (H1 FY10: £28.2m), reflecting revenue growth combined with an increase in margin in the period.

On a reported basis, EBITDA fell as a result of the exceptional costs incurred by Core Betfair of £16.8m (H1 FY10: £nil) which primarily were in connection with the listing. Further analysis of these costs is provided below in the paragraph entitled "Exceptional items".

Reported EBITDA is also stated after equity settled share-based payments of £2.3m (H1 FY10: £2.1m).

Other investments

Six months ended 31 October <i>Unaudited</i>	H1 FY11 £m	H1 FY10 £m	Change %
Revenue			
Betfair US	19.3	16.5	+16.5%
LMAX	2.1	1.3	+63.2%
Total	21.4	17.8	+19.9%
Adjusted EBITDA			
Betfair US	(1.8)	(1.4)	N/A
LMAX	(2.4)	(1.7)	N/A
Total	(4.3)	(3.1)	N/A
EBITDA			
Betfair US	0.3	(1.4)	N/A
LMAX	(2.4)	(1.7)	N/A
Total	(2.2)	(3.1)	N/A

Betfair US

Betfair US revenues are generated exclusively by its TVG wagering and broadcasting business. TVG had a strong first half and has grown its share of the US advance deposit wagering ("ADW") market. Handle grew by 21% and overall revenue by 10% (both in local currency terms) in the period driven by increases in both actives and revenue per user. We have also expanded the number of States in which TVG can accept wagers to include Illinois and Pennsylvania. While this increase has broadly dropped through to wagering revenues, overall revenue growth has been moderated by falls in licensing and advertising revenues.

The Adjusted EBITDA loss widened to £1.8m (H1 FY10: loss of £1.4m) as Betfair US continued to invest in upgrading TVG's website and operations, and in lobbying efforts and product development ahead of the anticipated introduction of exchange wagering on horse racing in California from May 2012.

Betfair US also recorded an exceptional gain in the period of £2.1m (H1 FY10: nil) as a result of the release of a provision following the settlement of TVG legacy litigation in July 2010.

LMAX

LMAX launched its exchange platform for online retail financial trading on 25 October 2010. Accordingly, its revenues during the period relate almost exclusively to its "Tradefair" white label financial spread betting business, which included £0.9m of non-recurring income in Q1 FY11 resulting from the volatility on financial markets in the period.

The EBITDA loss was £2.4m (H1 FY10 loss of £1.7m), which reflects continued investment in the development of its exchange platform. It is anticipated that this EBITDA investment will intensify during the rest of FY11 following the launch of LMAX's exchange platform.

As a result of a further planned investment by Betfair and Goldman Sachs to supply working and regulatory capital to LMAX shortly after the period end, Betfair's shareholding has now increased to 74.8% with Goldman Sachs now holding 12.7% and LMAX management the balance.

High rollers

Six months ended 31 October <i>Unaudited</i>	H1 FY11 £m	H1 FY10 £m	Change %
Revenue	24.7	-	N/A
Adjusted EBITDA and EBITDA	6.4	-	N/A

During the first quarter of FY11, Betfair ran a trial service with a small number of “high roller” customers. By their nature, the size and scale of the betting patterns of these customers was too large to be fully hedged through the Betting Exchange and so, during the trial, Betfair necessarily accepted proprietary risk on these bets.

The trial with these customers proved to be profitable, but the volatility of returns from this business was such that Betfair decided at the end of Q1 FY11 not to proceed with this product offering for the foreseeable future and accordingly no revenues will be generated during the second half of the year from this segment.

Group income statement

Group Adjusted EBITDA and EBITDA

Six months ended 31 October <i>Unaudited</i>	H1 FY11 £m	H1 FY10 £m	Change %
Underlying Group Adjusted EBITDA	31.2	25.1	+24.0%
High rollers	6.4	-	N/A
Group Adjusted EBITDA	37.6	25.1	+49.4%
Exceptional items	(14.7)	-	N/A
Equity settled share-based payments	(2.3)	(2.1)	+9.3%
Group EBITDA	20.6	23.0	-10.7%

Group Adjusted EBITDA grew strongly in the period, driven by an increase in Adjusted EBITDA in Core Betfair together with profits on the High rollers segment and offset by increased levels of investment in Betfair US and LMAX.

Group EBITDA after exceptional items and equity settled share-based payments fell primarily as a result of net exceptional costs of £14.7m (H1 FY10: £nil).

Depreciation and amortisation

Six months ended 31 October <i>Unaudited</i>	H1 FY11 £m	H1 FY10 £m	Change %
Depreciation of property, plant and equipment	6.3	6.9	-8.7%
Amortisation of capitalised development expenditure	3.7	4.0	-7.2%
Amortisation of intangible assets	3.3	1.6	+106.0%
Group depreciation and amortisation	13.3	12.5	+6.4%

Amortisation of capitalised development expenditure fell in the period as a result of a number of previously capitalised projects becoming fully amortised. Projects in development are not amortised until they are completed and so the amortisation charge is likely to rise in future periods with the completion of major projects such as the migration of our poker and casino products and the ongoing technology investment programme.

Approximately £1.3 million of the amortisation of intangible assets related to amortisation of intangibles associated with TVG and this charge is expected to fall in future periods. The increase in the charge in H1 FY11 was a result of the significant capital expenditure during FY10 and the early part of FY11 on software and licences.

Exceptional items

Six months ended 31 October <i>Unaudited</i>	H1 FY11 £m	H1 FY10 £m	Change %
Cost incurred on corporate projects	16.8	-	N/A
Release of surplus provisions	(2.1)	-	N/A
Total	14.7	-	N/A

Exceptional costs of £15.7m were incurred in relation to Betfair's listing during the period as well as £1.1m associated with moving certain of Betfair's operations to Dublin. The exceptional items include all advisory costs and other cash expenses associated with the listing, including the cash element of the 2010 Senior Executives' Incentive Plan ("2010 SEIP") which was paid immediately following listing.

The release of surplus provisions relates to settlement of TVG legacy litigation by Betfair US in July 2010.

Equity settled share-based payments

Equity settled share-based payments in the period were £2.3m (H1 FY10: £2.1m) and relate to incentive plans for management and employees which are based on both corporate and personal performance.

It should be noted that the costs of the equity element of the 2010 SEIP will be incurred as an equity settled share-based payment over the two years following the Company's listing at the end of October 2010. An increase in the equity settled share-based payments charge as a result of the 2010 SEIP is therefore expected to start in the second half of FY11.

Profit on disposal of available-for-sale financial asset

During the period the Group made a profit of £1.2m on the sale of its minority holding in a lottery operator in China.

Finance income and expenses

Net finance income was a cost of £0.7m (H1 FY10: income of £0.2m) representing primarily interest on corporate funds of £0.4m (H1 FY10: £0.4m), offset by a net foreign exchange loss of £1.1m (H1 FY10: loss of £0.2m). The net foreign exchange loss relates to unrealised losses resulting from the re-translation of intercompany trading balances.

Equity accounted investments

The loss arising from equity accounted investments was £0.3m (H1 FY10: loss of £1.5m) and relates primarily to Betfair's share of losses arising from its shareholding in Betfair Australia. During the period, Betfair Australia had a benefit of £1.0m relating to the release of accrued race field fees following the signing of an agreement with Racing Queensland.

Taxation

The Group's tax expense was £0.6m in the period (H1 FY10: £1.4m). The Group's effective consolidated tax rate was 9% (H1 FY10: 15%) reflecting a release of a prior year provision in respect of UK tax on overseas profits. We expect the long-term sustainable tax rate to be approximately 18%.

Cash and cash flow

Six months ended 31 October	H1	H1
<i>Unaudited</i>	FY11	FY10
	£m	£m
Net cash flow from operations	36.6	29.8
Taxation paid	-	(7.7)
Acquisition of subsidiary net of cash acquired	-	(3.3)
Capital expenditure – property, plant and equipment	(9.7)	(5.0)
Capital expenditure – other intangibles	(10.2)	(2.2)
Capitalised development expenditure	(11.0)	(7.8)
Disposal / (acquisition) of financial assets	3.4	(2.0)
Proceeds from issue of share capital	4.5	1.0
Proceeds from issue of subsidiary share capital	4.7	-
Proceeds from the sale of shares to be transferred to third parties	9.0	-
Other	(0.1)	0.3
Net cash flow in period	27.2	3.1
Balance as at 31 October	H1	H1
<i>Unaudited</i>	FY11	FY10
	£m	£m
Cash and cash equivalents	178.2	136.5
Customer funds held off balance sheet on deposit in separate ring fenced accounts	288.0	259.1

The cash balance of £178.2m at 31 October 2010 includes £9.0m of proceeds held temporarily over the period end and subsequently paid out to employees as a result of share sales arising from option exercises in the days following the Company's listing on 27 October 2010. This cash balance also does not reflect the payment of the majority of the exceptional costs incurred in the period, which will be settled in the second half of FY11.

Net cash flow from operations increased to £36.6m (H1 FY10: £28.1m), broadly reflecting Adjusted EBITDA prior to the non-cash cost of equity settled share-based payments and exceptional items.

Capital expenditure on other intangible items included unbudgeted expenditure in the period of approximately £4m on upgrading the Group's database which was originally expected to be paid over future years, but has now been incurred in advance in order to secure advantageous terms. We have also accelerated capital expenditure on our new data centre project.

Capitalised development expenditure includes £2.0m in Other investments, mainly in LMAX.

Principal risks and uncertainties

The principal risks facing the Group are summarised in Appendix 3.

Responsibility Statement of the Directors in respect of the condensed consolidated interim financial statements

We confirm that to the best of our knowledge the condensed set of financial statements has been prepared in accordance with IAS 34 Interim Financial Reporting as adopted by the EU.

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

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

By order of the board of Betfair Group plc

David Yu
Director

Stephen Morana
Director

Condensed Consolidated Income Statement

		Six months ended 31 October 2010 (Unaudited) £'000	Six months ended 31 October 2009 (Unaudited) £'000	Year ended 30 April 2010 (Audited) £'000
Continuing operations				
Revenue		213,251	167,966	340,915
Cost of sales		(49,567)	(28,873)	(55,894)
Gross profit		163,684	139,093	285,021
Administrative expenses		(156,429)	(128,582)	(266,575)
Group operating profit		7,255	10,511	18,446
Analysed as:				
Adjusted EBITDA* (excluding exceptional items and equity settled share-based payments)		37,566	25,145	53,484
Exceptional items	3	(14,679)	-	(4,600)
Equity settled share-based payments	15	(2,309)	(2,112)	(4,192)
EBITDA*		20,578	23,033	44,692
Depreciation and amortisation		(13,323)	(12,522)	(26,246)
Group operating profit		7,255	10,511	18,446
Profit on disposal of available-for-sale financial asset	4	1,158	-	-
Finance income	5	436	411	2,389
Finance expense	5	(1,094)	(244)	(16)
Net finance (expense) / income		(658)	167	2,373
Share of loss of equity accounted investments		(306)	(1,490)	(3,041)
Profit before tax		7,449	9,188	17,778
Taxation	6	(637)	(1,384)	(2,659)
Profit for the period / year		6,812	7,804	15,119
Attributable to:				
Equity holders of the Parent		7,391	7,804	15,119
Non-controlling interest		(579)	-	-
Profit for the period / year		6,812	7,804	15,119
Earnings per share				
Basic		6.4p	7.5p	14.4p
Diluted		6.2p	7.1p	13.8p

* EBITDA is defined as Group operating profit before depreciation and amortisation, 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.

Condensed Consolidated Statement of Comprehensive Income

	Six months ended 31 October 2010 (Unaudited) £'000	Six months ended 31 October 2009 (Unaudited) £'000	Year ended 30 April 2010 (Audited) £'000
Profit for the period / year	6,812	7,804	15,119
Other comprehensive income			
Change in fair value of convertible loan notes	-	-	(23)
Change in fair value of hedging derivative	-	(1,261)	(1,261)
Disposal of hedging derivative	-	(993)	(993)
Taxation directly recognised in equity	-	780	928
Foreign exchange differences	(1,282)	(2,840)	(2,910)
Other comprehensive expense for the period / year, net of income tax	(1,282)	(4,314)	(4,259)
Total comprehensive income for the period / year	5,530	3,490	10,860
Attributable to:			
Equity holders of the Parent	6,109	3,490	10,860
Non-controlling interest	(579)	-	-
Total comprehensive income for the period / year	5,530	3,490	10,860

Condensed Consolidated Balance Sheet

		31 October 2010 (Unaudited) £'000	31 October 2009 (Unaudited) £'000	30 April 2010 (Audited) £'000
	Note			
Non-current assets				
Property, plant and equipment	8	27,660	22,008	24,463
Intangible assets	9	100,848	83,828	88,980
Investments		-	1,584	152
Available-for-sale financial assets	10	2,115	4,346	4,385
Deferred tax asset		9,352	6,106	5,460
		139,975	117,872	123,440
Current assets				
Trade and other receivables	11	28,535	17,725	22,212
Cash and cash equivalents	12	178,157	136,512	150,947
		206,692	154,237	173,159
Total assets		346,667	272,109	296,599
Current liabilities				
Trade and other payables	13	114,396	81,212	88,857
Tax payable		25,018	19,520	25,930
Total liabilities		139,414	100,732	114,787
Net assets		207,253	171,377	181,812
Equity attributable to equity holders of the Parent				
Share capital	14	107	105	105
Share premium	14	8,564	3,093	4,078
Other reserves	14	1,747	(2,384)	(2,263)
Retained earnings		192,671	170,563	179,892
		203,089	171,377	181,812
Non-controlling interest	14	4,164	-	-
Total equity		207,253	171,377	181,812

Condensed Consolidated Statement of Changes in Equity For the six month period ended 31 October 2010

Attributable to equity holders of the Company

	Share capital £'000	Share premium £'000	Other reserves £'000	Foreign currency translation reserve £'000	Retained earnings £'000	Total parent equity £'000	Non- controlling interest £'000	Total equity £'000
Balance at 1 May 2010	105	4,078	1,640	(3,903)	179,892	181,812	-	181,812
Total comprehensive income for the period								
Profit / (loss) for the period	-	-	-	-	7,391	7,391	(579)	6,812
Other comprehensive income								
Foreign exchange differences	-	-	-	(1,355)	73	(1,282)	-	(1,282)
Other comprehensive income	-	-	-	(1,355)	73	(1,282)	-	(1,282)
Total comprehensive income for the period	-	-	-	(1,355)	7,464	6,109	(579)	5,530
Transactions with owners recorded directly in equity								
Distributions to owners								
Issue of shares	2	4,486	-	-	-	4,488	-	4,488
Equity settled share-based payments	-	-	-	-	2,309	2,309	-	2,309
Share-based payment liabilities settled by the issue of equity instruments	-	-	-	-	3,006	3,006	-	3,006
Taxation on equity settled share-based payments	-	-	5,365	-	-	5,365	-	5,365
Total distributions to owners	2	4,486	5,365	-	5,315	15,168	-	15,168
Changes in ownership interests in subsidiaries that do not result in a loss of control								
Recognition of non-controlling interest in LMAX	-	-	-	-	-	-	4,743	4,743
Total changes in ownership interests in subsidiaries	-	-	-	-	-	-	4,743	4,743
Balance at 31 October 2010	107	8,564	7,005	(5,258)	192,671	203,089	4,164	207,253

Condensed Consolidated Statement of Changes in Equity

For the six month period ended 31 October 2009

Attributable to equity holders of the Company

	Share capital £'000	Share premium £'000	Other reserves £'000	Hedging reserves £'000	Foreign currency translation reserve £'000	Retained earnings £'000	Total parent equity £'000	Non- controlling interest £'000	Total equity £'000
Balance at 1 May 2009	104	2,128	1,343	1,623	(991)	160,602	164,809	-	164,809
Total comprehensive income for the period									
Profit for the period	-	-	-	-	-	7,804	7,804	-	7,804
Other comprehensive income									
Change in fair value of hedging derivative	-	-	-	(1,261)	-	-	(1,261)	-	(1,261)
Disposal of hedging derivative	-	-	-	(993)	-	-	(993)	-	(993)
Taxation directly recognised in equity	-	-	149	631	-	-	780	-	780
Foreign exchange differences	-	-	-	-	(2,885)	45	(2,840)	-	(2,840)
Other comprehensive income	-	-	149	(1,623)	(2,885)	45	(4,314)	-	(4,314)
Total comprehensive income for the period	-	-	149	(1,623)	(2,885)	7,849	3,490	-	3,490
Transactions with owners recorded directly in equity									
Distributions to owners									
Issue of shares	1	965	-	-	-	-	966	-	966
Equity settled share-based payments	-	-	-	-	-	2,112	2,112	-	2,112
Total distributions to owners	1	965	-	-	-	2,112	3,078	-	3,078
Balance at 31 October 2009	105	3,093	1,492	-	(3,876)	170,563	171,377	-	171,377

Condensed Consolidated Statement of Changes in Equity For the year ended 30 April 2010

Attributable to equity holders of the Company

	Share capital £'000	Share premium £'000	Other reserves £'000	Hedging reserves £'000	Foreign currency translation reserve £'000	Retained earnings £'000	Total parent equity £'000	Non- controlling interest £'000	Total equity £'000
Balance at 1 May 2009	104	2,128	1,343	1,623	(991)	160,602	164,809	-	164,809
Total comprehensive income for the year									
Profit for the year	-	-	-	-	-	15,119	15,119	-	15,119
Other comprehensive income									
Change in fair value of convertible loan notes	-	-	-	-	-	(23)	(23)	-	(23)
Change in fair value of hedging derivative	-	-	-	(1,261)	-	-	(1,261)	-	(1,261)
Disposal of hedging derivative	-	-	-	(993)	-	-	(993)	-	(993)
Taxation directly recognised in equity	-	-	297	631	-	-	928	-	928
Foreign exchange differences	-	-	-	-	(2,912)	2	(2,910)	-	(2,910)
Other comprehensive income	-	-	297	(1,623)	(2,912)	(21)	(4,259)	-	(4,259)
Total comprehensive income for the year	-	-	297	(1,623)	(2,912)	15,098	10,860	-	10,860
Transactions with owners recorded directly in equity									
Distributions to owners									
Issue of shares	1	1,950	-	-	-	-	1,951	-	1,951
Equity settled share-based payments	-	-	-	-	-	4,192	4,192	-	4,192
Total distributions to owners	1	1,950	-	-	-	4,192	6,143	-	6,143
Balance at 30 April 2010	105	4,078	1,640	-	(3,903)	179,892	181,812	-	181,812

Condensed Consolidated Cash Flow Statement

		Six months ended 31 October 2010 (Unaudited) £'000	Six months ended 31 October 2009 (Unaudited) £'000	Year ended 30 April 2010 (Audited) £'000
	Note			
Cash flows from operating activities				
Profit for the period / year		6,812	7,804	15,119
<i>Adjustments for:</i>				
Depreciation and amortisation		13,323	12,521	26,246
Loss on disposal of property, plant and equipment		-	-	19
Profit on disposal of available-for-sale financial asset	4	(1,158)	-	-
Taxation		637	1,384	2,659
Equity settled share-based payments	15	2,309	2,112	4,192
Net finance expense / (income)	5	658	(167)	(2,373)
Share of loss of equity accounted investments		306	1,490	3,041
Increase in trade and other receivables		(6,320)	(1,800)	(6,758)
Increase in trade and other payables		20,045	6,481	13,783
Cash generated from operations		36,612	29,825	55,928
Taxation paid		-	(7,697)	(2,879)
Net cash from operating activities		36,612	22,128	53,049
Cash flows from investing activities				
Acquisition of subsidiary net of cash acquired		-	(3,261)	(3,261)
Acquisition of property, plant and equipment	8	(9,724)	(5,047)	(12,472)
Proceeds from sale of property, plant and equipment		-	-	52
Acquisition of other intangible assets	9	(10,237)	(2,209)	(5,460)
Capitalised development expenditure	9	(11,028)	(7,761)	(14,659)
Finance income received		458	410	779
Cash injection in jointly controlled entities		(230)	(225)	(225)
Disposal / (acquisition) of available-for-sale financial assets	10	3,428	(1,965)	(1,965)
Net cash used in investing activities		(27,333)	(20,058)	(37,211)
Cash flows from financing activities				
Proceeds from the issue of share capital	14	4,488	965	1,855
Proceeds from the recognition of non-controlling interest in LMAX	14	4,743	-	-
Proceeds from the sale of shares to be transferred to third parties		9,014	-	-
Net cash from financing activities		18,245	965	1,855
Net increase in cash and cash equivalents		27,524	3,035	17,693
Cash and cash equivalents at the beginning of the period / year		150,947	133,367	133,367
Foreign exchange differences		(314)	110	(113)
Cash and cash equivalents at period / year end	12	178,157	136,512	150,947

Notes to the condensed consolidated interim financial statements

1 Accounting policies

Reporting entity

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

The condensed consolidated interim financial statements of the Company as at and for the six months ended 31 October 2010 comprise the Company and its subsidiaries (together referred to as the 'Group') and the Group's interest in associates and jointly controlled entities. The Group is involved in the provision of betting services and online gaming products.

The audited consolidated financial statements of the Group as at and for the year ended 30 April 2010 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 2010 are unaudited and do not constitute statutory accounts within the meaning of section 435 of the Companies Act 2006, but have been reviewed by the auditors and their report is on page 41 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 Services 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 2010.

The comparative figures for the financial year ended 30 April 2010 are not the Group's statutory accounts for that financial year. Those accounts have been reported on by the Group's auditors. 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 14 December 2010.

Basis of preparation

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

- derivative financial instruments are measured at fair value;
- financial instruments at fair value through profit or loss are measured at fair value; and
- non-current assets are stated at the lower of the carrying amount and fair value less costs to sell.

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 current uncertain economic outlook. The Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future, and therefore they continue to adopt the going concern basis in the condensed consolidated interim financial statements.

Basis of consolidation

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

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.

Notes to the condensed consolidated interim financial statements (continued)

1 Accounting policies (continued)

Basis of consolidation (continued)

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 profit and loss 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 2010.

During the period, the Group began to operate a new reportable segment relating to High rollers (note 2). The revenue from this segment represents gains and losses, being the amount staked and fees received less total payouts from betting activity in the period.

The following standards are effective for the first time in the current financial period and have been adopted by the Group with no significant impact on its consolidated results or financial position:

- IFRS 3 Business Combinations (revised 2008)
- IAS 27 Consolidated and Separate Financial Statements (amended 2008)
- Amendments to IFRS 2 Share-based Payment – Group Cash-settled Share-based Payment Transactions
- Improvements to International Financial Reporting Standards 2009

From 1 May 2010, the Group has applied IFRS 3 Business Combinations (revised 2008) in accounting for business combinations. The change in accounting policy has been applied prospectively and has no impact in the current period.

From 1 May 2010, the Group has applied IAS 27 Consolidated and Separate Financial Statements (revised 2008) in accounting for non-controlling interest. The change in accounting policy has been applied prospectively and had no impact in the current period.

Other new standards and interpretations were adopted effective 1 May 2010 but had no material impact on the condensed consolidated interim financial statements.

Risks and uncertainties

The Board continuously assesses and monitors the key risks of the business. Despite the current uncertainty in the global economy, 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 in the Group's annual report for 2010. Significant risk factors that could impact the business are summarised in Appendix 3 of this statement.

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 ongoing 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 2010.

Notes to the condensed consolidated interim financial statements (continued)

2 Operating Segments

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

- Sports
- Games
- Poker
- Management of customer funds
- Other investments
- High rollers

Sports consists of the Exchange sports betting product, which offers markets on Racing, Football and Sports and Specials (SAS), plus Multiples, Tote, Timeform and Sportsbook. Games consists of various casino products and bespoke exchange games products. All of these gaming activities (and Poker) are played by customers in a number of geographical areas.

Sports and Games meet the quantitative thresholds required by IFRS 8 as reportable segments. Although Poker and revenue from the management of customer funds do not meet these requirements, the Board has concluded that these segments should be separately disclosed as reportable segments as they are closely monitored by the CODM.

Other investments comprises the LMAX Group (LMAX) and the Group's US operations (including the TVG Network), neither of which individually meets the threshold to be disclosed as a separate segment. However, the Board has concluded that these segments should also be separately disclosed as they are closely monitored by the CODM. For similar reasons, during the period ended 31 October 2010, High rollers was assessed by management as being a reportable segment. Due to the volatility of returns from such customers, Betfair decided at the end of the first quarter of the current financial period, not to proceed with this product offering for the foreseeable future.

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 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 £6.1m (six month period ended 31 October 2009: £4.6m; year ended 30 April 2010: £9.8m) and increased EBITDA by £0.1m (six month period ended 31 October 2009: decrease by £1.3m; year ended 30 April 2010: decrease by £2.4m).

The revenue from Sports, Games, Poker 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, the operating segments grouped into Other investments and High rollers and the analysis of EBITDA for them is summarised below.

Management also review Group revenue on a geographic basis, determined by the location of the customers when known. The statement is set out in the following geographic regions and revenue is analysed between them in the disclosures below:

- UK
- Europe
- Rest of World
- Unallocated

Notes to the condensed consolidated interim financial statements (continued)

2 Operating Segments (continued)

Segmental information for the six months ended 31 October 2010, 31 October 2009 and the year ended 30 April 2010 is as follows:

Six months ended 31 October 2010

	Sports £'000	Games £'000	Poker £'000	Management of customer funds £'000	Core Betfair £'000	US £'000	LMAX £'000	Other investments £'000	High rollers £'000	Group £'000
Revenue	123,624	30,693	11,351	1,506	167,174	19,274	2,099	21,373	24,704	213,251
Adjusted EBITDA*					35,456	(1,843)	(2,441)	(4,284)	6,394	37,566
Exceptional items					(16,787)	2,108	-	2,108	-	(14,679)
Equity settled share-based payments					(2,309)	-	-	-	-	(2,309)
EBITDA					16,360	265	(2,441)	(2,176)	6,394	20,578
Depreciation and amortisation										(13,323)
Net finance expense										(658)
Share of losses of equity accounted investments										(306)
Profit on disposal of available-for-sale financial asset										1,158
Profit before tax										7,449
Total assets										346,667
Total liabilities										(139,414)

Six months ended 31 October 2009

	Sports £'000	Games £'000	Poker £'000	Management of customer funds £'000	Core Betfair £'000	US £'000	LMAX £'000	Other investments £'000	High rollers £'000	Group £'000
Revenue	110,768	26,094	12,140	1,134	150,136	16,544	1,286	17,830	-	167,966
Adjusted EBITDA*					28,202	(1,352)	(1,705)	(3,057)	-	25,145
Exceptional items					-	-	-	-	-	-
Equity settled share-based payments					(2,112)	-	-	-	-	(2,112)
EBITDA					26,090	(1,352)	(1,705)	(3,057)	-	23,033
Depreciation and amortisation										(12,522)
Net finance income										167
Share of losses of equity accounted investments										(1,490)
Profit before tax										9,188
Total assets										272,109
Total liabilities										(100,732)

*Adjusted EBITDA excludes exceptional items and equity settled share-based payments

Notes to the condensed consolidated interim financial statements (continued)

2 Operating Segments (continued)

Year ended 30 April 2010

	Sports	Games	Poker	Management of customer funds	Core Betfair	US	LMAX	Other investments	High rollers	Group
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Revenue	223,708	54,216	25,566	2,553	306,043	32,014	2,858	34,872	-	340,915
Adjusted EBITDA*					62,192	(4,959)	(3,749)	(8,708)	-	53,484
Exceptional items					(4,600)	-	-	-	-	(4,600)
Equity settled share-based payments					(4,192)	-	-	-	-	(4,192)
EBITDA					53,400	(4,959)	(3,749)	(8,708)	-	44,692
Depreciation and amortisation										(26,246)
Net finance income										2,373
Share of losses of equity accounted investments										(3,041)
Profit before tax										17,778
Total assets										296,599
Total liabilities										(114,787)

*Adjusted EBITDA excludes exceptional items and equity settled share-based payments

Notes to the condensed consolidated interim financial statements (continued)

2 Operating Segments (continued)

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

Six months ended 31 October 2010	UK £'000	Europe £'000	Rest of World £'000	Unallocated* £'000	Group £'000
Core Betfair	90,252	66,344	9,072	1,506	167,174
Other investments	2,099	-	19,274	-	21,373
High rollers	-	-	-	24,704	24,704
Total Group revenue	92,351	66,344	28,346	26,210	213,251
Six months ended 31 October 2009	UK £'000	Europe £'000	Rest of World £'000	Unallocated* £'000	Group £'000
Core Betfair	81,392	60,025	7,585	1,134	150,136
Other investments	1,286	-	16,544	-	17,830
High rollers	-	-	-	-	-
Total Group revenue	82,678	60,025	24,129	1,134	167,966
Year ended 30 April 2010	UK £'000	Europe £'000	Rest of World £'000	Unallocated* £'000	Group £'000
Core Betfair	163,637	124,996	14,857	2,553	306,043
Other investments	2,858	-	32,014	-	34,872
High rollers	-	-	-	-	-
Total Group revenue	166,495	124,996	46,871	2,553	340,915

* *Unallocated represents revenue from the management of customer funds and High rollers. Revenue from High rollers has not been allocated to a specific geographic region as the method of the placement of bets by these customers does not allow such an allocation.*

The Group's overall profitability is sensitive to sporting results, particularly on significant events that attract a large number of stakes, as well as the timing of these events. Games and Poker income is less seasonal.

Notes to the condensed consolidated interim financial statements (continued)

3 Exceptional items

	Six months ended 31 October 2010 (Unaudited) £'000	Six months ended 31 October 2009 (Unaudited) £'000	Year ended 30 April 2010 (Audited) £'000
Costs incurred on corporate projects	16,787	-	4,600
Release of surplus provisions	(2,108)	-	-
	14,679	-	4,600

During the period ended 31 October 2010, the Group incurred costs on corporate projects of £16.8m (31 October 2009: £nil and 30 April 2010: £4.6m). This exceptional cost is made up of IPO expenses amounting to £15.7m comprising professional fees and bonus payments and £1.1m of cost relating to corporate projects relating to cost optimisation planning and strategic development.

During the period ended 31 October 2010, the Group released surplus provisions totalling £2.1m which is considered exceptional by the directors as they are items that are material in size and unusual or infrequent in nature.

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

	Six months ended 31 October 2010 (Unaudited) £'000	Six months ended 31 October 2009 (Unaudited) £'000	Year ended 30 April 2010 (Audited) £'000
Profit on sale of investment in Fine Success Limited	1,158	-	-

During the period ended 31 October 2010, the Group disposed of its 5.6% investment in Fine Success Limited (note 10).

5 Finance income and expense

	Six months ended 31 October 2010 (Unaudited) £'000	Six months ended 31 October 2009 (Unaudited) £'000	Year ended 30 April 2010 (Audited) £'000
Finance income			
Bank interest receivable	436	407	795
Net foreign exchange gain	-	-	1,562
Fair value adjustment of convertible loan notes	-	4	32
	436	411	2,389

Notes to the condensed consolidated interim financial statements (continued)

5 Finance income and expense (continued)

	Six months ended 31 October 2010 (Unaudited) £'000	Six months ended 31 October 2009 (Unaudited) £'000	Year ended 30 April 2010 (Audited) £'000
Finance expense			
Interest expense	15	3	16
Net foreign exchange loss	1,079	241	-
	1,094	244	16

The net foreign exchange amounts relates to unrealised gains and losses resulting from the retranslation of intercompany trading balances.

6 Taxation

Income tax is recognised based on management's best estimate of the annual effective income tax rate expected for the full financial year and this expected annual effective income tax rate is applied to the profit before tax of the six month period. The Group's consolidated effective tax rate for the period was 9% (six month period ended 31 October 2009: 15%; year ended 30 April 2010: 15%).

In the period to 31 October 2010 the Group released a prior year provision in respect of UK tax on overseas profits following resolution of an outstanding issue with HMRC. Excluding the impact of this prior year adjustment, the underlying estimated effective rate is 18%. This is lower than the notional statutory UK rate of 28% mainly due to the lower effective tax rates in foreign jurisdictions and non-deductible expenses.

With effect from 1 April 2011, the UK Statutory rate of Corporation tax will be reduced to 27%. This will result in a blended standard statutory rate of 27.9% in the year ended 30 April 2011, and has been incorporated into the effective tax rate calculation.

The income tax expense for the six month period ended 31 October 2010 is £0.6m (six months ended 31 October 2009: £1.4m; the year ended 30 April 2010: £2.7m).

Notes to the condensed consolidated interim financial statements (continued)

7 Earnings per share

Basic earnings per share

The calculation of basic earnings per share for the six month period ended 31 October 2010 was based on the profit attributable to ordinary shareholders of £6.8m (six month period ended 31 October 2010: £7.8m and the year ended 30 April 2010: £15.1m) and a weighted average number of ordinary shares outstanding of 105,848,044 (six months ended 31 October 2009: 104,626,032 and year ended 30 April 2010: 104,926,368), calculated as follows:

	Six months ended 31 October 2010 (Unaudited)	Six months ended 31 October 2009 (Unaudited)	Year ended 30 April 2010 (Audited)
Profit for the period / year (£'000)	6,812	7,804	15,119
Weighted average number of shares	105,848,044	104,626,032	104,926,368
Basic earnings per share	6.4p	7.5p	14.4p
Diluted earnings per share	6.2p	7.1p	13.8p

Diluted earnings per share

The calculation of diluted earnings per share for the six month period ended 31 October 2010 was based on the profit attributable to ordinary shareholders of £6.8m for the six months ended 31 October 2010 (six months ended 31 October 2009: £7.8m and the year ended 30 April 2010: £15.1m) and a weighted average number of ordinary shares outstanding after adjustment for the effect of all dilutive potential ordinary shares of 109,586,047 (31 October 2009: 109,868,126 and 30 April 2010: 109,769,384), calculated as follows:

Adjusted profit for diluted earnings per share

	Six months ended 31 October 2010 (Unaudited) £'000	Six months ended 31 October 2009 (Unaudited) £'000	Year ended 30 April 2010 (Audited) £'000
Profit for the period / year	6,812	7,804	15,119
Interest expense on convertible loan notes (net of tax)	-	4	11
Profit used to determine diluted earnings per share	6,812	7,808	15,130

Weighted average number of shares (diluted)

	Six months ended 31 October 2010 (Unaudited)	Six months ended 31 October 2009 (Unaudited)	Year ended 30 April 2010 (Audited)
Weighted average number of ordinary shares (basic)	105,848,044	104,626,032	104,926,368
Effect of conversion of convertible notes	-	13,227	-
Effect of share options on issue	3,738,003	5,228,867	4,843,016
Weighted average number of ordinary shares (diluted)	109,586,047	109,868,126	109,769,384

The average market value of the Company's shares for purposes of calculating the dilutive effect of share options was based on the market value (31 October 2009 and 30 April 2010: director's valuation) of the Company's shares for the period that the options were outstanding.

Notes to the condensed consolidated interim financial statements (continued)

8 Property, plant and equipment

	Freehold land and buildings £'000	Leasehold improvements £'000	Computer equipment £'000	Fixtures and fittings £'000	Vehicles, plant and equipment £'000	Total £'000
Cost						
Balance at 1 May 2009	750	9,752	55,957	3,221	491	70,171
Other acquisitions	-	1,550	9,923	1,558	175	13,206
Disposals	-	-	(2,402)	-	(127)	(2,529)
Foreign exchange differences	-	68	130	149	-	347
Balance at 30 April 2010	750	11,370	63,608	4,928	539	81,195
Other acquisitions	-	1,685	7,640	412	83	9,820
Disposals	-	(3)	-	(15)	(83)	(101)
Foreign exchange differences	-	(73)	168	(698)	2	(601)
Balance at 31 October 2010	750	12,979	71,416	4,627	541	90,313
Depreciation and impairment						
Balance at 1 May 2009	37	4,864	40,836	1,613	243	47,593
Depreciation for the year	15	1,721	8,875	1,116	169	11,896
Disposals	-	-	(2,402)	-	(56)	(2,458)
Foreign exchange differences	-	(19)	(324)	44	-	(299)
Balance at 30 April 2010	52	6,566	46,985	2,773	356	56,732
Depreciation for the period	8	803	5,024	429	42	6,306
Disposals	-	-	-	(11)	(30)	(41)
Foreign exchange differences	-	(56)	204	(492)	-	(344)
Balance at 31 October 2010	60	7,313	52,213	2,699	368	62,653
Net book value						
At 30 April 2010 (Audited)	698	4,804	16,623	2,155	183	24,463
At 31 October 2010 (Unaudited)	690	5,666	19,203	1,928	173	27,660

In the six month period ended 31 October 2009, the Group acquired assets amounting to £5.6m and there were no disposals of assets. Depreciation for the six month period ended 31 October 2009 amounted to £6.9m.

Notes to the condensed consolidated interim financial statements (continued)

9 Intangible assets

	Goodwill £'000	Computer software £'000	Licences £'000	Development expenditure £'000	Brand £'000	Customer lists £'000	Broadcasting and wagering technologies £'000	Total £'000
Cost								
Balance at 1 May 2009	51,785	2,150	1,792	28,554	2,145	4,807	970	92,203
Transfer in relation to joint venture	2,099	-	-	1,500	-	-	-	3,599
Acquisitions through business combinations	558	-	-	-	-	-	-	558
Other acquisitions – internally developed	-	-	-	15,138	-	-	-	15,138
Other acquisitions – externally purchased	2,613	5,460	-	-	-	-	-	8,073
Foreign exchange differences	(864)	-	(177)	-	(56)	(125)	(24)	(1,246)
Balance at 30 April 2010	56,191	7,610	1,615	45,192	2,089	4,682	946	118,325
Other acquisitions – internally developed	-	-	-	10,325	-	-	-	10,325
Other acquisitions – externally purchased	-	10,237	-	704	-	-	-	10,941
Disposals	-	-	-	-	-	(532)	-	(532)
Foreign exchange differences	(1,805)	-	(1)	-	(102)	(217)	(46)	(2,171)
Balance at 31 October 2010	54,386	17,847	1,614	56,221	1,987	3,933	900	136,888
Amortisation and impairment								
Balance at 1 May 2009	-	39	474	13,748	269	302	86	14,918
Amortisation for the year	-	3,852	613	7,459	995	1,115	316	14,350
Foreign exchange differences	-	71	(95)	-	42	46	13	77
Balance at 30 April 2010	-	3,962	992	21,207	1,306	1,463	415	29,345
Amortisation for the period	-	1,708	338	3,735	521	550	165	7,017
Disposals	-	-	-	-	-	(199)	-	(199)
Foreign exchange differences	-	(2)	(49)	-	(29)	(34)	(9)	(123)
Balance at 31 October 2010	-	5,668	1,281	24,942	1,798	1,780	571	36,040
Net book value								
At 30 April 2010 (Audited)	56,191	3,648	623	23,985	783	3,219	531	88,980
At 31 October 2010 (Unaudited)	54,386	12,179	333	31,279	189	2,153	329	100,848

Goodwill relates to the excess of consideration over the fair value of net assets acquired in relation to the acquisition of Portway Press Limited, Poker Champs Limited, TVG Network, and the Romanian development operations (TSE Development Romania) and the set up of Betfair TV and the Australian joint venture.

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.

Management have not identified any indicators of impairment in the six month period ended 31 October 2010. There were no impairment losses or subsequent reversals for any of the goodwill held during the six month period. The Directors consider that no reasonably possible change in assumptions would give rise to any impairment indicators in the carrying amount.

Computer software expenditure represents software licences which have been purchased from an external supplier. Licences represent bookmaking licences held by the Group.

Development expenditure represents project costs that have been developed and generated internally and externally. These costs have been capitalised in accordance with the requirements under IAS 38.

Other intangibles represents assets purchased as part of the TVG Network acquisition, being brand, customer lists and broadcasting and wagering technologies. These are amortised over the estimated useful economic lives which fall between 2 – 6 years.

In the six month period ended 31 October 2009, the Group acquired intangible assets of £12.6m and there were no disposals of assets. Amortisation for the six month period ended 31 October 2009 amounted to £5.6m.

Notes to the condensed consolidated interim financial statements (continued)

10 Available-for-sale financial asset

	<u>£'000</u>
Cost	
At 1 May 2010	4,385
Disposals	<u>(2,270)</u>
At 31 October 2010	<u>2,115</u>

On 5 February 2010, the Group entered into an agreement to sell the 5.6% holding of shares in Fine Success Limited for a consideration of US\$5.2m (£3.4m). The terms of the sale agreement stipulated that the transfer of the investment would only occur once the full consideration is received. As at 30 April 2010, of the total consideration, US\$2.7m (£1.8m) had been received. As a result, the investment remained recorded as an 'Available-for-sale' investment and the US\$2.7m (£1.8m) was recognised in 'Other payables'. During the six months ended 31 October 2010, the Group received the remaining consideration of US\$2.5m (£1.6m) in cash and the disposal was completed. A profit on sale of the available-for-sale investment was recognised in the income statement of £1.2m.

11 Trade and other receivables

	31 October 2010 (Unaudited) £'000	31 October 2009 (Unaudited) £'000	30 April 2010 (Audited) £'000
Trade receivables	5,900	4,684	1,869
Other receivables	5,659	1,216	4,894
Prepayments	14,381	11,825	15,073
Amounts due from joint ventures	2,595	-	376
	<u>28,535</u>	<u>17,725</u>	<u>22,212</u>

12 Cash and cash equivalents

	31 October 2010 (Unaudited) £'000	31 October 2009 (Unaudited) £'000	30 April 2010 (Audited) £'000
Cash and cash equivalents	<u>178,157</u>	<u>136,512</u>	<u>150,947</u>

As at 31 October 2010 £288.0m (31 October 2009: £259.1m and 30 April 2010: £284.0m) was held on trust in The Sporting Exchange (Clients) Limited on behalf of the Group's core business customers and is equal to the amounts deposited into customer accounts. The ring fenced customer funds, which are held in trust, are held off balance sheet on the basis that the cash is restricted.

Notes to the condensed consolidated interim financial statements (continued)

13 Trade and other payables

	31 October 2010 (Unaudited) £'000	31 October 2009 (Unaudited) £'000	30 April 2010 (Audited) £'000
Trade payables	2,023	4,152	9,689
Other payables	20,464	14,590	12,758
Amounts owed to joint ventures	2,666	2,311	-
Other taxation and social security	10,759	5,905	7,268
Non-trade payables and accrued expenses	78,484	54,156	59,142
Other financial liabilities – convertible loan notes	-	98	-
	114,396	81,212	88,857

14 Equity

Share capital

	Ordinary shares		
	31 October 2010 (Unaudited) No.	31 October 2009 (Unaudited) No.	30 April 2010 (Audited) No.
As at 1 May	105,385,361	104,450,014	104,450,014
Issued by the Group in relation to:			
Exercised share options and restricted shares	1,802,064	342,668	769,935
Exercised SAYE options	1,619	75,830	134,338
Shares cancelled	(495)	-	-
Conversion of convertible loan notes	-	-	12,624
New shares issued for cash	10,000	-	18,450
Total fully paid, ordinary shares of £0.001 each	107,198,549	104,868,512	105,385,361
	31 October 2010 (Unaudited) £'000	31 October 2009 (Unaudited) £'000	30 April 2010 (Audited) £'000
<i>Authorised</i> 200,000,000 ordinary shares of £0.001 each (31 October 2009 and 30 April 2010: 200,000,000)	200	200	200
<i>Allotted, called up and fully paid</i> 107,198,549 ordinary shares of £0.001 each (31 October 2009: 104,868,512 and 30 April 2010: 105,385,361)	107	105	105
	No.	No.	No.
Shares classified as liabilities	-	13,227	-

Notes to the condensed consolidated interim financial statements (continued)

14 Equity (continued)

During the six month period ended 31 October 2010, the Group received consideration of £4,378,000 (31 October 2009: £359,000 and 30 April 2010: £600,000) for the exercise of 1,802,064 (31 October 2009: 342,668 and 30 April 2010: 769,935) share options and restricted shares and £13,000 (31 October 2009: £607,000 and 30 April 2010: £1,100,000) for the exercise of 1,619 (31 October 2009: 75,830 and 30 April 2010: 134,338) SAYE options, resulting in total consideration from the issue of shares of £4,391,000 (31 October 2009: £966,000 and 30 April 2010: £1,700,000).

Exercise prices ranged from £0.001 to £10.00. In addition, 10,000 (31 October 2009: nil and 30 April 2010: 18,450) new shares issued for cash during the period for £10 a share amounting to a consideration received of £100,000 (31 October 2009: £nil and 30 April 2010: £200,000).

The Employee Benefit Trust held 2,263,903 ordinary shares in the Company as at 31 October 2010 (31 October 2009: 2,263,903 and 30 April 2010: 2,263,903). The total fully diluted shares as at 31 October 2010 was 113,528,010 (31 October 2009: 112,761,816 and 30 April 2010: 113,023,114).

The number of shares classified as a liability relate to the convertible loan notes, the value of which is detailed in note 13. They have been classified as such on the basis that the amounts are payable to the convertible loan note holders in cash, unless they opt to take the amount due in shares.

Hedging reserve

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments related to hedged transactions that have not yet occurred.

In November 2007, the Group entered into a forward contract to purchase US dollars to hedge certain marketing commitments. In October 2009, this contract was reviewed and deemed to be no longer required by the Group. The forward contract was measured at its fair value and was sold resulting in a £1.0m gain.

Other reserves

Other reserves comprise all taxation directly recognised in equity.

Foreign currency 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.

Non-controlling interest

The non-controlling interest relates to the non-controlling interest's shareholdings in LMAX for the six months ended 31 October 2010. Non-controlling interest is recognised and will continue to be recognised until such time the non-controlling accumulated losses are greater than their shareholding. This is in line with the Group's obligations to provide financial support to such subsidiaries.

15 Share-based payments

As at 31 October 2010 6,329,461 (31 October 2009: 7,880,077 and 30 April 2010: 7,637,753) share options and restricted shares in the capital of the Group remain outstanding and are exercisable up to 30 April 2020 (2009: 2019 and 2008: 2018).

The total expense recognised in respect of these schemes for the six month period ended 31 October 2010 was £2.3m (six month period ended 31 October 2009: £2.1m and year ended 30 April 2010: £4.2m). All the above schemes are treated as equity-settled share based transactions except for the short term incentive plan and the management incentive plan which have an element of cash rewards which can only be settled in cash.

Notes to the condensed consolidated interim financial statements (continued)

15 Share-based payments (continued)

The Group had the following share-based payment schemes in operation as at 31 October 2010:

(a) *Share option plans*

During the six months ended 31 October 2010, the Company granted 279,623 (31 October 2009: 45,000 and year ended 30 April 2010: 202,000) share options under the share option plan to employees of the Company. 4,269,829 options were exercisable under this scheme as at 31 October 2010 (31 October 2009: 5,786,391 and 30 April 2010: 5,701,768).

The weighted average exercise price for share options exercised during the period was £2.73 (31 October 2009: £1.05 and 30 April 2010: £0.77). The weighted average fair value of the awards granted during the period ended 31 October 2010 under the share option plan at the date of grant was £3.70 (31 October 2009: £5.48 and 30 April 2010: £3.35).

The expense recognised (excluding Employers' National Insurance costs) is £0.5m (31 October 2009: £0.8m and 30 April 2010: £1.6m).

(b) *Save-As-You-Earn scheme*

During the six months ended 31 October 2010, the Company did not grant any share options under the SAYE scheme to employees of the Company (31 October 2009: nil and year ended 30 April 2010: 198,733).

The weighted average exercise price for share options exercised during the period was £8.00 (31 October 2009: £8.00 and 30 April 2010: £8.00).

The weighted average fair value of the options granted during the six month period ended 31 October 2010 under the SAYE scheme at the date of grant was £nil (31 October 2009: £nil and 30 April 2010: £4.54).

The expense recognised in the period ended 31 October 2010 (excluding Employers' National Insurance costs) is £0.4m (31 October 2009: £0.4m and 30 April 2010: £0.7m).

(c) *Restricted shares scheme*

This scheme has been revised with the introduction of the Long-term incentive plan, Short-term incentive plan and Management incentive plan and as a result, no restricted shares were awarded under this scheme. In the period ended 31 October 2009, the total amount granted under the restricted shares scheme was 287,338 (30 April 2010: 287,338).

The restricted shares are valued with reference to the market value of the shares on the date of grant, which for the six months ended 31 October 2010 averaged £10 (31 October 2009: £10 and 30 April 2010: £10).

The expense recognised in the period ended 31 October 2011 for the restricted shares was £0.2m (31 October 2009: £0.6m and 30 April 2010: £1.2m) excluding Employer's National Insurance costs.

(d) *Long term incentive plan (LTIP), Short term incentive plan (STIP) and Management incentive plan (MIP)*

There were grants made of STIP and MIP rewards during the six month period ended 31 October 2010 of 5,638 restricted shares (31 October 2009: nil and 30 April 2010: nil). The rewards to be issued relating to the 2011 financial year have not been determined. As a result, the charge for the six month period is based on management's best estimate of the charge in respect of these schemes.

An expense of £1.3m (31 October 2009: £0.4m and 30 April 2010: £0.7m) for the options and restricted shares and £2.0m (31 October 2009: £0.8m and 30 April 2010: £1.6m) for cash bonus has been recognised (excluding Employer's National Insurance costs).

Notes to the condensed consolidated interim financial statements (continued)

15 Share-based payments (continued)

(e) Long term Senior Executives' Incentive Plan

The Long term Senior Executives' Incentive Plan was approved by the Board on 16 October 2007. Under the terms of the plan given certain events, a fund will be made available to provide a retention incentive to senior management.

(f) Stakeholder award scheme

During the period, 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 as of that date, however the payment method was changed from cash to equity-settled shares.

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.

16 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.

Trading transactions

During the period the Group recharged the Australian joint venture, Betfair Pty Limited, the following costs:

- Salary and other costs amounting to £nil (31 October 2009: £0.01m and 30 April 2010: £0.03m)
- Operational costs amounting to £0.3m (31 October 2009: £0.6m and 30 April 2010: £1.0m)

The outstanding balance as at 31 October 2010 of trading receivables from the Australian joint venture is £2.5m (31 October 2009: £nil and 30 April 2010: £2.2m).

During the period the Australian joint venture recharged the Group the following costs:

- Salary costs amounting to £0.4m (31 October 2009: £0.5m and 30 April 2010: £0.7m)
- Operational costs amounting to £0.9m (31 October 2009: £1.3m and 30 April 2010: £1.9m)

Details of related party outstanding balances

The outstanding balance as at 31 October 2010 of loans receivable from the Australian joint venture is £4.7m (31 October 2009: £4.2m and 30 April 2010: £4.7m). The loans are 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 31 October 2010, the Group owed £2.7m (31 October 2009: £2.3m and 30 April 2010: £2.0m) to the Australian joint venture.

Independent review report to Betfair Group plc

Introduction

We have been engaged by the Company to review the attached condensed consolidated financial statements in the interim report for the six months ended 31 October 2010 which comprises the condensed consolidated interim income statement, condensed statement of comprehensive income, condensed consolidated balance sheet, condensed consolidated statement of changes in equity, condensed consolidated cash flow statement for the six month period then ended and the related explanatory notes. We have read the other information contained in the interim 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 Services Authority ("the UK FSA"). 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 interim report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the interim report in accordance with the DTR of the UK FSA.

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 Interim 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 interim 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 interim report for the six months ended 31 October 2010 is not prepared, in all material respects, in accordance with IAS 34 as adopted by the EU and the DTR of the UK FSA.

Paul Korolkiewicz

For and on behalf of KPMG Audit Plc
Chartered Accountants
15 Canada Square
London E14 5GL
14 December 2010

Appendix 1: Glossary and definitions

"Active"	a customer of Betfair who has a bet settled or plays a real money game during a given period
"Adjusted EBITDA"	EBITDA excluding exceptional items and equity settled share-based payments
"App"	application software, a piece of software which allows users to perform tasks through a pre-defined user interface
"ARPU"	average revenue per user, which is calculated for each product and geographic segment by dividing Net Gaming Revenue generated by Core Betfair (or by the indicated segment, operating segment or geographic region) by the number of Actives in the period for Core Betfair (or by the indicated segment, operating segment or geographic region)
"Betfair" or the "Company"	Betfair Group plc
"Betfair Australia"	Betfair Australia Pty Ltd, a joint venture which is 50% owned by Betfair and 50% by Crown Limited, together with its subsidiary undertakings
"Betfair US"	Betfair's US operations, which comprise TSE US Holdings LLC and its subsidiaries including TVG
"Betting Exchange"	the Betfair betting exchange, which is based on the concepts and systems underpinning an order-based stock exchange model and which enables Betfair customers to bet at odds sought by themselves or offered by other customers instead of against a traditional bookmaker
"CFD"	contract for difference, being a contract between two parties stipulating that one party will pay to the other party the difference between the current value of an asset and its value at a future time
"Core Betfair"	Betfair's segment comprising all Betfair's activities except for Betfair US, LMAX and Betfair Australia
"EBITDA"	earnings before interest, tax, depreciation and amortisation
"FY10" etc	Betfair's financial year ending 30 April in a given year
"Games"	one of Core Betfair's operating segments, comprising Betfair Casino, Exchange Games and Betfair Arcade
"Group" or "Betfair Group"	the Company and its consolidated subsidiaries and subsidiary undertakings
"Handle"	the total amount of money wagered by customers
"H1, H2 etc"	the first or second half in Betfair's financial years ended 30 April
"LMAX"	the London Multi-Asset Exchange Limited, a subsidiary of Betfair
"High rollers"	Betfair's segment which was provided betting services to high roller customers during the first half of FY11
"KPIs"	Key Performance Indicators, such as ARPU and Actives
"Net Gaming Revenue"	the sum total of revenue generated by the Sports, Poker and Games operating segments for Core Betfair
"Q1, Q2" etc	the first or second quarter in Betfair's financial years ended 30 April

Appendix 1: Glossary and definitions (Continued)

"Other investments"	Betfair's segment comprising Betfair US and LMAX
"Poker"	one of Core Betfair's operating segments comprising Betfair Poker
"Sports"	one of Core Betfair's operating segments comprising the Betting Exchange, Betfair Multiples, the Italian Sportsbook, Betfair Select and other sports betting products
"TVG"	ODS Technologies LP, a subsidiary undertaking of Betfair, together with its subsidiary undertakings

Appendix 2: Reconciliation of adjustments

Six months ended 31 October 2010					
<i>Unaudited</i>					
	Revenue £m	EBITDA £m	Operating profit £m	Profit before tax £m	Profit after tax £m
Reported	213.3	20.6	7.3	7.4	6.8
Adjustments for:					
- High rollers	(24.7)	(6.4)	(6.4)	(6.4)	(6.4)
- Exceptional items	-	14.7	14.7	14.7	14.7
- Equity settled share-based payments	-	2.3	2.3	2.3	2.3
- Profit on disposal of financial asset	-	-	-	(1.2)	(1.2)
- Tax effect of adjustments	-	-	-	-	(1.9)
Underlying	188.5	31.2	17.8	16.9	14.4
Basic earnings per share (underlying)					13.6p
Diluted earnings per share (underlying)					13.1p
Six months ended 31 October 2009					
<i>Unaudited</i>					
	Revenue £m	EBITDA £m	Operating profit £m	Profit before tax £m	Profit after tax £m
Reported	168.0	23.0	10.5	9.2	7.8
Adjustments for:					
- Equity settled share-based payments	-	2.1	2.1	2.1	2.1
- Tax effect of adjustments	-	-	-	-	(0.3)
Underlying	168.0	25.1	12.6	11.3	9.6
Basic earnings per share (underlying)					9.2p
Diluted earnings per share (underlying)					8.7p

Earnings per share are based on a weighted average number of shares in issue during the six month period of 105,848,044 (FY10: 104,626,032) (basic) and 109,586,047 (FY10: 109,868,126) (diluted).

Appendix 3: Principal risks and uncertainties

The principal risks facing the Group, together with the Group's risk management process in relation to these risks, are unchanged from those set out on pages 9 to 18 (inclusive) of the Company's prospectus dated 22 October 2010 (which is available for download at <http://corporate.betfair.com>) and relates to risks as follows:

Risks relating to the online betting and gaming industry

- The regulation and legality of online betting and gaming and varying enforcement
- The reaction of third party suppliers to the uncertainty regarding the legality of online betting and gaming
- Attempts by EU Member States to prevent online betting and gaming operators from providing services to customers within their territory
- Changes to online betting and gaming regulations or their interpretation by regulators
- Changes to the taxation of online betting and gaming or the imposition of other levies, duties or charges
- The adequacy of Betfair's access restriction systems
- Betting and gaming licence compliance, renewal and revocation
- Clarification of online betting and gaming regulation may restrict Betfair or lead to increased competition
- Negative publicity about problem and underage betting and gaming and fraud and corruption in sport

Risks relating to the operations of Betfair

- The impact of general economic conditions
- The scheduling and live broadcasting of major sporting events
- The effectiveness of Betfair's marketing
- The availability of payment processing services
- Money laundering and fraudulent activities by customers or employees
- Reliance on third parties
- The importance of Betfair's heartland customers
- The level of liquidity in the Betting Exchange
- Challenges to the pricing arrangements within the Betfair Group
- Betfair's ability to successfully develop and launch new products and technologies
- Network and IT security
- The failure or disruption of Betfair's technology and advanced information systems
- Failure to adequately protect customer account information
- Currency fluctuations
- Reduced levels of broadband access and Internet penetration
- Future acquisitions, joint ventures or alliances
- Challenges in expanding Betfair's customer base in its current markets
- Challenges in expanding Betfair's customer base in new geographic markets
- Enhanced competition in Betfair's markets or the development of new technologies or products by Betfair's competitors
- Protecting intellectual property
- Allegations of infringement of intellectual property rights by others
- Superior competing claims to funds held in accounts with third party banking institutions
- Impact of interest rates
- Deposit taking and financial services regulation
- Reliance on senior management and key individuals
- Attracting, retaining or motivating highly skilled employees