ANNUAL REPORT AND ACCOUNTS 2015

ABOUT BETFAIR

Betfair is one of the largest online gambling operators in the UK, providing a wide range of sports betting and gaming products to over 1.7 million active customers in more than 100 countries.

Betfair has long been a pioneer in the industry – launching its unique Betting Exchange in 2000 and following up with a range of innovative products and services that have redefined the sports betting landscape.

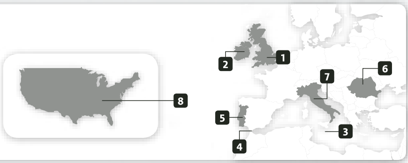
Our strategy is to compete hard in regulated markets using distinctive products, attractive pricing, strong promotional activity and substantial marketing investment.

Strategy pages 10–11
Risk pages 24–26
Business review pages 12–17

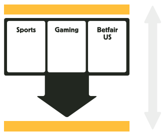
IN THIS REPORT

STRATEGIC REPORT

Betfair at a glance
Our operating divisions
Our international presence
Operating responsibly



The Betfair business model
How we make money
Who benefits from our value creation
The Betfair difference



An insight into our three strategic priorities:
1. Focus on sustainable revenues
2. Invest in our product and brand
3. Accelerate growth through international opportunities

FY15 review

GROUP REVENUE (£m)	ORDINARY DIVIDEND (per share)	B SHARE DIVIDEND (per share)
£476.5m +21%	34.0 pence +70%	189.0 pence

Managing the risks to our long-term growth aspirations

Our approach to Corporate Responsibility
1. Best practice in responsible gambling
2. An engaged workforce
3. Contributions to charity
4. Commitment to the environment

GOVERNANCE

Corporate governance at Betfair

FINANCIAL STATEMENTS AND CORPORATE INFORMATION

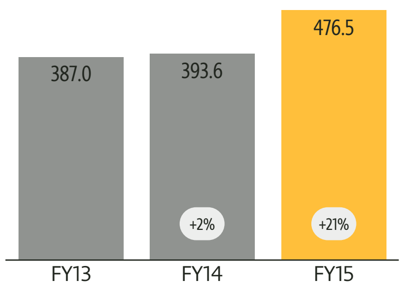
Financial statements and corporate information

For more information about the Group visit:
www.corporate.betfair.com

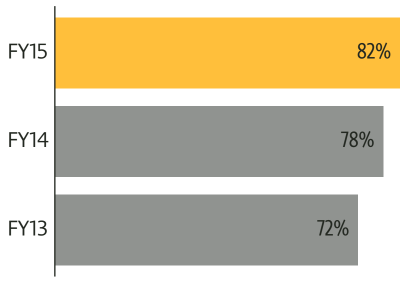
BETFAIR AT A GLANCE

GROUP FIGURES

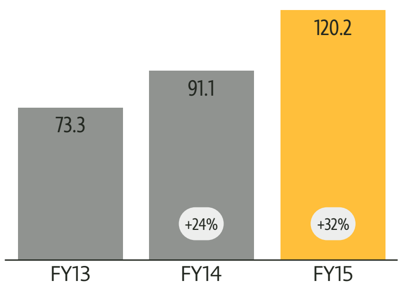
REVENUE (£m)



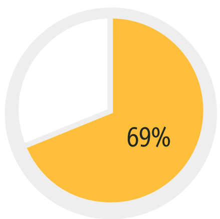
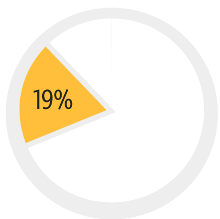
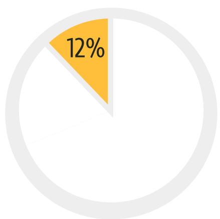
SUSTAINABLE REVENUE MIX (%)



UNDERLYING EBITDA (£m)



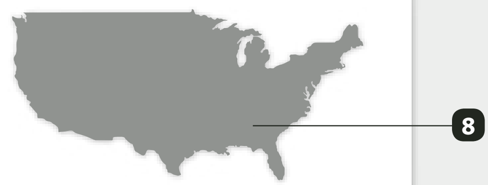
OUR OPERATING DIVISIONS

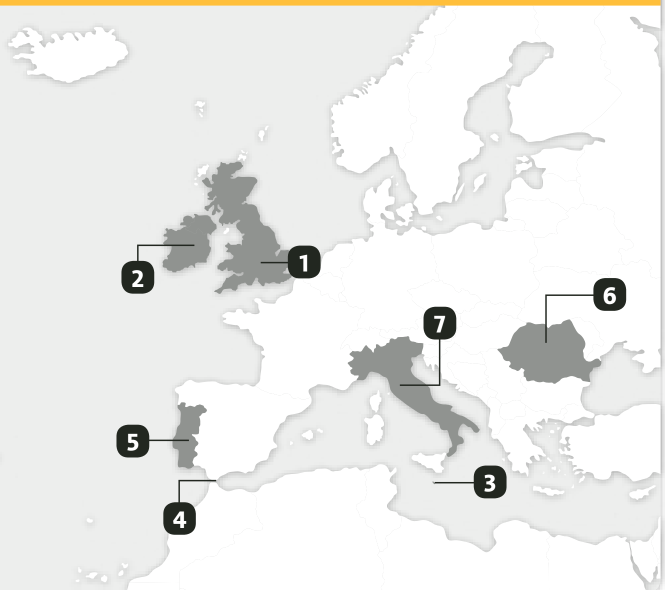
	SPORTS	GAMING	BETFAIR US
Principal activities	Combining our unique Exchange with a traditional Sportsbook, enhanced by product features such as Cash Out and Price Rush.	A wide range of Gaming products including Casino, Arcade, Poker, Exchange Games and Bingo.	TVG online horseracing wagering and online casino in New Jersey.
Revenue FY15	**£328.0m +17%**	**£88.5m +34%**	**£58.8m +29%**
Share of Group revenue (%)			
	For more information see page 12	For more information see page 14	For more information see page 16

OUR INTERNATIONAL PRESENCE

Over 2,000 employees based across 13 offices in 8 territories

1. United Kingdom
2. Ireland
3. Malta
4. Gibraltar
5. Portugal
6. Romania
7. Italy
8. USA





OPERATING RESPONSIBLY

COMMITTED TO SPORT

- Betfair was the first (and remains the only) bookmaker to have signed a commercial deal with British Racing; worth at least £40m to the sport over five years.
- Betfair has memoranda of understanding (MoUs) in place with over 60 of the world's largest sports governing bodies with whom we share suspicious betting patterns and work to preserve the integrity of sport.

For more information see page 29

RESPONSIBLE GAMBLING

Betfair takes responsible gambling seriously. Our policies include:

- a monitoring programme to review customer traffic and transactions to identify changes in behaviour;
- a responsible gambling microsite with tools for customers to manage their betting activity and awareness tests to understand when a problem might be developing;
- deposit limits, session timers and reality checks for customers to better manage their gambling activity; and
- time out and self exclusion tools.

For more information see page 28

CONTRIBUTIONS TO CHARITY

- Cash-4-Clubs – Betfair's own sports funding scheme providing grants to community sports clubs.
- National Jockey Day – Betfair donated £1 for every tweet that included the hashtag #NationalJockeyDay to the Injured Jockeys Fund.
- Back Yourself – Betfair offered a £20 free bet for London Marathon runners: if they hit their target time the winnings went to the charity they ran for, if they missed it the £20 stake went to Cancer Research UK.

For more information see page 32

STRATEGIC REPORT
GOVERNANCE
FINANCIAL STATEMENTS AND CORPORATE INFORMATION

OUR YEAR IN REVIEW

JUNE / JULY 2014

World Cup

£16m revenue

999/1 bet

matched on Germany winning 7-1 against Brazil

SEPTEMBER 2014

Scottish Referendum

Over £21m traded

Exchange called

80% chance

of a NO vote

NOVEMBER 2014

National Jockey Day

Popular charity initiative created in partnership with the Injured Jockeys Fund for the Betfair Chase Festival

DECEMBER 2014

Betfair announced a cash return of

£200m

to shareholders

FEBRUARY 2015

TAP TAP BOOM

ad campaign launched

with taxi stunt across the capital - highlighting the simplicity of betting with Betfair as well as the fun and excitement of our brand

FEBRUARY 2015

US acquisition

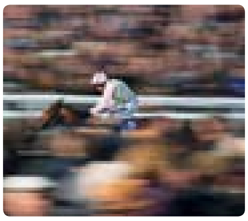
Betfair announced that it had acquired HRTV and entered into a long-term content deal with the Stronach Group

MARCH 2015

Cheltenham Festival

£160m

traded across Exchange and Sportsbook



MARCH 2015

Switching Saddles

Launch of campaign with GB's most successful female Olympian, Victoria Pendleton, who is vying to become a qualified amateur jockey riding at the Cheltenham Festival in just 12 months

APRIL 2015

Back yourself

Betfair's Marathon Betting App allowed customers to bet on themselves to hit their target time, with the winnings going to the charity of their choice

CHAIRMAN'S STATEMENT

Dear Shareholder
Betfair has had an exciting year. Our management team has successfully executed our strategy and the subsequent results demonstrate strong returns on the investments we have made.

Betfair has always offered a unique sports betting experience. Crucially, this is now being presented and marketed more effectively and the momentum in terms of customer numbers and revenues is clear.

Financial performance
Revenue increased by 21% to £476.5m (FY14: £393.6m) with EBITDA up 32% to £120.2m (FY14: £91.1m). This represents an excellent performance, particularly given the introduction of the point of consumption (POC) tax in the UK from December 2014.

Strategy
Betfair's strategy for growth has been to focus on regulated markets, develop our products and brand so that they stand out in the market, and take sensible opportunities to expand internationally as and when new markets open up.

We have made consistent progress on delivering this strategy. Sustainable regions continue to be our focus for investment and now make up 82% of our total revenue base, reducing the regulatory risk facing our business. The UK has been at the forefront of our growth and Betfair has continued to win share in this very competitive market by successfully attracting more recreational betting customers.

Betfair now has a strategic presence in several international regulated markets. In the US, our TVG horseracing business has continued to take market share and its acquisition of the HRTV network in February 2015 leaves it well positioned to continue this trend. In Italy, we have launched a combined Exchange-Sportsbook-Casino site, although it remains too early to determine the size of this opportunity.

Responsibility
Whilst parts of Betfair have changed significantly in recent years, the spirit of the Company remains true to its origins. Betfair has always been proud to be different; we know that being socially responsible is critical to our business and it remains central to everything we do.

Customers must be able to play in a safe and enjoyable environment. Without this trust, our business could not thrive. To this end we continue to update our responsible gambling tools to allow customers to manage their play, whilst also making substantial contributions to the Responsible Gambling Trust.

We also continue to make considerable investment in sport. In British Racing, we provide significant funding to support grassroots causes as part of our five-year £40m funding commitment. Many aspects of this commercial deal are consistent with the Government's recent "racing right" proposals and we have already joined discussions on how the two industries can work fairly and constructively together.

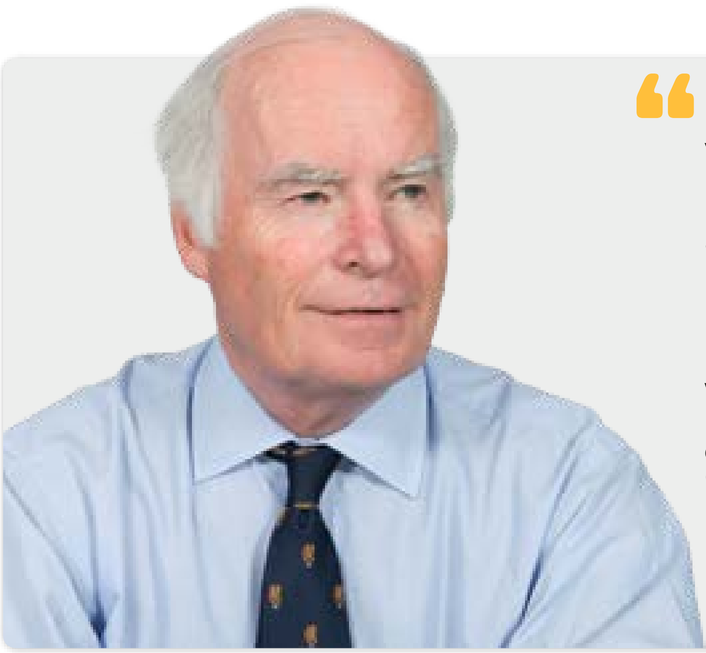
We support other grassroots sports through our Cash-4-Clubs programme and other exciting charity projects which are covered on page 32 of this report.

Return of cash and dividend
Betfair is a highly cash generative business and accordingly built up a considerable cash balance. The Board continually assesses Betfair's balance sheet and during the year returned £199.7m of cash to shareholders, in addition to the full year dividend of 34.0 pence per share, whilst also signalling a target of a 50% dividend payout ratio in the medium term.

At the same time, it was considered important to retain strategic flexibility to take advantage of any opportunities arising in this dynamic industry. Betfair finished the year with a very healthy balance sheet, with cash of £105.1m and no debt.

Finally, I would like to take this opportunity to thank the management and employees. What they have achieved in the last two years has been remarkable. I look forward with confidence to the coming year.

Gerald Corbett
Chairman
17 June 2015



"Betfair has had an exciting year. Our management team has successfully executed our strategy and the subsequent results demonstrate strong returns on the investments we have made."

Gerald Corbett
Chairman

BUSINESS MODEL

HOW WE MAKE MONEY

SPORTS

Sports combines:

- Betfair Exchange, a unique technology platform which connects customers to bet against each other, for which we charge commission; and
- Betfair Sportsbook, which is a traditional fixed odds bookmaker, with a margin applied to odds.

Both platforms link into each other in innovative ways through signature products such as Cash Out and Price Rush.

GAMING

Gaming includes:

- Betfair Casino;
- Betfair Arcade;
- Betfair Poker;
- Betfair Exchange Games; and
- Betfair Bingo.

Some of these see customers betting against Betfair and on others, like Exchange Games, we facilitate the game between customers and take a commission.

BETFAIR US

Betfair US comprises:

- TVG, the leading online horseracing betting operator in the US, which earns a share of the stakes placed over its platform; and
- Betfair Casino, an online casino site in the state of New Jersey.

MARGIN / COMMISSION

THE BETFAIR DIFFERENCE

WHO BENEFITS FROM OUR VALUE CREATION

CUSTOMERS

- Over 1.7m customers enjoy our products every year.
- Betfair's unique Exchange model means we welcome winners.

EMPLOYEES

- We employ more than 2,000 people across the UK, Europe and the USA, with a large proportion of highly skilled technology-related roles.
- Over 600 employees are invested in the business through Save-As-You-Earn share schemes.

SHAREHOLDERS

- We are a profitable and highly cash generative business with a track record of delivering returns.
- We returned £199.7m of cash to shareholders this year and increased our dividend by 70%.

SPORTS

- We provide at least £8m of funding a year to British Racing, including contributions to grassroots causes.
- We have MoUs with over 60 sports organisations including UEFA, the BHA and the IOC, which enable us to share information on suspicious betting patterns to protect the integrity of sport.

GOVERNMENTS

- We expect to pay in excess of £75m in gaming, corporation and other taxes in FY16.

COMMUNITY

- We make significant contributions to the Responsible Gambling Trust to fund research into problem gambling.
- We support a wide range of charity projects including our Cash-4-Clubs programme for community sports clubs.

THE BETFAIR DIFFERENCE

FOCUSED ON RESPONSIBLE GAMBLING

We want customers to enjoy their time on our site and come back. This is the only way we can achieve a sustainable business and we do this by creating a fun, safe environment.

Betfair has a proud history in providing responsible gambling products and this continues today. We have a wide range of site tools that enable customers to bet within their limits, as well as a dedicated responsible gambling microsite, referenced from all areas of our site. We also help fund industry research into identifying the causes of problem gambling.

How are we different?

Betfair uses a monitoring programme to review customer transactions, identify changes in behaviour and contact customers. We also provide a responsible gambling microsite and tools for customers to manage their gambling.

FOCUSED ON SUSTAINABLE MARKETS

Much of our recent growth has come from focusing the business on what we class as "sustainable" markets, where online gambling is properly regulated and taxed.

Because licensed revenues are more stable, we are able to invest more in our products and marketing in these markets. Over time we then expect to get an improved return.

How we are different?

Betfair now derives 82% of total revenues from sustainable markets and has a unique product range that we believe appeals as much to new markets as it does to the UK. We also have a growing presence in the strategically important US market.

FOCUSED ON PRODUCT DEVELOPMENT

Betfair has always been a product-led operator. Our Exchange revolutionised the betting industry and it was built on high-end, in-house technology expertise.

The launch of our Sportsbook, and new products such as Price Rush that access both platforms, has played to this traditional strength. We believe that product is the key to attracting and retaining customers in a competitive market, and that Betfair offers something different over other brands.

How are we different?

Betfair has 87% of its technology development spend in-house and employs over 500 software engineers to create new products. This means we enjoy development pace, flexibility and independence that many other operators do not have. We are solely online and our products are not encumbered by retail considerations. This enables us to develop products such as Cash Out that are setting the industry agenda.

CHIEF EXECUTIVE'S REVIEW

Introduction
Since setting out our strategy in 2012, we have executed our plan to grow in sustainable markets, investing heavily in products and brand. We are competing aggressively on all fronts and the business has good momentum.

Overview of FY15 results
Revenue increased by 21% to £476.5m (FY14: £393.6m), with double-digit growth in each of Sports, Gaming and Betfair US. Revenue growth was driven by a 52% increase in the number of active customers to 1,715,000 (FY14: 1,129,000), supported by a 65% increase in the number of new customers acquired in the year as well as a focus on reducing customer churn.

While we are investing substantially in our products and brand, we continue to run the business with efficiency and discipline. This, combined with the revenue growth, results in operating leverage and has led to a 32% increase in EBITDA to £120.2m. Excluding the new UK point of consumption (POC) tax, EBITDA was up 53%.

The Group generated £103.8m of underlying free cash flow and ended the year with a cash balance of £105.1m and no debt. In January 2015 we returned £199.7m to shareholders via a B share scheme, while retaining flexibility to pursue strategic options in a quickly evolving market.

Strategy update
Our primary objective is to achieve profitable growth in sustainable markets. To this end, we continue to focus our resources on regions with good regulatory visibility, which we currently consider to be the UK, USA, Australia, Bulgaria, Denmark, Gibraltar, Ireland, Italy, Malta, and Spain. These markets contributed 82% of revenue in FY15 (compared to 78% in FY14 and 72% in FY13).

The number of active customers in sustainable markets increased by 70% to 1,456,000 (FY14: 854,000), driven by record customer acquisition during the World Cup, Cheltenham Festival and the Grand National meeting. Active customer numbers in other markets declined by 6% to 259,000 (FY14: 275,000).

New customers are primarily joining through our Sportsbook, which is the most efficient source of activations. These customers are then subsequently introduced to our other products. This has resulted in a positive impact across the rest of Betfair's business, with increases of 20% and 74% respectively in the number of first-time Exchange and Gaming users.

Revenue from sustainable markets was up 27% to £388.5m (FY14: £306.1m), primarily driven by the UK and Betfair US. This growth validates our strategy of focusing on these regions.

Revenue from other markets was up 1% to £88.0m (FY14: £87.5m). This performance was better than expected, benefitting from the lack of major market exits in the year.

New product development continued apace in the year. Through the ongoing integration of our Exchange and Sportsbook we now have a sports betting platform that gives customers a first-class experience. Our flagship Cash Out and Price Rush products, which extend Exchange-style trading and pricing benefits to all customers, are key reasons

"We are competing aggressively on all fronts and the business has good momentum."

Breon Corcoran
Chief Executive Officer

why customers join us and also why they stay. We continue to expand the range of these products and launched Cash Out for in-running horseracing and Price Rush for each way betting ahead of the Cheltenham Festival.

Our Brand has evolved considerably over the year as we have sought to demonstrate that Betfair is a fun and different place to bet. In February we launched our "Tap Tap Boom" advertising campaign which highlights the simplicity of betting with Betfair. We have secured leading advertising slots for the 2015/16 football season on the two key UK sports platforms, Sky Sports and BT Sport, and have increased our spend in print channels substantially to supplement our strong social and online marketing activities.

We have also significantly increased our promotional activity to complement the attractive odds available on our Exchange and Sportsbook. For example, we offered eight places on the Open golf, compared to the industry standard of five places, whilst at Cheltenham we had a market leading offer where customers received three free bets for every winner at odds of 3/1 or more on day one. We spent £21.1m on customer bonuses in FY15 (up from £5.2m in FY14), highlighting the level of investment we are making in customer acquisition and retention.

International opportunities continue to be a key focus. In Italy the market remains tough and we are ensuring we have a competitive product before making significant marketing investment. The acquisition of the HRTV network and related content rights deal in the USA secures long term content and distribution to support TVG's growth. We have also seen encouraging momentum from our online casino business in New Jersey, although the wider market has been slower to develop than anticipated.

Regulation
During the year Betfair obtained a gaming licence in the UK and began paying POC tax following its introduction in December 2014 (£19.2m cost in FY15). Although timing remains uncertain, we expect a new gaming tax regime for Ireland to be in place by August 2015 and are seeking to obtain a licence. If both taxes had been in place for the whole of FY15, we estimate that the cost would have been approximately £47m.

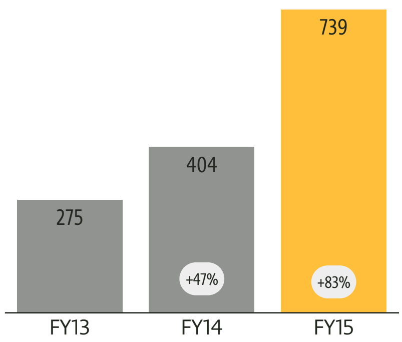
Betfair continues to engage with appropriate authorities in international markets where there is the prospect of fair and workable regulation. During the year we exited from Singapore and ceased to offer the Exchange in Austria, and we continue to expect further market exits from territories where the future of online gaming regulation is currently unclear.

The Strategic Report on pages 2 to 33 is approved by the Board and signed on its behalf by:

Breon Corcoran
Chief Executive Officer
17 June 2015

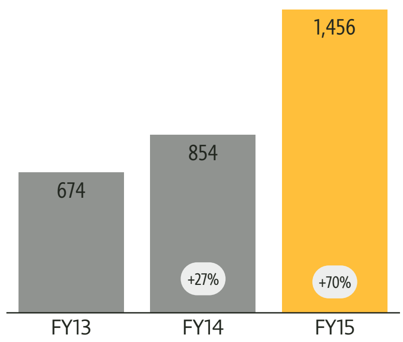
SUSTAINABLE ACTIVATIONS (thousands)

739,000
+83%



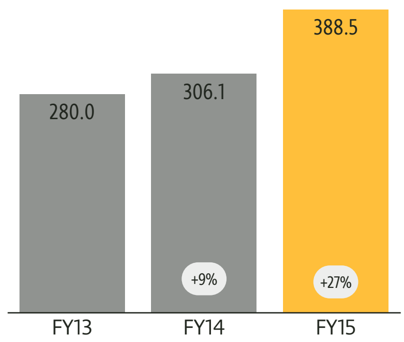
SUSTAINABLE ACTIVES (thousands)

1,456,000
+70%



SUSTAINABLE REVENUE (£m)

£388.5m
+27%

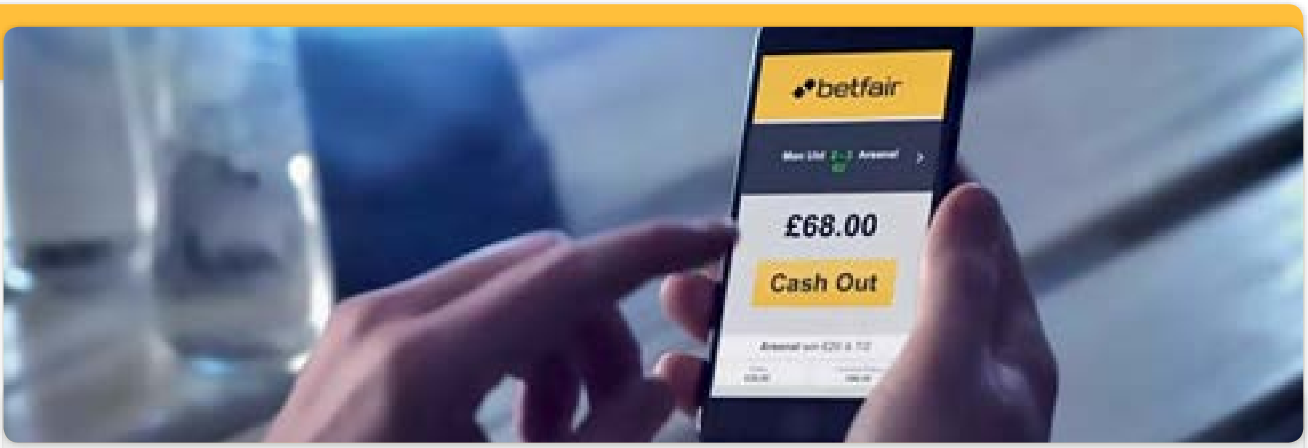


OUR STRATEGY AND KPIs

WHY WE ARE FOCUSING ON THESE PRIORITIES	WHAT ARE WE DOING	HOW DO WE MEASURE IT?
1. FOCUS ON SUSTAINABLE REVENUES		
Sustainable markets offer greater regulatory visibility, leading to greater revenue stability. In these markets we can have the confidence to invest and employ all of our marketing tools to grow our business.	We have redirected our resources to invest in markets that are regulated, or regulating in the near term. This is making our revenue more stable, enabling us to invest more in attracting customers in key markets, and is resulting in overall revenue growth.	• **Revenue from sustainable markets increased by 27% in FY15** • **82% of our revenues now come from sustainable markets (compared to 78% in FY14)**
2. INVEST IN OUR PRODUCT AND BRAND		
Our research shows that our products are a major reason why customers join Betfair and they are the key reason why they stay. Brands are important in highly competitive consumer industries and our brand investment allows us to reach new customer segments.	We are increasingly integrating our Sportsbook and Exchange into one simple Sports platform. This is being done through innovative products that access the best features of both, Cash Out and Price Rush. We are using our technology capability to offer a peerless experience on these products and have launched bold marketing campaigns that highlight the benefits they bring.	• **Sales and marketing spend up 10%** • **Over 60 people added to product development teams** • **New activations up 65%** • **Active customers up 52% to over 1.7m**
3. ACCELERATE GROWTH THROUGH INTERNATIONAL OPPORTUNITIES		
The UK has long been a key online gambling market, but new markets are opening up across the world and offer the chance for Betfair to use its existing capabilities to grow scale.	We are improving performance in our established international businesses such as Betfair US, which includes both TVG and our online casino in New Jersey. Our Italian business, Betfair Italia, launched in April 2014. Although the market is tough, we are investing in our product to increase the number of markets offered.	• **Betfair US revenue up 29%** • **HRTV acquisition in February 2015**

STRATEGY IN ACTION 2015

Betfair's Octopus was out and about all summer in the UK, this time at the Open in July.



Cash Out took a leading role in several of our high-profile marketing campaigns this year.

TVG had an exciting year, with significant product and marketing developments, as well as the acquisition of HRTV.

BUSINESS REVIEW
SPORTS

Sports revenue was up 17% to £328.0m (FY14: £280.5m). The first half of the year was boosted by World Cup revenue of £15.9m, which was approximately double the amount generated from the last major football tournament, whilst the second half saw strong performances at the Cheltenham and Aintree festivals.

SPORTS AT A GLANCE

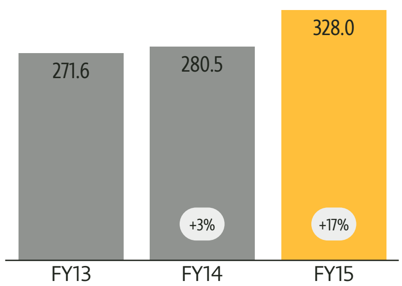
PRINCIPAL ACTIVITIES

Combining our unique Exchange with a traditional Sportsbook, enhanced by product features such as Cash Out and Price Rush.

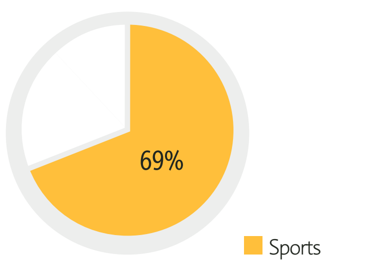
SPORTS REVENUE FY15

£328.0m
+17%

SPORTS REVENUE (£m)



SHARE OF BETFAIR REVENUE (%)



SHARE OF SPORTS REVENUE FROM SUSTAINABLE MARKETS (%)

The Exchange remains our key differentiator and total trading volume increased to £55.3bn (FY14: £52.8bn). In September the Exchange took centre stage during the Scottish Referendum, with its odds predicting the eventual "No" vote from an early stage. March's Cricket World Cup also proved popular with both semi-finals seeing over £100m traded, breaking the Exchange record for a single event twice in two days. The pricing benefits inherent on the platform were evident throughout the year and, in April, AP McCoy's final Grand National mount Shutthefrontdoor went off at 25/1 on Betfair compared to an industry SP of 7/1.

Our Sportsbook has continued to perform strongly for what is still a comparatively new product in a competitive market. Volumes were up 140% during the year to £1.2bn (FY14: £0.5bn) and it remains central to new customer acquisition. We have invested heavily in our in-house trading and risk management teams, as well as third-party services, to ensure our product is competitive with its longer-standing rivals. An example of our progress is the c.121% increase in the number of in-play events to approximately 9,500 in April 2015 (from around 4,300 in April 2014).

The mobile channel has become the driving force across the sports betting industry and Betfair continues to lead the way. Over 70% of Sportsbook revenue now comes through mobile, with the channel responsible for the majority of new UK customer activations and 80% of UK Sportsbook customers now transacting via mobile.

To view our Sports products visit
www.betfair.com

PRODUCT CASE STUDY

HORSERACING

Betfair has a strong heritage in horseracing but elements of our offer were behind our competitors. In FY15, we significantly improved our product through earlier Sportsbook pricing, better integrated tipping content and each way betting on the Exchange. All of these were launched ahead of the Cheltenham Festival, giving us a high-class trading platform.

As well as catching up with the competition, we wanted to make Betfair stand out. Prior to the Cheltenham Festival we launched Cash Out on in-running racing on both Sportsbook and Exchange. This had an immediate impact on day one, when many customers backed the popular Willie Mullins four-fold. The first three selections all won, leaving just the favourite Annie Power in the Mare's Hurdle. As the race unfolded Annie Power seemed destined to win but some savvy customers decided to tap the Cash Out button in-running, which proved to be a wise decision as the horse fell at the final fence.

In February, Price Rush was also extended to each way bets, making Price Rush available to more customers.

On the Grand National we were able to Price Rush all 39 runners, so Betfair customers received excellent value including the winner Many Clouds which was Rushed from 25/1 to 33/1.

BUSINESS REVIEW
GAMING

Gaming revenue increased by 34% to £88.5m (FY14: £66.2m). The strong performance was primarily driven by the significant increase in the number of Sports customers and the successful cross-selling of Gaming products to these customers.

GAMING AT A GLANCE

PRINCIPAL ACTIVITIES

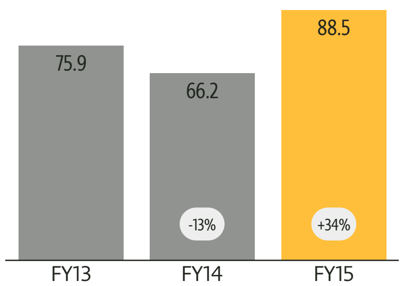
A wide range of Gaming products including Casino, Arcade, Poker, Exchange Games and Bingo.

GAMING REVENUE FY15

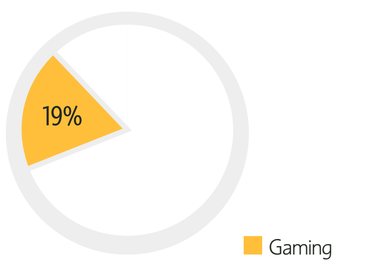
£88.5m

+34%

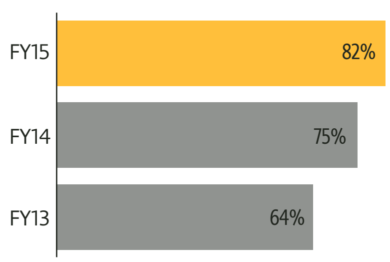
GAMING REVENUE (£m)



SHARE OF BETFAIR REVENUE (%)



SHARE OF GAMING REVENUE FROM SUSTAINABLE MARKETS (%)



During the year we concentrated product development on improvements to cross-sell, such as single sign-on across our Sports and Gaming apps, and embedded games within our Sports app. This helped to increase the number of Sports customers using Gaming products for the first time by 100%.

We also focused on sourcing the best available content and over 175 new games were launched in the year. We have made significant improvements in personalising customer experience and this, combined with more targeted marketing, has boosted both the acquisition and retention of customers.

The mobile channel continues to be a key driver of growth; it is now the platform of choice for Casino customers, with over 60% of actives in recent months playing via mobile.

To view our Gaming products visit
www.betfair.com

PRODUCT CASE STUDY

MOBILE – CASINO

Mobile is a key priority for Gaming as we look to recreate the full desktop experience for customers. In January 2014 we released an overhaul of our product, including our Web and Native iOS Apps, which included several industry-firsts such as personalised and automated promotions and presentation of games listings.

Throughout FY15 we continued to improve the product by adding new games, single sign-on, free spins, touch login and embedded games into the Sports mobile app. In April 2015 we saw a year-on-year increase of 58% in all Casino actives, with a 111% increase in those using mobile and a 45% increase in mobile revenue.

BUSINESS REVIEW
BETFAIR US

Betfair US revenue increased by 29% to £58.8m (FY14: £45.7m), mainly driven by TVG where handle (which is the volume of wagers placed) and revenue increased by 11% and 20% respectively (both constant currency). The first full year of operation from our online casino in New Jersey generated revenue of £5.3m (FY14: £1.2m).

BETFAIR US AT A GLANCE

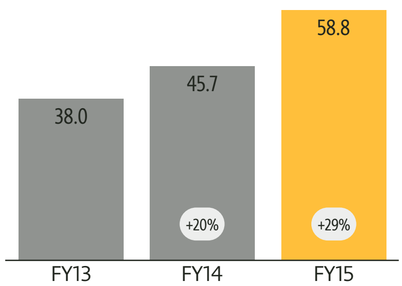
PRINCIPAL ACTIVITIES

TVG online horseracing wagering and online casino in New Jersey.

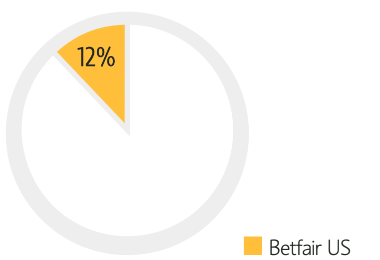
BETFAIR US REVENUE FY15

£58.8m
+29%

BETFAIR US REVENUE (£m)



SHARE OF BETFAIR REVENUE (%)



SHARE OF BETFAIR US REVENUE FROM SUSTAINABLE MARKETS (%)

TVG continues to outperform the wider US online horseracing market and during the year it became the largest US online advanced deposit wagering operator by market share. TVG's continued investment in its broadcast, digital and marketing capabilities is driving growth in its active customer base.

In February 2015, TVG completed the acquisition of the HRTV horseracing network and agreed long-term broadcasting and wagering rights with the Stronach Group. We believe the integration of the two networks offers significant benefits for US racing customers; chiefly that the combined network will now be able to show over 40,000 live races, compared to 27,000 previously.

Betfair's New Jersey Casino was launched in November 2013 following the regulation of online gaming in the state. Whilst the wider New Jersey market has proved to be smaller than anticipated, we are encouraged by our recent trading momentum. In October we switched our land-based licensing partner from Trump Plaza to Golden Nugget.

To view our US products visit
www.tvg.com and www.betfaircasino.com

PRODUCT CASE STUDY

HRTV UPGRADE

TVG has been able to use its significant technology infrastructure to immediately upgrade the HRTV channel which it acquired in February 2015. First, HRTV's production and presenting centre was brought into TVG's new state-of-the-art studio. Secondly, HRTV coverage has now been upgraded to high definition, making an immediate difference to the quality of coverage. This is a good example of Betfair using its existing technology capability to grow scale at an efficient cost.

FINANCIAL REVIEW

YEAR ENDED 30 APRIL	FY15 £m	FY14 £m	Change %
Revenue	**476.5**	393.6	+21%
EBITDA	**120.2**	91.1	+32%
Operating profit	**94.3**	61.6	+53%
Profit before tax	**101.2**	61.1	+66%
Underlying profit before tax[1]	**94.8**	61.1	+55%
Profit for the year	**86.4**	51.0	+69%
Underlying profit for the year[1]	**80.0**	51.0	+57%
Earnings per share	**85.9p**	49.0p	+75%
Underlying earnings per share[1]	**79.5p**	49.0p	+62%

[1] Underlying figures in FY15 exclude the profit on disposal of the Group's share of Betfair Australia. A reconciliation of reported figures to underlying figures is set out on page 21.

Summary

Revenue increased by 21% to £476.5m (FY14: £393.6m) driven by double-digit growth in Sports, Gaming and Betfair US. EBITDA was up 32% to £120.2m (FY14: £91.1m) as strong operating leverage allowed the business to absorb additional marketing investment and the introduction of POC tax in the UK from December 2014.

Reported profit before tax was £101.2m (FY14: £61.1m), which included a £6.4m profit relating to the disposal of our joint venture in Australia. Management believes that underlying results, which exclude this item, provide additional guidance to statutory measures to help understand the underlying performance of the business during the financial year. Underlying profit before tax was up 55% to £94.8m (FY14: £61.1m).

Earnings per share were up 75% to 85.9 pence (FY14: 49.0 pence) and underlying earnings per share, which exclude the gain on disposal, increased by 62% to 79.5 pence (FY14: 49.0 pence).

The Group ended the year with a cash balance of £105.1m (FY14: £209.8m) and no debt, despite returning £223.8m to shareholders through a B share scheme and ordinary dividends.

"EBITDA was up 32% to £120.2m as strong operating leverage allowed the business to absorb additional marketing investment and the introduction of POC tax."

Alex Gersh
Chief Financial Officer

REVENUE

Year ended 30 April	FY15 £m	FY14 £m	Change %
Sports	**328.0**	280.5	+17%
Gaming	**88.5**	66.2	+34%
Betfair US	**58.8**	45.7	+29%
Customer Funds	**1.2**	1.2	0%
Total Revenue	**476.5**	393.6	+21%

Sports revenue was up 17% to £328.0m (FY14: £280.5m). The first half of the year was boosted by World Cup revenue of £15.9m.

Gaming revenue increased by 34% to £88.5m (FY14: £66.2m). The strong performance was primarily driven by a significant increase in the number of Sports customers and the successful cross-selling of Gaming products to these customers.

US revenue increased by 29% to £58.8m (FY14: £45.7m), mainly driven by TVG where handle (which is the volume of wagers placed) and revenue increased by 11% and 20% respectively (both constant currency). Growth was also boosted by our online casino in New Jersey, which generated revenues of £5.3m in its first full year of operation (FY14: £1.2m).

REVENUE (£M)

	Q1	Q2	Q3	Q4	FY15	Q1	Q2	Q3	Q4	FY14
Sustainable markets	93.7	98.3	92.9	103.6	388.5	69.9	75.4	73.2	87.6	306.1
Change %	+34%	+30%	+27%	+18%	+27%					
Other markets	23.6	22.0	21.7	20.7	88.0	20.5	22.2	22.2	22.6	87.5
Change %	+15%	-1%	-2%	-8%	+1%					
Total revenue	**117.3**	**120.3**	**114.6**	**124.3**	**476.5**	**90.4**	**97.6**	**95.4**	**110.2**	**393.6**
Change %	**+30%**	**+23%**	**+20%**	**+13%**	**+21%**					

Revenue from sustainable markets was up 27% to £388.5m (FY14: £306.1m), primarily driven by the UK and Betfair US. Revenue from other markets was up 1% to £88.0m (FY14: £87.5m), with no major market closures in the year and World Cup revenue obscuring an underlying decline following the decision to focus investment on sustainable markets.

ACTIVES (K)

	Q1	Q2	Q3	Q4	FY15	Q1	Q2	Q3	Q4	FY14
Sustainable markets	653	594	638	905	1,456	396	393	424	571	854
Change %	+65%	+51%	+50%	+58%	+70%					
Other markets	131	114	122	135	259	134	147	137	143	275
Change %	-2%	-22%	-11%	-6%	-6%					
Total actives	**784**	**708**	**760**	**1,040**	**1,715**	**530**	**540**	**561**	**714**	**1,129**
Change %	**+48%**	**+31%**	**+35%**	**+46%**	**+52%**					

The number of active customers in FY15 increased by 52% to 1,715,000 (FY14: 1,129,000), aided by a record number of activations during the World Cup, Cheltenham Festival and Grand National meeting. The number of active customers in sustainable markets increased by 70%, while the number of actives in other markets decreased by 6%, reflecting the continued focus of investment on sustainable markets.

FINANCIAL REVIEW
CONTINUED

Gross margin
Gross profit for the year increased by 13% to £385.9m (FY14: £342.7m). This represents a gross margin percentage of 81.0% (FY14: 87.1%), with the year-on-year reduction largely driven by additional gaming taxes including UK POC.

ADMINISTRATIVE EXPENSES

Year ended 30 April	FY15 £m	FY14 £m	Change %
Sales and marketing	**136.1**	124.2	+10%
Technology	**62.4**	60.1	+4%
Operations	**36.4**	35.1	+4%
G&A	**30.8**	32.2	-4%
Operating expenses	**265.7**	251.6	+6%
Depreciation and amortisation	**25.9**	29.5	-12%
Total administrative expenses	**291.6**	281.1	+4%

Average headcount during the year of 1,901 was 9% higher than the prior year (FY14: 1,739) driven by increased investment in our product and technology teams, alongside additional operational staff to serve the growing customer base.

Sales and marketing spend increased by 10%, mainly driven by World Cup investment in the first half of the year. As a proportion of total revenue, sales and marketing spend decreased to 29% (32% in FY14).

Technology costs before capitalisation of internal development expenditure were up 2% on the prior year, with additional product development spend offset by efficiencies following the expansion of our near-shore technology centres. Internal development expenditure capitalised was £6.6m (FY14: £7.4m). Technology costs after this capitalisation were up 4% on the prior year.

Operations spend was up 4%, predominantly due to increased investment in customer services resources to support significant growth of the customer base.

General and administrative (G&A) costs were down 4%, primarily driven by lower headcount in this area.

Depreciation and amortisation of £25.9m was 12% lower than prior year (FY14: £29.5m), mainly due to historical assets becoming fully depreciated.

EBITDA

Year ended 30 April	FY15 £m	FY14 £m	Change %
Betfair excl. US	**115.4**	89.1	+30%
Betfair US	**4.8**	2.0	+140%
EBITDA	**120.2**	91.1	+32%

EBITDA was up 32% to £120.2m (FY14: £91.1m). The EBITDA margin increased to 25.2% (FY14: 23.1%), or 29.3% excluding UK POC tax.

EBITDA excluding the US was up 30% to £115.4m (FY14: £89.1m), with revenue growth partly offset by increased costs of sales, including £19.2m relating to the introduction of POC tax in the UK, alongside increased investment in marketing and product.

Betfair US EBITDA increased by 140% to £4.8m (FY14: £2.0m), with reduced losses as part of our multi-year investment in New Jersey Casino, along with strong revenue growth in TVG.

Finance income and expenses
Net finance income was £0.4m (FY14: £0.7m). This includes interest on corporate funds of £1.1m (FY14: £1.1m), net foreign exchange translation losses of £0.3m (FY14: £0.4m) and charges of £0.4m relating to deferred and contingent consideration for the acquisition of HRTV.

Betfair Australia
In August 2014, we sold our 50% stake in Betfair Australia to our joint venture partner Crown Resorts Limited for £5.5m, which represented a gain on disposal of £6.4m. Our shareholder loan to Betfair Australia of £6.5m was also repaid at the same time.

Our share of operating profit in Betfair Australia was £0.1m (FY14: loss of £1.2m), relating to the period up until the disposal of the business.

Betfair US
In February 2015, TVG acquired the HRTV horseracing television network and entered into a long-term content rights agreement with the Stronach Group. Betfair US made an initial payment of $25.6m (£16.6m) and will pay further consideration estimated to be $47.8m over a seven-year period, although the total consideration is dependent upon TVG's future handle.

Based on projected future cash flows, the present value of the total consideration is estimated to be $56.5m.

Corporation Tax
The Group had a tax charge of £14.8m for the year (FY14: £10.1m). The Group's effective underlying tax rate was 15.6% (FY14 underlying: 16.5%) and we continue to expect the long-term sustainable tax rate to remain around this level.

Dividend
The Board is recommending the payment of a final dividend of 25.0 pence per share. Together with the interim dividend of 9.0 pence per share, the proposed full year dividend is 34.0 pence per share (FY14: 20.0 pence). The full year dividend represents 43% of underlying earnings per share. The ex-dividend date will be 10 September 2015, the record date will be 11 September 2015 and payment will be on 9 October 2015.

CAPITAL EXPENDITURE

Year ended 30 April	FY15 £m	FY14 £m	Change %
External capex	**13.2**	15.0	-12%
Internal devex	**6.6**	7.4	-11%
Total	**19.8**	22.4	-12%

Capital expenditure (capex) decreased to £19.8m (FY14: £22.4m) mainly due to lower external spend, with prior year costs including the one-off investment in the conversion of TVG to high definition.

Return of cash
In December 2014, we announced the return of £199.7m of capital to shareholders via a B share scheme and the subsequent consolidation of our share capital on a 7 for 8 basis. This was completed in January 2015.

Balance Sheet
The Group ended the year in a strong financial position, with net assets of £49.4m (FY14: £171.4m). Total assets were £232.0m (FY14: £309.5m) of which 55% were current assets (FY14: 75%).

Current assets decreased primarily as a result of the cash return to shareholders, offset in part by positive cash generated from operations in the year.

Total liabilities increased from £138.1m to £182.6m mainly driven by trade and other payables, primarily relating to the deferred and contingent consideration payable in respect of the HRTV content deal. There was also an increase in taxes payable including the introduction of UK POC tax.

CASH AND CASH FLOW

Year ended 30 April	FY15 £m	FY14 £m
Underlying free cash flow	**103.8**	70.4
Cash flow from separately disclosed items	**-**	(12.4)
Free cash flow	**103.8**	58.0
Dividends paid	**(24.1)**	(15.6)
Return of capital to shareholders, including fees and duty	**(200.7)**	–
Proceeds from disposal of stake in Betfair Australia	**12.0**	–
Other[2]	**4.8**	1.3
Net (decrease)/increase in cash and cash equivalents[3]	**(104.2)**	43.7

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

[3] Excludes the effect of exchange rate fluctuations on cash held.

Year ended 30 April	FY15 £m	FY14 £m
Cash and cash equivalents as at 30 April	**105.1**	209.8

Free cash flow was £103.8m in the period (FY14: £58.0m). Underlying free cash flow, which excludes cash flow in the prior year that related to separately disclosed items, increased by 47% to £103.8m (FY14: £70.4m).

Cash at 30 April 2015 was £105.1m (30 April 2014: £209.8m).

RECONCILIATION OF REPORTED TO UNDERLYING

Year ended 30 April 2015	Revenue £m	EBITDA £m	Operating profit £m	Profit for the year £m	EPS p
FY15 reported	476.5	120.2	94.3	86.4	85.9
Disposal of JV	–	–	–	(6.4)	(6.4)
FY15 underlying	**476.5**	**120.2**	**94.3**	**80.0**	**79.5**

UNDERSTANDING AND MANAGING OUR PRINCIPAL RISKS

"To enable the business to focus on achievement of strategic objectives and sustainable long-term growth we recognise the importance of identifying and actively managing the full range of both existing and emerging financial and non-financial risks. We recognise both the threats and opportunities arising from these risks. This drives a better understanding of risk appetite, tolerance and management across the business."

Corporate Risk Committee

We apply our detailed understanding of risks to our overall strategic management. We use the "three lines of defence" model.

RISK GOVERNANCE AND RESPONSIBILITIES

The Board's responsibility:
- overall responsibility for risk management framework.

The Audit Committee's responsibility:
- assess the scope and effectiveness of the risk management systems established by management.

The Corporate Risk Committee's responsibilities:
- ensure management and lines of defence are performing their roles in managing risk;
- risk register is properly maintained;
- material risks are being properly addressed; and
- emerging risks are identified, measured and monitored.

Executive Management responsibilities:
- identify, assess, monitor, manage and mitigate risks and exploit opportunities;
- embed risk management as business as usual;
- appropriate internal controls are in place; and
- all key risks are identified and actions to mitigate risks are implemented.

Corporate governance pages 47-52

for further details of how our risk management framework and policies are embedded.

LINES OF DEFENCE AND RESPONSIBILITIES

The first line of defence – operational management and internal controls:
- embed and manage internal controls and risk management day-to-day as part of business as usual.

The second line of defence – oversight and assurance functions:
- set appropriate policies, provide guidance, advice and direction on implementation of those policies; and
- monitor the first line of defence.

The third line of defence – Group Internal Audit & Risk Management:
- independent challenge and assurance on internal controls and the first and second lines; and
- advice on improvements.

In addition:
External Audit also provide challenge and assurance on controls and advice on improvements.

Regulators check our compliance with legislation and licence requirements.

RISK MANAGEMENT PROCESS

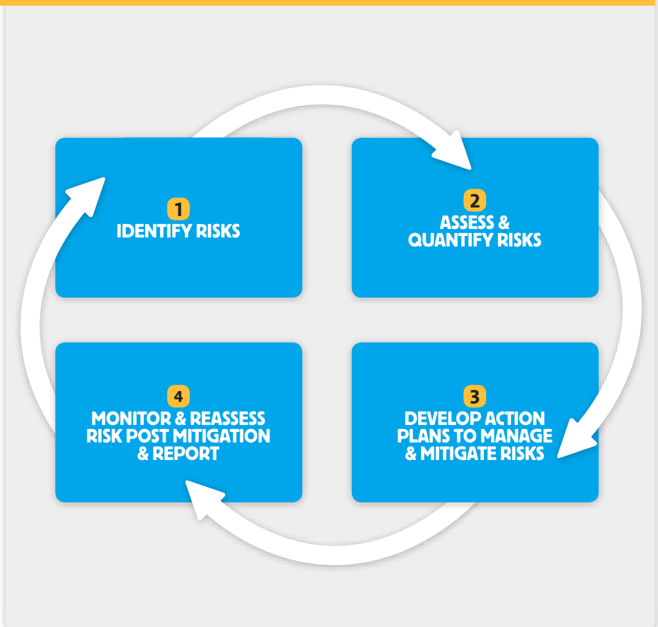
Identify risks
A robust methodology is used to identify key risks across the Group.

Assess and quantify risks
Analyse risks and controls to manage identified risks and evaluate to establish root causes, financial impacts and likelihood of occurrence. Risk categories used:

- Strategic
- Governance, Legal & Regulatory
- Security
- Financial
- Commercial & Operational
- People
- Technology

Develop action plans to manage and mitigate risks
Assess effectiveness and adequacy of controls.
If additional controls are required these are identified and responsibilities assigned.

Monitor and reassess risk post mitigation and report
Management is responsible for monitoring progress of actions to treat key risks and is supported through the Group's internal audit programme which evaluates the design and effectiveness of controls. The risk management process is continuous; key risks are reported to the Corporate Risk and Audit Committees.



OUR PRINCIPAL RISKS AND POTENTIAL KEY STRATEGIC IMPACTS

IDENTIFYING OUR MATERIAL RISKS

During the year a comprehensive bottom-up review of risks was undertaken throughout the Group, supported by facilitated risk workshops, to ensure that all potentially material risks have been identified, owners agreed and management/mitigation plans established accordingly. An Executive Management workshop reviewed the risks completing the top-down review.

OUR STRATEGIC PRIORITIES

1. **Focus on sustainable revenues**
2. **Invest in our product and brand**
3. **Accelerate growth through international opportunities**

We see successful risk management as an opportunity to set us apart from our competitors.

The principal risks and uncertainties which are considered to have a potentially material impact on the Group's long-term performance and achievement of strategy are set out on the following pages. External and internal risk factors are considered. This is not intended to be an exhaustive and extensive analysis of all risks which may affect the Group. Additional risks and uncertainties not presently known to management, or currently deemed to be less material, may also have an adverse effect on the business. Further details of how our risk management framework and policies are embedded can be found on pages 47 to 52.

Detail of risks follows in the tables on pages 24-26

BALANCING RISKS AND OPPORTUNITIES

Key risk/uncertainty	Change in potential impact. What's changed and why	Why we need to manage this	How we manage this	The opportunity
1. ONLINE GAMING REGULATION AND LICENSING **Risk category:** Strategic Governance, Legal & Regulatory **Links to strategy:** 1 3	Territories/countries introducing regulation. Potential for increased regulation of advertising. ➡	New licensing regimes which make it commercially unviable for us to operate our products can restrict our ability to grow the business. While opportunities exist, they are not without risks – such as commercial viability, delays in licensing of betting exchanges compared with other products, how our products are taxed and licensing one section of the online market, such as sports betting, but not another, such as casinos or poker. Restrictions on advertising can reduce our ability to reach new customers and market new product offerings. Consequently this could impact our strategic objectives to focus on sustainable revenues and to accelerate growth through international opportunities.	We work closely with regulators and governments throughout the EU and elsewhere to try to secure favourable regulation for our products. We obtained a UK licence during the year. We have dedicated internal and external legal, tax, compliance and public affairs resources with responsibility for advising business units in these matters and through appropriate policies, processes and controls. External third parties help us to substantiate evidence to support using a gross profits tax model. We monitor developments in advertising practice.	Early to market in newly regulated jurisdictions by securing licences and extensions in a short time frame. Regulated markets provide sustainable revenues and increased access to potential customers. Our strategy is to focus on these sustainable regulated jurisdictions.
2. COMPETITION/OUR BRAND, PRODUCTS AND CUSTOMERS **Risk category:** Strategic Commercial & Operational **Links to strategy:** 1 2 3	Competition continues to grow, consolidation creates larger competitors and new entrants continue to enter the market and innovate. ⬆	Online gambling is a very competitive industry. Our competitors are constantly looking to gain advantage through aggressive marketing campaigns, pricing, promotional behaviour and new product features which could impact revenue or margins. Product and delivery to market is vital to gain competitive edge over other operators. Our customers are at the heart of the business, reduced activity by major customers and/or a significant number of customers could have a material negative impact on our financial performance and growth. Consequently this could impact all of our strategic objectives to focus on sustainable revenues, to invest in product and brand and to accelerate growth through international opportunities.	Investment in brand and marketing tools and activity. Monitoring of competitors and their promotional offers. Continuous development of product with emphasis on mobile products and innovative features and acquisition through marketing. We closely monitor the behaviour of our customers and have teams focused on their acquisition, management and retention. We aim to ensure we provide a service and platform which grow value for both the customer and Betfair, and reduce the risk of customers leaving.	Promotional activity attracts new customers, robust and innovative product offerings will encourage customer loyalty. Development of the products of choice in the market, enhanced brand, marketing and potential gain of market share.
3. TECHNOLOGY INFRASTRUCTURE, SYSTEMS STABILITY & AVAILABILITY **Risk category:** Technology **Links to strategy:** 1 2 3	Limited change from prior periods. Our technology and infrastructure remain capable of supporting our growth. External malicious threats to our products and networks will always exist, our ability to manage such threats has kept pace with changes in the threat landscape. ➡	We rely on our customers being able to access markets via the internet and any extended loss of connectivity could have a material effect on revenues. A major failure of the Group's and/or third party infrastructure could lead to significant costs and disruptions that could reduce revenue and harm our business reputation. Reduced availability of our products arising through software, infrastructure and systems issues could result in a poor customer experience and may impact customer loyalty. Consequently this could impact all of our strategic objectives, to focus on sustainable revenues, to invest in product and brand and to accelerate growth through international opportunities.	Continuous investment in a cost effective technology platform and infrastructure to ensure stability and availability, eliminate single points of failure and improve performance. Focus is on a secure and scalable offering across all products. Robust development and change management processes help reduce the risk of unplanned outages.	At times of peak demand availability is key to attracting and retaining customers. Further positive differentiation through technology stability and availability of product.

Key risk/uncertainty	Change in potential impact. What's changed and why	Why we need to manage this	How we manage this	The opportunity
4. TAXATION **Risk category:** Financial Governance, Legal & Regulatory **Links to strategy:** 1 2 3	Impact largely unchanged from prior periods.	Changes in tax regimes can undermine existing tax planning creating unexpected liabilities. Consequently this could impact all of our strategic objectives, to focus on sustainable revenues, to invest in product and brand and to accelerate growth through international opportunities.	Adherence to tax planning is monitored through regular reviews of governance structures. Proactive involvement of tax specialist in key business decisions ensures tax planning remains effective. We complied with the UK Point of Consumption Tax during the year. Revenue growth and operating leverage is helping to offset the tax.	Effective, sustainable tax planning has a positive impact on the financial position and cash flow of the Group. Our ability to comply with changes in tax represents an opportunity to take market share from operators who do not remain in markets due to increased taxes.
5. RELIANCE ON THIRD PARTIES **Risk category:** Commercial & Operational **Links to strategy:** 1 2 3	No significant change to prior periods.	We rely on third parties across our business. All of our products are dependent on third party suppliers for content/data. Operational functions also rely on third parties for software solutions and infrastructure. Consequently this could impact all of our strategic objectives, to focus on sustainable revenues, to invest in product and brand and to accelerate growth through international opportunities.	Where possible we limit reliance on a single supplier to reduce potential single points of failure. We use formal contract and service level management processes supported by continuous communication to focus on quality and availability of services delivered by our key suppliers. We assess their resilience and review the potential options in the event of a need to change.	Use of strategic third parties helps us to manage our costs. In many cases use of multiple suppliers reduces risk of single points of failure and increases availability of our products and services. We also benefit from access to strong product innovation from our suppliers, often in areas that we would not develop ourselves. That helps us attract and retain customers.
6. IT DISASTER RECOVERY AND BUSINESS CONTINUITY **Risk category:** Technology Commercial & Operational **Links to strategy:** 1	No significant change to prior periods.	Availability of our product is paramount. A significant outage or unavailability of any of our products can cause reductions in revenue and loss of customers. Delays in restoring services following an outage or incident could result in loss of customers and reputational damage. Consequently this could impact our strategic objective to focus on sustainable revenues.	We regularly review our Business Continuity Plans and our IT Disaster Recovery capability and have service level agreements in place with third parties. Where possible we have failover solutions available and seek to limit single points of failure.	Our ability to recover from an incident and restore operations and services can help retain customers and differentiate us from competitors.
7. RECRUITMENT AND RETENTION OF KEY EMPLOYEES **Risk category:** People **Links to strategy:** 1 2 3	Risk has reduced in the current period – no significant issues with retention or recruitment of staff.	Continued success and growth is dependent on the performance of key directors, managers and staff. Retention and recruitment of these individuals is a key component in securing our ability to grow and develop our business. Our ability to continue to attract, retain and motivate passionate and highly skilled employees in an intensely competitive environment means that competitive packages and development opportunities must be available. Consequently this could impair our operations, financial performance and ultimately impact all of our strategic objectives to focus on sustainable revenues, invest in product and brand and to accelerate growth through international opportunities.	The Board reviews key positions through the Remuneration and Nomination Committees. Key senior staff and directors are part of long term incentive plans which reward high performance and loyalty. All staff are offered regular salary reviews, a comprehensive benefit package and are able to join (subject to local jurisdictional requirements) share save schemes which give them a long term stake in our success. Group HR actively manage succession planning and processes which are in place throughout the business to identify key roles, conduct regular appraisal, succession and talent reviews, and to provide competitive package and career development opportunities. Our employees participate in engagement surveys which help us to link improvements to achieving our corporate goals while reducing employee turnover and improving productivity and wellbeing.	Positive reputation within the industry facilitating attraction and retention of talent.

BALANCING RISKS AND OPPORTUNITIES
CONTINUED

Key risk/uncertainty	Change in potential impact. What's changed and why	Why we need to manage this	How we manage this	The opportunity
8. SECURITY OF CUSTOMER FUNDS AND RELIANCE ON FINANCIAL INSTITUTIONS **Risk category:** Security Financial **Links to strategy:** 1 2 3	Risk remains the same as in prior periods.	Some jurisdictions continue to put pressure on banks to refuse to process transactions from online gaming companies. A reduced ability to transact with customers can impact our growth and expansion into new territories. Actual or perceived mismanagement of customer funds could have severe reputational and/or financial impacts. There is the possibility of loss arising in the event of failure of counterparties. Consequently this could impact all of our strategic objectives, to focus on sustainable revenues, invest in product and brand and to accelerate growth through international opportunities.	We have strong relationships with key financial institutions and banking and payment suppliers. Wherever possible we avoid reliance on a single provider. We regularly assess their resilience and alternative options in the event of a need to change supplier. Under the terms of a Trust Deed, approximately 95% of all customer funds is held on trust in separate bank accounts which are ring-fenced from our corporate funds. The remaining sums are customer funds which certain regulators require Betfair to hold in separate non set-off bank accounts in the name of the licence holder. Daily and monthly reconciliations of customer funds take place to ensure timely detection of potential fraud or error. All customer funds are subject to the Group Treasury policy which is reviewed annually by the Audit Committee on behalf of the Board. At 30 April 2015 the majority of the Group's customer and corporate funds were held with major systemically important counterparties or pooled AAA rated money market funds. Exposure to counterparties are regularly reviewed by the Chief Financial Officer and adjusted accordingly.	Availability of a range of payment methods increases opportunities for customers to deposit funds with us.
9. DATA MANAGEMENT AND SECURITY **Risk category:** Technology Commercial & Operational **Links to strategy:** 1 2 3	Limited change from prior periods. External malicious threats to our products and networks will always exist, our ability to manage such threats has kept pace with changes in the threat landscape.	Breach or loss of customer or other sensitive data and information could lead to significant costs and disruptions that could impact revenue and harm our business reputation. Consequently this could impact all of our strategic objectives, to focus on sustainable revenues, to invest in product and brand and to accelerate growth through international opportunities.	Specialist monitoring and detection solutions and teams used across development and live product. Access to customer and other sensitive data and information is restricted and monitored in a variety of ways. We have appropriate policies, process and controls and mandatory security awareness training. We comply with the relevant data protection and privacy legislation. An independent review of cyber threat has been undertaken and supports our approach to managing this threat.	Positive differentiation to our competitors through offering strong security over customer funds, data and other information.

CORPORATE RESPONSIBILITY REPORT

> **“Our comprehensive safeguards ensure our customers have an enjoyable and safe betting experience with a brand they can trust.”**
>
> **Gerald Corbett**
> Betfair Chairman
> and Chair of the Corporate Responsibility Committee

Betfair has strived to do the “right thing” rather than the “easy thing” for the past 15 years. Our comprehensive safeguards ensure our customers have an enjoyable and safe betting experience with a brand they can trust. We take our obligations to customers, regulators, sport and our communities seriously and try to be a good corporate citizen in everything that we do.

Whilst our approaches to responsible gambling and sporting integrity continue to be improved year on year, we have also made great progress with the innovative charity projects we have supported in the past 12 months. Our National Jockey Day twitter campaign in November successfully highlighted the gruelling work jockeys do, whilst also guaranteeing a significant donation to the Injured Jockeys Fund.

Similarly, our “Back Yourself” London Marathon betting app – which allowed runners to bet on themselves to hit their target times and receive contributions to the charities that they were supporting – guaranteed another sizeable donation.

In the following sections we will explain these contributions in more detail and give an overview of our wider Corporate Responsibility goals and achievements.

CORPORATE RESPONSIBILITY (CR) COMMITTEE

The CR Committee meets at least four times per year to review Betfair’s Corporate Responsibility policies and advise the Board.

Members of the Committee* include:

Gerald Corbett (Chairman)

Lisa Hillier (Group HR Director)

Fiona Russell (Chief Legal Officer)

Tom Tuxworth (Head of Public Affairs, UK and Ireland)

James Midmer (Head of Corporate Communications)

Jonathan Pinner (Commercial Director, International)

* At 30 April 2015.

CORPORATE RESPONSIBILITY REPORT
CONTINUED

1. Best practice in responsible gambling

18+

Betfair is committed to ensuring its customers gamble responsibly. Our responsible gambling policies include:

- a specialist team responsible for age-verifying every customer and reviewing links to anyone identified as having a problem with their gambling;
- a dedicated responsible gambling microsite with tools for customers to manage their betting activity and information for gamblers, friends and family to increase awareness of when someone might be developing a problem;
- a monitoring programme to review customer transactions, identify changes in behaviour and contact customers;
- routinely updated responsible gambling training for all customer-facing staff, including identifying the triggers and causes of problem gambling and the risks specific to remote gambling;
- links and information on organisations that can help people work through their concerns, including:
    - o GamCare – the leading authority on the provision of information, advice and practical help in addressing the social impact of gambling;
    - o Gambling Therapy – the first online professional advisory service dedicated to serving the online gambling community worldwide;
    - o Gamblers Anonymous – a fellowship of men and women who have joined together to do something about their own gambling problem and help other compulsive gamblers to do the same;

- customer-driven deposit and loss limits with "cooling-off" periods that have to be observed before they can be increased;
- "time out" options for customers to take a short break from their gambling and reassess their choices;
- self-exclusion tools for customers who would like their account closed for a minimum of six months or over a longer period; and
- session timers and awareness pop-ups which allow customers to control their activity for games or events that have no natural end.

Responsible advertising

Betfair takes great care to ensure that all of its advertising and marketing is socially responsible with particular regard to the need to protect children, young people and other vulnerable groups from being harmed.

Because of this we do not include anyone who is, or appears to be, under the age of 25 years in our advertising campaigns. As a responsible advertiser, we also ensure that our advertising does not:

- portray, condone or encourage gambling behaviour that is socially irresponsible or could lead to financial, social or emotional harm;
- portray gambling as indispensable or as taking priority in life;
- exploit the susceptibilities, aspirations or inexperience of customers;
- suggest that gambling can enhance/improve personal self-esteem or suggest a link between gambling and seduction/sexual success or toughness/recklessness;
- exploit cultural beliefs or traditions about gambling; or
- suggest peer pressure to gamble.

All our advertising carries an appropriate age restriction warning (18+), includes links to responsible gambling websites and has a responsible gambling message. Gambling advertising is heavily regulated and our advertising complies with the UK Code of Broadcast Advertising ("BCAP Code"); the UK Code of Non-broadcast Advertising, Sales Promotions and Direct Marketing ("CAP Code"), the Gambling Industry Code for Socially Responsible Advertising and Gambling Commission of Great Britain: Licence Conditions and codes of practice ("LCCP").

RACING POST

Betfair praised for setting the standard on integrity

By Jim Cronin

BETFAIR were praised for setting the standard for upholding sport integrity when they emphasised the hard work being done in a special presentation last week to stakeholders, including regulatory bodies, MPs and media.

Mark Warrington, Betfair's director of regulatory affairs, revealed the company takes seven million bets – or trades – per day and said: "That's more than all European stock exchanges combined."

Leading the fight: Russell Wallace (left) and David Norman

Totepool to t

at doubles a

By Jim Cronin

TOTEPOOL are looking at reintroducing the Totedouble and also a Totetreble.

The firm's Brent Dolan said yesterday: "Currently, races for each bet must be consecutive and from the same meeting.

CASE STUDY

BET MONITOR

Betfair was recently "praised for setting the standard for upholding sports integrity" at a presentation to MPs, media and sports governing bodies. Betfair now has MoUs in place with 61 different sports organisations, supplying an external Bet Monitor tool, enabling them to track betting on their sports when required.

The right approach to horseracing

Betfair was the first (and is still the only) bookmaker to have agreed a commercial agreement with British Racing ("Racing"). That agreement, signed in 2010, is worth no less than £40m to the sport over five years. This substantial contribution gives the British Horseracing Authority ("BHA") greater certainty over its funding and enables both parties to better understand the impact that fixture lists have on betting markets. An annual contribution is also set aside to fund the development of Racing's grassroots and to make charitable donations to good causes.

We think this is the right approach to Racing – a sport uniquely linked to betting – and continue to believe that it is entirely possible for Racing and betting to come together and achieve commercial relationships which are in the best interests of both parties.

Some of the beneficiaries which have received funding through the grassroots element of Betfair's commercial deal include:

- **Oaksey House** – Betfair continues to fund Oaksey House – a state-of-the-art rehabilitation centre for injured jockeys past and present. Betfair contributed a further £50,000 in 2014/15.
- **Newmarket Open Day** – an annual "look behind the scenes" at the world of Racing sponsored by Betfair which raises money for a variety of racing charities.
- **Greatwood Charity Race Day at Newbury** – Betfair remains the title sponsor of this televised charity event, donating £10,000.
- **Amateur Jockeys Association Novice Hurdle Series** – Betfair continues to sponsor a card of eight races at this event, donating £10,000.

Safeguarding the integrity of sport

Betfair has Memoranda of Understanding (MoUs) with 61 of the world's biggest sports governing bodies, including the BHA, UEFA, and the International Olympic Committee. Through these MoUs we work together to protect the integrity of sport by sharing suspicious betting patterns and, where appropriate, customer details. Our MoUs have led to numerous convictions, with many potential corruptors being banned from their sports as a consequence.

In 2015 we also continued our effective education partnership with the Professional Players Federation. Our investment, in collaboration with Ladbrokes and Bet365, ensures that 7,500 sportsmen and women are educated on sports betting integrity issues each year.

CORPORATE RESPONSIBILITY REPORT
CONTINUED

2. An engaged workforce

Communicating with employees
As of 30 April 2015, we employed 2,050 employees globally, with major sites in the UK, Ireland, Malta, Gibraltar, Romania, Portugal and the US. We embrace cultural diversity within our organisation; we value and respect local practices across all of our locations whilst maintaining a consistent company culture which aligns us to our company values of Respect, Discipline, Pace, Will to Win and Smart.

Talent, reward and engagement
We continue to drive reward on a meritocratic basis. Reward is transparent and there is alignment to business performance and individual performance ensuring bonuses are an incentive to drive high performance and business delivery which are then used to reward, recognise and retain the best talent in the organisation.

In order to attract and retain the best people, we have introduced rigour and discipline into our processes. We have significantly improved the way we hire, onboarding is an experience over 90 days which ensures that our new hires are up to speed quickly and we now have data on why people are leaving. This helps us to understand what the issues are regarding retention and exit surveys are followed up by an interview with one of the HR team to ensure patterns and problems are identified quickly.

We have increased our investment in future talent through hiring graduates across many of our locations, all of which participate in our future talent programme during their first 18 months working at Betfair. This programme is aligned to our company values and provides our graduates with the opportunity to mix with fellow graduates and learn as much about our business as quickly as possible.

Engagement of our people is fundamental to our performance and we care deeply about what our employees think. We ask our employees how they feel about working at Betfair through an annual survey. More than 82% of our employees responded to our last survey, the results are positive and tell us our employees are proud to work at Betfair, they understand the strategy and how their roles contribute to the delivery of our strategy.

Employee welfare
We have adopted a number of policies relating to CR on aspects of people management.

We are focused on ensuring our HR policies and practices have a clear ethical component and are effectively and fairly applied, and that Betfair is an employer of choice for our existing and potential employees.

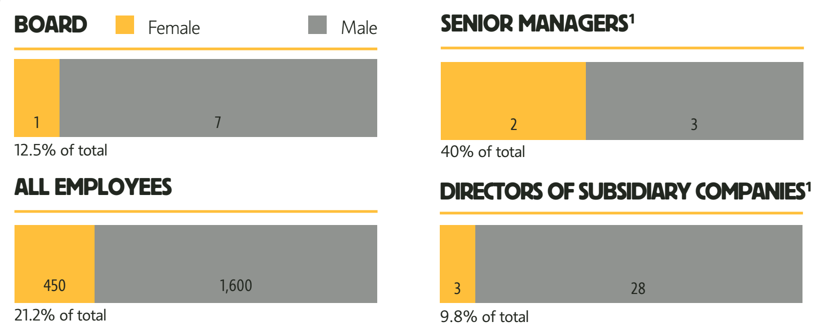
We offer a variety of employee benefits to enhance the wellbeing of our employees, which include a core package incorporating private medical insurance, life assurance, income protection and critical illness insurance and a voluntary benefits package offering a choice of benefits including health assessments, a health cash plan, dental insurance and discounted gym membership.

We operate a Save-As-You-Earn (SAYE) scheme, which encourages employees' participation in Betfair's performance and alignment with shareholders' values. A new three-year scheme was offered to employees during FY15 and further details of this are included in note 18 to the financial statements.

Equal opportunities
We continue to work hard to attract and retain a diverse, inclusive and representative workforce where everyone is treated with dignity and respect.

We have invested in a programme targeted at women in Betfair. We have interviewed a number of senior women to establish an in-depth understanding of what it is like for women working at Betfair and any specific challenges they face. This has resulted in an opportunity for women to network on a more formal basis and for us to provide the necessary support to continue to invest in their development and career progression to ensure they are able to reach their full potential at Betfair.

GENDER DIVERSITY



[1] Senior managers as defined in legislation includes persons responsible for planning, directing or controlling the activities of the Company (or a strategically significant part of the Company) and any other Directors of undertakings included in the consolidated accounts. However, the Board considers that this definition does not reflect the way that Betfair operates, and so has also presented a more appropriate measure, comprising the members of the Executive Committee (excluding Executive Directors).

Betfair's office in Cluj, Romania.

Health and safety

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

This commitment underpins our approach to Health and Safety (H&S).

Key aspects of Betfair's H&S approach include:

- Full compliance with all health and safety legislation, codes of practice and approved industry standards.
- Facilities managers with full Institute of Operational Health & Safety (IOSH) health and safety accreditation including two accredited to National Examination Board in Occupational Safety and Health (NEBOSH) level.
- An occupational health helpline providing independent and confidential support for all employees in times of need.
- Board level responsibility being apportioned to the Head of Property & Facilities, supported by specialist technical advisers in safety and occupational health, employed across all our global locations.

Health and safety activity

Notable H&S activities during the past reporting year included:

- Focusing on fully implementing the revised H&S management system at Betfair, implementing common practices within local laws across our European offices portfolio.
- Our Timeform business, based in Halifax (UK) received CHAS (The Contractors Health and Safety Assessment Scheme) accreditation for its on course operations. CHAS is the largest membership and fastest growing health and safety pre-qualification assessment scheme in the UK.
- Establishing a new mandatory induction and refresher online training programme for all employees, due to be rolled out in Q1 of FY16.
- Maintaining a good H&S record: there were no RIDDOR (reporting of injuries, diseases and dangerous occurrences regulations 2013) reportable fatalities or major injuries across our business. A health, safety and environment inspection visit in the UK resulted in no enforcement notices or prosecutions for health, safety or environmental offences. There was one health and safety related insurance claim during the year.

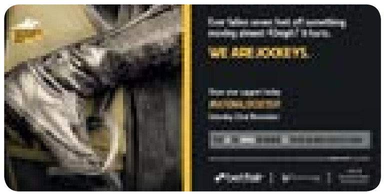
CORPORATE RESPONSIBILITY REPORT
CONTINUED

3. Contributions to charity

The CR Committee is responsible for working with charitable causes which are the best fit for Betfair's business and are supported by our staff. Below is a selection of the charities supported by Betfair over the past financial year:

Cash-4-Clubs – a sports funding scheme created by Betfair. Cash-4-Clubs offers community sports clubs the chance to apply for grants to improve facilities, purchase new equipment and gain coaching qualifications.

National Jockey Day – an innovative Betfair Twitter campaign run in collaboration with Haydock Racecourse, the Injured Jockeys Fund and ex-National Hunt jockey Mick Fitzgerald. Betfair donated £1 for every tweet that included the hashtag #NationalJockeyDay to the Injured Jockeys Fund.



"Back Yourself" for the London Marathon – another hugely popular Betfair campaign. Runners set a target time for finishing the marathon to receive a free £20 to bet on themselves. If they hit their target then the charity they ran for won the money. If not, then the £20 was donated to official marathon charity partner Cancer Research UK.

Fulham Reach Boat Club Community Investment – Betfair staff chose to support the Fulham Reach Boat Club as part of its schools programme to enable underprivileged children to take up rowing. The programme received £30,000 from Betfair in 2015.

World Horse Welfare – Betfair has continued its proud sponsorship of World Horse Welfare in 2015 – an international horse charity that improves the lives of horses in the UK and around the world through education, campaigning and hands-on care.

Responsible Gambling Trust – Betfair remains a top 20 donor to the Responsible Gambling Trust, the leading charity in Britain committed to minimising gambling-related harm. 85% of RGT funds are spent on treatment and harm prevention activities, whilst the remaining 15% funds research into the causes of problem gambling.

Retired Greyhound Trust – Betfair is one of the Retired Greyhound Trust's 2015 Corporate Patrons, sponsoring the charity in its fortieth year. The Trust operates a network of over 70 branches across Britain, run by volunteers.

Maggie's Cancer Care – Built in the grounds of NHS cancer hospitals, Maggie's provides free practical, emotional and social support to people with cancer as well as their family and friends. As Betfair's 2014/15 Charity of the Year, Betfair and Maggie's have collaborated on various volunteering and fundraising events, including the Maggie's Culture Crawl – a 15-mile night hike around London.

Moorcroft Masterminds Quiz – supported by Betfair for the past six years, this event raises funds for the Moorcroft Racehorse Welfare Centre which helps with the rehoming of retired racehorses throughout the UK.

Gambling Therapy – Betfair continues to support Gambling Therapy in providing an online support service for people who have been adversely impacted by gambling.

Charity Bets – Betfair donated over £15,000 in charity bets in 2014/15. Amongst the recipients were the Alzheimer's Society, Irish Cancer Society, Paws Animal Rescue, Spina Bifida Charity, Sparks and the Irish Jockey Trust.

4. Commitment to the environment

Environmental matters

Betfair is committed to reducing its greenhouse gas emissions and caring for the environment.

Betfair adheres to all relevant environmental legislation, and where no legislation exists, seeks to develop and implement beneficial standards and procedures of its own.

As a wholly online business Betfair's environmental impact is very low. However the business has continued to make improvements over the past year, key aspects of which include:

- A reduction of 10% in tCO_2 emissions during FY15, in line with expectations set out in our FY14 Annual Report.
- Adherence to the requirements of the Energy Savings Opportunities Scheme (ESOS) prior to the December 2015 commencement date.
- Expanded operations in Cluj, Romania, utilising an excellent rated BREEAM (Building Research Establishment Environmental Assessment Methodology) building.
- High density modern office environments equipped with perimeter infrared motion detector lighting, low energy lighting, energy efficient air conditioning systems and power factor correction.

Greenhouse emissions

Our emissions data is collected on a Group basis with source data available, verified and recorded. For serviced office accommodation we have taken an assessment across our portfolio on a per capita basis. The methodology used is based on voluntary and mandatory GHG reporting guidance issued by Defra. We have also utilised Defra's conversion factors within our reporting methodology.

We have used revenue as our intensity ratio as this provides the best comparative measure over time and is the most relevant indication of our growth. Betfair's total emissions for Scope 1 and Scope 2 reporting were (6,751 tCO_2e) for the period, a reduction in actual emissions of 10% and a reduction of 25% in our intensity measurement. The majority of our emissions are stated within Scope 2, including utilities consumption for leased premises and contract operations for data centres. This improvement was expected due to the full year benefit of our earlier consolidation of vacant space, which we expect to continue in trend during the next year.

GREENHOUSE GAS EMISSIONS

	FY15	FY14
Combustion of fuel and operation of facilities[1]	136	135
Electricity, heat, steam and cooling purchased for own use[2]	6,615	7,359
Total emissions (tCO_2e)	**6,751**	**7,494**
Company's chosen intensity measurement:		
Emissions reported above normalised to CO_2e per total £m of revenue	14.2	19.0

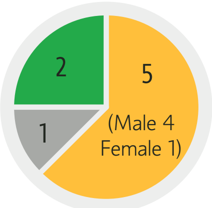
[1] Includes back-up generator fuel, mileage business use and refrigerant losses of owned units by screening method. Refrigerant losses are excluded for landlord systems and data centre services provided to Betfair, being identified as Scope 3.

[2] Includes electricity and heating purchased by either direct use or proportional charge by landlord. Emissions calculated using UK Government GHG conversion factors.

BOARD OF DIRECTORS

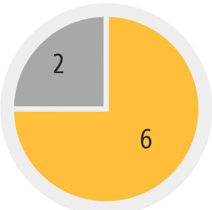
We have set out to create a balanced Board with a wealth of relevant senior management experience across the gambling, leisure, technology and online sectors.

BALANCE[1]



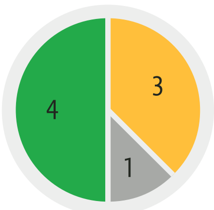
- Independent Non-Executive Directors
- Chairman
- Executive Directors

TENURE[1]



- 1–3 Years
- 3–6 Years

LEADERSHIP EXPERIENCE[1]



- Current/former CEO
- Current/former Finance Director
- Current/former Finance Director and CEO

[1] As at 30 April 2015.

GERALD CORBETT DL, NON-EXECUTIVE CHAIRMAN

Appointed to this position:
6 March 2012 (previously Deputy Chairman from 3 January 2012)

Committee memberships:
Nomination Committee (Chair), Corporate Responsibility Committee (Chair)

External appointments:
Chairman of Britvic plc and Numis Corporation Plc.

Previous experience:
Gerald has been a Director of 12 public companies, six of which he has chaired. His most recent roles were as Chairman of Moneysupermarket.com Group plc between 2007 and 2014, and Chairman of SSL International plc between 2005 and 2010. His executive career included Group Finance Director roles with Redland plc and Grand Metropolitan plc, and he was Chief Executive of Railtrack between 1997 and 2000.

ALEX GERSH, CHIEF FINANCIAL OFFICER

Appointed to this position:
3 December 2012

Committee memberships:
Market Disclosure Committee (Chair)

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

BREON CORCORAN, CHIEF EXECUTIVE OFFICER

Appointed to this position:
1 August 2012

Committee memberships:
None

External appointments:
NED of Tilney Bestinvest Group.

Previous experience:
Chief Operating Officer of Paddy Power plc and previously Managing Director, Non Retail and Development and also Commercial Director. Before joining Paddy Power, Breon previously worked with JP Morgan and Bankers Trust. Breon has an MBA (INSEAD).

MARK BROOKER, CHIEF OPERATING OFFICER

Appointed to this position:
1 June 2015

Committee memberships:
None

Previous experience:
Mark has held the role of Chief Operating Officer since April 2014. He joined Betfair in March 2010 and was previously Managing Director of the Company's Sportsbook division and Corporate Development Director. Prior to Betfair, Mark spent 17 years working in investment banking advising UK companies on equity capital raising and M&A, most recently at Morgan Stanley and before that at Merrill Lynch. Mark graduated from Oxford University with a Masters degree in Engineering, Economics and Management.

IAN DYSON, SENIOR INDEPENDENT DIRECTOR

Appointed to this position:
1 February 2010

Committee memberships:
Audit Committee (Chair), Nomination Committee, Remuneration Committee

External appointments:
NED of Punch Taverns plc; Audit Chair at Intercontinental Hotels Group plc and SSP Group plc, Senior Independent Director and Audit Chair at ASOS plc.

Previous experience:
Ian was formerly CEO of Punch Taverns plc, Group Finance & Operations Director at Marks and Spencer Group plc and Finance Director of The Rank Group plc. Previously, he was Group Financial Controller of Hilton Group plc, and Finance Director at Le Meridien. Ian was a NED of Misys plc until September 2005.

LEO QUINN, INDEPENDENT NON-EXECUTIVE DIRECTOR

Appointed to this position:
5 March 2014

Committee memberships:
Nomination Committee, Remuneration Committee (Chair)

External appointments:
CEO of Balfour Beatty plc

Previous experience:
CEO of QinetiQ Group Plc from 2009 to 2014; CEO of De La Rue Plc from 2004 to 2008 and Divisional COO with Invensys Plc from 2001 to 2004. Leo's experience also includes a successful internet based software start-up and 16 years with Honeywell Inc. Leo has also held non-executive directorships.

PETER JACKSON, INDEPENDENT NON-EXECUTIVE DIRECTOR

Appointed to this position:
24 April 2013

Committee memberships:
Audit Committee, Remuneration Committee

Previous experience:
Peter was Group CEO of Travelex from March 2010 till March 2015, leaving following the successful sale of the business. Before Travelex, Peter was Managing Director of Consumer Banking for the Lloyds Banking Group, having previously held a number of senior roles within the retail arm of HBOS plc before its merger with Lloyds. Peter started his career with McKinsey & Company. He holds an MEng from the University of Cambridge.

ZILLAH BYNG-MADDICK, INDEPENDENT NON-EXECUTIVE DIRECTOR

Appointed to this position:
5 September 2013

Committee memberships:
Audit Committee

External appointments:
Chief Executive Officer of Future Plc (previously CFO).

Previous experience:
CFO of Trader Media Group from 2009 to 2013; CFO of Fitness First Group Ltd from 2006 to 2009; CFO of Thresher Group from 2002 to 2005. Zillah has also held NED positions with Mecom plc and Gondola Holdings plc. She is a qualified accountant and has a MA in Management Studies and a MSc in Behavioural Change.

PETER RIGBY, INDEPENDENT NON-EXECUTIVE DIRECTOR

Appointed to this position:
1 April 2014

Committee memberships:
Remuneration Committee, Audit Committee

Previous experience:
Peter was Chief Executive Officer of Informa Plc from 1988 to 2013, Finance Director at Informa Plc from 1983 until 1988; Non-Executive Chairman of Electric Word plc from 2004 to 2013. Peter holds a BA in Economics and is a qualified accountant.

CORPORATE GOVERNANCE STATEMENT

What governance means to us
We believe that a robust corporate governance structure helps us to maintain Betfair's reputation and relationships, and to deliver sustainable value.

We are pleased to introduce our Corporate Governance Report which incorporates reports from the Chairmen of each of our Board Committees. These reports explain our governance policies and procedures in detail and describe how we have applied the principles of corporate governance contained in the UK Corporate Governance Code (the Code), which was enhanced in 2012. The FRC's latest revision to the Code, released in September 2014, applies to accounting periods commencing on or after 1 October 2014 and as such will apply to Betfair's next financial year. The Board has already implemented changes to its governance arrangements including Committee Terms of Reference and the Schedule of Matters reserved for the Board as necessary.

Building a balanced Board
Our Board is the guardian of Betfair, its reputation and its responsibilities. It leads by example, influencing the way we do business across the organisation. Details of the composition of our Board are set out in pages 34 to 35 and page 39.

Betfair's Board has five independent Non-Executive Directors, who bring with them significant commercial and financial expertise and are well placed to support the Executive Team in implementing Betfair's strategy. We continually review the composition of the Board to ensure that it has the skills and balance required for the proper stewardship of the business.

All Directors will be submitted for re-election by the shareholders at our AGM.

The AGM provides a useful interface with private shareholders, many of whom are also customers. All Directors will be in attendance at our AGM on 9 September 2015, and we hope to see many of our shareholders there.

Key actions in 2014/5
As well as ensuring that the mix of skills, experience and expertise on the Board is appropriate, we are committed to the need to remain effective as a Board and commissioned an external Board evaluation process, conducted by Ffion Hague of Independent Board Evaluation, which took place from April to June 2015. Further details of the Board evaluation process are set out on pages 40 and 41.

Gerald Corbett DL
Chairman

17 June 2015

STATEMENT OF COMPLIANCE WITH UK CORPORATE GOVERNANCE CODE

The Financial Reporting Council ("FRC") issued a revised version of the UK Corporate Governance Code (the "Code") in September 2012, which is available at www.frc.org.uk. The Board considers that the Group complied with the main principles of the Code for the whole of the year ended 30 April 2015 as required by the Listing Rules 9.8.6. More detail is provided throughout this statement which incorporates the Directors' Report, Strategic Report and the Directors' Remuneration Report by reference.

The latest FRC revision of the Code, released in September 2014, applies to accounting periods commencing on or after 1 October 2014. The Board has already implemented changes to its governance arrangements, including Committee Terms of Reference and Schedule of Matters reserved for the Board.

"Our Board is the guardian of Betfair, its reputation and its responsibilities. It leads by example, influencing the way we do business across the organisation."

Gerald Corbett
Chairman

BOARD COMMITTEES

There are four main Committees of the Board. Each Board Committee has written terms of reference approved by the Board, which are available on the Group's website.

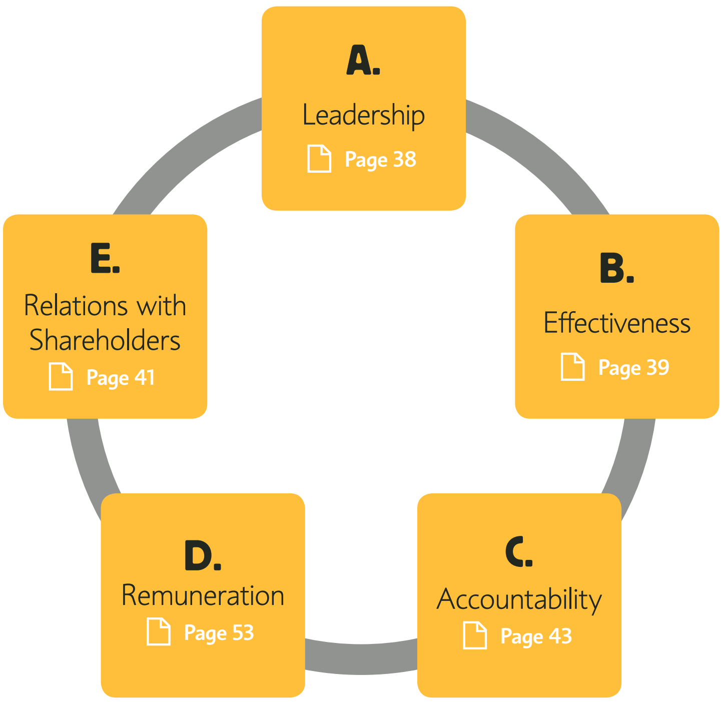
For more information visit
corporate.betfair.com/about-us/governance/committees.aspx

PRESENTATIONS AT BOARD MEETINGS:

During the year, the Board invited members of the Executive Team to present on a variety of key topics. This included the following:

- Risk Management Director
- Managing Director, UK & Ireland
- Managing Director, International
- Group HR Director
- Head of Investor Relations
- Head of Corporate Communications
- Head of Public Affairs

OUR CORPORATE GOVERNANCE INFORMATION IS PRESENTED IN ACCORDANCE WITH THE MAIN PRINCIPLES OF THE CODE



STRATEGIC REPORT
GOVERNANCE
FINANCIAL STATEMENTS AND CORPORATE INFORMATION

CORPORATE GOVERNANCE STATEMENT
CONTINUED

SECTION A: LEADERSHIP

The role of the Board

Code Provision A.1

The Board is responsible for the strategic direction, development and control of the Group. It sets strategic aims and approves strategic plans and annual budgets, ensuring that the necessary financial and human resources are in place for the Group to meet its objectives. It reviews significant investment proposals and the performance of past investments.

It maintains an overview of the Group's operating and financial performance and monitors the Group's overall system of internal controls, governance and compliance.

The Board has adopted a formal schedule of matters which are reserved for its decision. This is published on the Group's corporate website and includes:

- determining the overall business and commercial strategy;
- identifying long-term objectives;
- determining the Group's risk appetite;
- reviewing the annual operating plan and budget;
- considering all matters relating to major Group policy and regulatory policy;
- determining the basis of allocation of capital;
- approving the appointment and removal of any Board member and the Company Secretary;
- undertaking an annual review of Board, Committee and individual Director's performance; and
- reviewing and approving the terms of reference for Board Committees and receiving reports on their activities.

Authority is delegated by the Board in certain circumstances including the approval of delegated authorities for the Chief Executive Officer (CEO), Chief Financial Officer (CFO) and other senior management to approve expenditure, investments and other matters as the Board may determine, and in granting powers of attorney.

Division of responsibilities

Code Provision A.2

There is a clear division of responsibilities at the head of the Group between the Board and executive responsibility for the running of the Group's business. No one individual has unfettered powers of decision.

The roles of the Chairman, CEO and Non-Executive Directors have been defined in writing.

Code Provision A.3

Role of the Chairman

Gerald Corbett as Chairman is responsible for the leadership and effectiveness of the Board, including ensuring that the Board is run smoothly and that appropriate communication is maintained with shareholders. He is available to meet with shareholders at the AGM. The Chairman has a proven track record as a plc Chairman and currently acts as Chairman to two other publicly quoted companies. Gerald Corbett's biography can be found on page 34.

The Chairman's responsibilities include:

- ensuring that the Board has the right composition and has effective boardroom debate involving all members, and that appropriate conclusions are drawn;
- being accessible and providing support and wise counsel to the CEO and wider management team;
- challenging when required, taking a "helicopter view" of the business; and
- maintaining relationships with shareholders and other stakeholders, as necessary.

Board attendance

During the year, there were nine scheduled Board meetings including a two-day off-site meeting which considered the Group's strategy. The table on page 40 shows attendance at scheduled Board and Committee meetings during the year.

Role of the CEO

Breon Corcoran as CEO has responsibility for implementing the strategy agreed by the Board and for the executive management of the Group. This includes responsibility for:

- developing and proposing the Group strategy, annual plans and commercial objectives to the Board, having regard to the Group's responsibilities to its shareholders, customers, employees and other stakeholders;
- managing the Group's risk profile in line with the extent of risk identified as acceptable by the Board and to ensure appropriate internal controls are in place;
- ensuring the development needs of the Executive Directors and senior management are identified and met and ensuring succession planning;
- effective communication with shareholders; and
- appropriate, timely and accurate disclosure of information to the market, with issues escalated promptly to the Market Disclosure Committee.

Code Provision A.4

Non-Executive Directors

The Company has five Non-Executive Directors on its Board, all of whom are considered to be independent in character and judgement and are free from any business or other relationship which could materially influence their judgment. Other than their fees, which are disclosed on page 64, the Non-Executive Directors received no additional remuneration from the Group during the year. The Non-Executive Directors are a strong source of advice and independent challenge.

Role of the Senior Independent Director

Ian Dyson is the Senior Independent Director. Ian is available to shareholders if they have concerns which are not resolved through the normal channels of Chairman, CEO or CFO. He meets with the other Non-Executive Directors without Executive Directors present and leads the annual evaluation of the Chairman's performance. In addition, Ian is Chairman of the Audit Committee. Ian's biography can be found on page 35.

Complies with the UK Corporate Governance Code.

SECTION B: EFFECTIVENESS

Composition of the Board

Code Provision B.1

The Board and its Committees have an appropriate balance of skills, experience, independence and knowledge of the Group to enable them to discharge their respective duties and responsibilities effectively.

The Board considers the quality, performance and likely successors for its Non-Executive Directors, Executive Directors and senior management population on a regular basis. As described in the Nomination Committee report, chairmanship and membership of Board Committees was refreshed in 2014, and since the year end, an additional Executive Director has been appointed to the Board.

Directors

As at 30 April 2015, the Board comprised the Chairman, two Executive Directors and five independent Non-Executive Directors. Mark Brooker was appointed as an additional Executive Director on 1 June 2015. The biographical details of all Board Directors as at 17 June 2015 are set out on pages 34 to 35 and these include their main external commitments outside of the Group.

Appointments to the Board

Code Provision B.2

To ensure a formal, rigorous and transparent procedure for the appointment of new Directors to the Board, a Nomination Committee has been established, comprising independent Non-Executive Directors and chaired by the Chairman. Information on the work of the Nomination Committee is described on page 42. Appointments are made on merit and measured against objective criteria and with due regard for the benefits of diversity on the Board.

Code Provision B.3

When prospective Non-Executive Directors are considered for appointment, the Nomination Committee will take into account their other responsibilities in assessing whether they can commit sufficient time to their prospective directorship.

Training and development

Code Provision B.4

There is a comprehensive induction for newly appointed Directors and regular updates, tailored to individual requirements and including guidance on requirements of, and Directors' duties in connection with, the Code and the Companies Act 2006 as well as other relevant legislation.

The Board as a whole is updated as necessary in light of any governance developments as and when they occur.

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

Information and support

Code Provision B.5

Company Secretary

Fiona Russell is the Chief Legal Officer and Company Secretary. The Company Secretary's responsibilities include ensuring good information flows to the Board and its Committees and between senior management and the Non-Executive Directors. The appointment and removal of the Company Secretary is a matter reserved for the Board. The Company Secretary, through the Chairman, is responsible for advising the Board on all corporate governance matters and for assisting the Directors with their professional development. This includes regular corporate governance and business issues updates, as well as the use of operational site visits and the provision of external courses where required.

Independent advice

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

BOARD OF DIRECTORS

The following individuals were Directors of the Company as at 30 April 2015:

Director	Role	Date appointed
Gerald Corbett	Non-Executive Chairman	3 January 2012
Breon Corcoran	Chief Executive Officer	1 August 2012
Alex Gersh	Chief Financial Officer	3 December 2012
Ian Dyson	Senior Independent Non-Executive Director	1 February 2010
Peter Jackson	Independent Non-Executive Director	24 April 2013
Zillah Byng-Maddick	Independent Non-Executive Director	5 September 2013
Leo Quinn	Independent Non-Executive Director	5 March 2014
Peter Rigby	Independent Non-Executive Director	1 April 2014

CORPORATE GOVERNANCE STATEMENT

CONTINUED

Board meetings

All Directors are briefed by the use of comprehensive papers circulated in advance of Board meetings and by presentations at the meetings in addition to receiving minutes of previous meetings. Their understanding of the Group's business is enhanced by business specific presentations and operational visits to the Group's businesses. Separate strategy meetings and meetings with senior Executives are also held throughout the year. Where a Director is unable to attend a meeting, they are provided with all the papers and information relating to that meeting and are able to discuss issues arising directly with the Chairman and CEO. There are nine Board meetings including a two-day off-site meeting currently scheduled for the financial year ending 30 April 2016.

Board effectiveness evaluation

✓ **Code Provision B.7**

The Code requires an externally facilitated evaluation of the Board every three years. This was due in 2014 but was delayed to this year due to the fact that the Board had recently been appointed. The Board commissioned Independent Board Evaluation ("IBE") to conduct the process. IBE was founded by Ffion Hague in 2008 as an independent consultancy working exclusively on Board effectiveness reviews, and has no other connection with the Company. The process commenced in April 2015 and consisted of one-to-one interviews and compilation of an independent report, the findings of which were presented back to the Chairman, Committee Chairs and the Board in detail in June 2015. The recommendations arising will be discussed and addressed by the Board during 2015/2016.

Re-election

✓ **Code Provision B.7**

Once appointed, all Directors should be subject to election by shareholders at the first annual general meeting after their appointment, and subject to re-election on an annual basis at the Company's AGM, in accordance with the Company's Articles of Association and provision B.7.1 of the Code.

All Directors will stand for election or re-election as appropriate at the 2015 AGM.

Further information is set out in the Notice of Meeting.

Service agreements and letters of appointment

Details of the Executive Directors' service agreements are set out in the Directors' Remuneration Report on page 61. The Chairman and the Non-Executive Directors have letters of appointment which are available for inspection at the registered office of the Company during normal business hours and at the place of the AGM from at least 15 minutes before and until the end of the meeting.

Conflicts of interest

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

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

ATTENDANCE

Director	Board scheduled	Audit Committee	Remuneration Committee	Nomination Committee	AGM
Total meetings held	**9**	**5**	**6**	**3**	**1**
Attendance (in brackets – eligible to attend)					
Gerald Corbett*	9 (9)	–	–	3 (3)	1
Breon Corcoran*	9 (9)	–	–	–	1
Alex Gersh*	9 (9)	–	–	–	1
Ian Dyson	9 (9)	5 (5)	6 (6)	3 (3)	1
Peter Jackson	9 (9)	4 (5)	5 (6)	–	1
Zillah Byng-Maddick	8 (9)	5 (5)	–	–	1
Leo Quinn*	9 (9)	–	6 (6)	3 (3)	1
Peter Rigby	9 (9)	3 (3)	6 (6)	–	1

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

SECTION C: ACCOUNTABILITY

➔ For more information please refer to our Audit Committee report starting on page 43.

SECTION D: REMUNERATION

➔ For more information please turn to our Remuneration Report starting on page 53.

SECTION E: RELATIONS WITH SHAREHOLDERS

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

All proxy votes received in respect of each resolution at the AGM are counted and the balance for and against, and any votes withheld, are indicated. At the meeting itself, voting on all the proposed resolutions is conducted on a poll rather than a show of hands, in line with recommended best practice. The Chairmen of the Audit, Remuneration and Nomination Committees attend to answer questions.

Key recommendations arising from 2014/5 Board evaluation	Actions
Increase exposure to management	More direct contact with management in and outside of meetings
Increase understanding of the business	Wide range of commercial and operational topics on Board agendas
Focus on risk, technology and regulation	More presentations by subject matter experts

Key recommendations arising from 2015/6 Board evaluation
Review opportunities to increase Board diversity in terms of gender and nationality.
Arrange a Board "deep dive" on compliance with regulation.
Increased focus on people issues and succession planning on Nomination and Board agendas
Increase social time together as a Board and contact with senior management.
Improve induction process, training, mentoring and coaching for first-time plc Directors.
Develop a statement of purpose and vision for the Board with objectives for the year.

EXTENSIVE REMUNERATION CONSULTATION

In preparation for the General Meeting held 9 January 2015, we engaged with all major shareholders, representing over 60% of the shareholder base. For more detail please see our Remuneration Report on page 54.

INVESTOR DAY FY15

In November 2014, over 50 investors and analysts attended our Hammersmith head office for a Product and Technology update.

"The event highlighted that strength of product is the key reason for new customers joining Betfair.

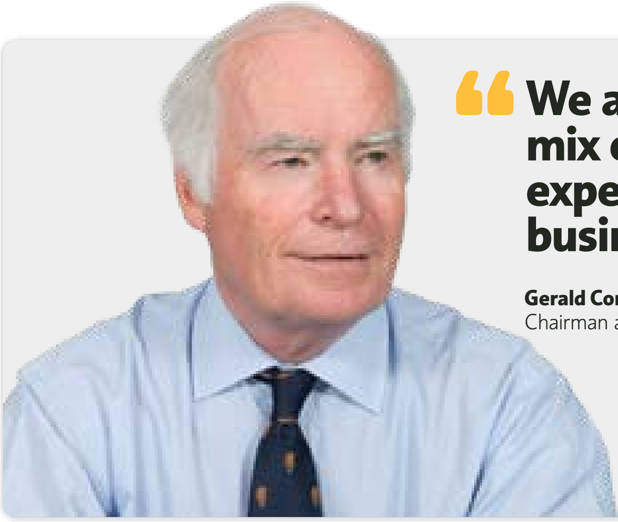
Increasingly relying on in-house development rather than third parties allows Betfair to be faster to market with new products and to continue the brand heritage of innovation and differentiation."

Investor day attendee

For the full presentation visit
http://corporate.betfair.com/~/media/Files/B/Betfair-Corporate/press-releases/2014/analyst-presentation-03-11-2014.pdf

STRATEGIC REPORT
GOVERNANCE
FINANCIAL STATEMENTS AND CORPORATE INFORMATION

NOMINATION COMMITTEE REPORT



> **"We are committed to ensuring a broad mix of gender, age, nationality, experience and skills throughout the business and on the Board."**

Gerald Corbett
Chairman and Chairman of the Nomination Committee

NOMINATION COMMITTEE

MEMBERS:

Composed of three independent Non-Executive Directors as detailed in the table below.

At least two meetings are held each year.

Members	Attendance
Gerald Corbett, (Chair) Chairman	3 (3)
Ian Dyson, Senior Independent Director	3 (3)
Leo Quinn, Independent Non-Executive Director	3 (3)

For more information about the Committee's terms of reference visit www.corporate.betfair.com/about-us/governance/committees/

NOMINATION COMMITTEE FOCUS AREAS IN 2015/6:

- Continuing to support the development of the Executive Team;
- Considering the outcome of the 2015 external Board evaluation process and implementation of recommendations; and
- Continuing to review Non-Executive Directors to maintain the appropriate mix of skills.

Role of the Committee

The Nomination Committee is responsible for identifying and nominating, for the approval of the Board, candidates for appointment to the Board.

Activities during the year

Following a period of activity in 2013 and 2014, with four new Non-Executive Directors appointed, 2015 has been a year of consolidation for the Board. The Committee met three times during the year.

Matters considered by the Committee included:

- considering the effectiveness of the Non-Executive Directors and the Board as a whole as a result of the internal Board evaluation process conducted during 2014 and making recommendations for improvements as detailed on page 41;
- recommending the addition of Peter Rigby as an additional Audit Committee member, taking into account his relevant skills and experience; and
- recommendation of the continuation in office of Gerald Corbett at the end of his three-year term.

Following the year end, the Committee recommended the appointment of Mark Brooker as an Executive Director. All members of the Board met with Mark and were pleased to welcome him to the Board with effect from 1 June 2015.

Policy on appointments to the Board

All appointments are made on merit and measured against objective criteria and with due regard for the benefits of diversity on the Board. The Board is committed to ensuring a broad mix of gender, age, nationality, experience and skills throughout the business and on the Board. We keep the composition of the Board under review to ensure it is based on a range and balance of skills, knowledge, experience and merit and remains appropriate for a business of this size. The Board has noted the contents of the Davies Report on Women on Boards in April 2014, but does not believe that setting a target for the number of women on our Board is appropriate as all our appointments are made on merit.

The process of identifying candidates for Board appointment is led by the Committee. Comprehensive candidate search briefs are agreed. An external executive search firm is engaged and a shortlist of candidates is drawn up. A number of shortlisted candidates are invited for meetings with Committee members as appropriate. After these meetings, a review of the candidates takes place and the preferred candidates are recommended for appointment to the Board.

Gerald Corbett
Chairman and Chairman of the Nomination Committee

AUDIT COMMITTEE REPORT

“High quality risk management, effective internal controls and robust financial reporting are essential in supporting our strategic objectives and enhancing shareholder value.”

Ian Dyson
Senior Independent Director and Chairman of the Audit Committee

AUDIT COMMITTEE

MEMBERS:

Members	Attendance
Ian Dyson (Chair), Senior Independent Director	5 (5)
Peter Jackson, Independent Non-Executive Director	4 (5)
Zillah Byng-Maddick, Independent Non-Executive Director	5 (5)
Peter Rigby, Independent Non-Executive Director*	3 (3)

* Appointed to the Committee on 8 September 2014.

For more information about the Committee’s terms of reference visit www.corporate.betfair.com/about-us/governance/committees/

REGULAR INVITEES:

Attendance is by invitation and generally includes:

- Other Non-Executive Directors and the Chairman
- Chief Executive Officer
- Chief Financial Officer
- Group Financial Controller
- Director of Group Internal Audit & Risk Management
- KPMG, the external auditor

Key responsibilities:

- Prior to their consideration by the Board:
  - review and consider the appropriateness of accounting policies and integrity of the financial statements and announcements;
  - make appropriate recommendations on the Company’s interim and annual financial statements;
  - review significant accounting judgments;
  - make appropriate recommendations on the Company’s public statements on significant risks, internal control and corporate governance compliance;
  - make appropriate recommendations on the Company’s Annual Report and Accounts to ensure that it is fair, balanced and understandable in accordance with applicable legislation and listing;
- review the Company’s processes for detecting fraud, misconduct and control weaknesses and to consider the Company’s response to any such occurrence;
- review management’s evaluation of any significant change in internal controls over financial reporting;
- perform in-depth reviews of specific areas of financial reporting, risks and internal controls, as determined necessary;
- review any correspondence from regulators in relation to our financial reporting, and oversee the process for dealing with such correspondence received by the Group regarding accounting, internal controls or auditing matters;
- oversee the process for dealing with the confidential and/or anonymous submission by employees of concerns regarding questionable accounting or auditing matters;
- with respect to the external auditor and in accordance with applicable legislation and good governance:
  - assume direct responsibility for the appointment, compensation, resignation, dismissal and oversight of the external auditor;
  - review the nature and scope of work to be performed by the external auditor, its cost, effectiveness and the independence of the external auditor;
  - review management’s response to the external auditor’s findings and report to the Audit Committee;
  - pre-approve non-audit work to be carried out by the external auditor in accordance with the policy and the fees to be paid for that work;
  - monitor the effect non-audit work may have on the external auditor’s independence;
- review and monitor the role and effectiveness of the Group Internal Audit & Risk Management function;
- meet with Executives, management and staff as required, as well as privately with both the external auditor and the Director of Group Internal Audit & Risk Management; and
- report to shareholders annually on its role and responsibilities.

AUDIT COMMITTEE REPORT
CONTINUED

AUDIT COMMITTEE

REGULAR INVITEES: CONTINUED

Other key members of management are invited according to the agenda which in 2015 included:

- Chief Technology Officer
- Chief Information Officer
- Director of Security
- Director of Legal & Compliance
- Director of Tax
- Head of Group Reporting & Treasury
- Head of Client Funds & Credit Management
- Head of Integrity, Insider Threat & Anti-Money Laundering

Audit Committee process

The Committee discharges its responsibilities, as defined in its terms of reference, through at least four meetings during the year at which detailed reports are presented for review. In general the Committee meets in advance of Board meetings. The Deputy Company Secretary acts as Secretary to the Committee. The terms of reference of the Committee can be found on the Company's website: corporate.betfair.com/about-us/governance/committees

The Committee meets privately with KPMG LLP (KPMG) and the Director of Group Internal Audit & Risk Management. KPMG also meet the Director of Group Internal Audit & Risk Management in private throughout the year.

The Chairman of the Audit Committee reports to the Board on how the Committee has discharged its duties after each meeting.

KEY ACTIVITIES IN 2014/15:

- Review of the integrity of the financial statements and recommendation of interim and full year financial results to the Board including:
  - consideration of significant corporate governance developments and their impact on the Committee and the Group;
  - review of the suitability of the Group's accounting policies and practices and significant matters of accounting judgment.
- review of the Group's framework for the identification, assessment, monitoring and management/mitigation plans for major risks including:
  - the annual assessment of the effectiveness of access to significant systems, authorisation controls and other internal controls;
  - review of minutes of the Corporate Risk Committee.
- in-depth reviews with specific presentations from management on the following areas:
  - IT security, and other technology risks;
  - IT disaster recovery;
  - business continuity;
  - customer funds and account security;
  - tax;
  - insurance;
  - treasury;
  - anti-bribery and anti-money laundering;
  - compliance;
  - related party transactions; and
  - financial authorisation controls.
- review of distributable reserves;
- review of the accounting for the acquisition of HRTV in the USA;
- review of the disposal of the 50% interest in Australian Joint Venture to Crown Resorts Limited;
- review of compliance with the Code of Conduct and whistleblowing procedures and the effectiveness of these procedures;
- review of the Committee's own terms of reference and membership;
- with respect to the external auditors, review of:
  - the scope and cost of the external audit;
  - non-audit work carried out by the external auditor and trends in the non-audit fees in accordance with the Committee's policy to ensure the safeguarding of auditor independence;
  - the effectiveness of the external auditor and consideration of its reappointment;
  - management representations provided to the external auditor and the Company's procedures to ensure all relevant audit information has been disclosed;
- with respect to Group Internal Audit & Risk management, review of:
  - the effectiveness of Group Internal Audit & Risk Management;
  - the scope of the annual internal audit plan;
  - internal audit reports of significance including internal control and assurance reports;
  - the appropriateness of the function's resourcing and external support; and
- review of the co-ordination of the internal and external audit functions.

AUDIT COMMITTEE FOCUS AREAS IN 2015/16:

Continue to focus on key areas of judgment, risk and controls to ensure the integrity of financial reporting and risks to strategic objectives. Specific areas of focus will be similar to those on 2014/15 and will include reviews of:

- financial statements, associated disclosures and judgments;
- the effectiveness of external audit and the output of work carried out by the external auditor;
- reports on significant controls and risks issued by the Group Internal Audit & Risk Management team; and
- in-depth reviews from management on similar areas to 2014/15 and other emerging issues/risks as the Committee considers appropriate.

ACCOUNTABILITY

Financial statements
The primary role of the Audit Committee in relation to financial reporting is to review and monitor the integrity of financial statements and other trading statements.

The Committee assessed whether suitable accounting policies had been adopted and whether management had made appropriate estimates and judgments. The Committee reviewed accounting papers prepared by management in respect of the main financial reporting judgments, the clarity of disclosures and compliance with financial reporting standards and governance. After discussion with both management and the external auditor, the Committee determined that the key risks of misstatement of the Group's financial statements related to revenue recognition which is dependent on data integrity and IT security to ensure correct calculation of commission revenues and appropriate wins and losses, the management and safeguarding of customer funds, online gambling regulation, licensing and tax and acquisition accounting.

The Committee also reviewed reports by the external auditor on the full year and half year results.

Fair, balanced and understandable
The Group's financial statements are reviewed by the Committee in advance of their consideration by the Board.

Management confirmed to the Committee that they were not aware of any material misstatements made intentionally to achieve a particular presentation. The external auditor reported to the Committee the misstatements that it had found in the course of its work and no material amounts remained unadjusted. The Committee confirms that it is satisfied that the external auditor has fulfilled its responsibilities with diligence and professional scepticism.

After reviewing the presentations and reporting from management and consulting where necessary with the external auditor, the Committee is satisfied that the financial statements appropriately address the critical judgments and key estimates (both in respect to the amounts reported and the disclosures).

On the basis of the above the Committee consider that the Annual Report and Accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's performance, business model and strategy.

PRIMARY ISSUES OF RISK AND ACCOUNTING JUDGMENT

The primary issues of risk and accounting judgment considered by the Committee during the year were as follows:

• Data integrity and IT security
These are key to the effective operation of the business and integral to recognising revenue appropriately. Technology and Security management and personnel report regularly on the risks and controls around security and IT operations to the Corporate Risk Committee and the Committee throughout the year. The external auditor IT specialists reviewed the effectiveness of controls during the audit. The Committee has challenged both management and the external auditor and based on the above is satisfied with the current level of risk, internal control, revenue recognition and conclusions management have reached.

• Management and safeguarding of customer funds and recognition of revenue
The Group holds a significant balance of customer funds off balance sheet, mainly in ring-fenced accounts under a Trust Deed. £280.6m was held at 30 April 2015 (£269.0m at 30 April 2014), as disclosed in note 14 to the financial statements. The appropriate recognition of revenue is dependent on customer funds and core finance processes and controls accurately reporting on and reconciling the transactions from the IT systems. Daily and monthly reconciliations of these funds are performed to reduce the risk of misstatement and to detect fraud. The Head of Client Funds & Credit Management presented to the Committee on the risks and internal controls. The external auditor has reviewed controls around the customer funds and reported to the Committee during the year without any significant issues being raised. The Committee has challenged both management and the external auditor and based on the above is satisfied with the current level of internal control, and conclusions management have reached.

• Online gambling regulation, licensing and tax
The strategy is designed to achieve sustainable revenues from regulated jurisdictions, however there is judgment around the interpretation of international tax laws and how they interact within each jurisdiction and this may have a significant impact on the financial statements. Presentations by senior members of the Compliance, Anti-Money Laundering, Anti-Bribery and Tax teams have been made to the Committee demonstrating how we manage these areas. The Chief Executive Officer reports monthly to the Board on significant matters. The Committee has challenged both management and the external auditor and based on the above is satisfied with the current level of risk, internal control, and conclusions management have reached.

• Acquisition accounting
The Group completed a significant business acquisition of the HRTV horseracing television network and wagering rights to certain racecourses in the USA to support the growth of TVG. This acquisition has involved a number of key accounting judgments and estimates including accounting for the transaction as a single business combination rather than the separate acquisition of intangible assets alongside a business acquisition, and the level of control that the Group is able to exercise. Judgments have also been made on the discount rate used in valuing the acquired assets and the estimated future cash flows which impact both the valuation of the assets acquired and the contingent consideration. The Committee has assessed the key estimates and judgments made by management in accounting for the acquisition, and has challenged both management and the external auditor, and based on the above is satisfied with the accounting treatment and conclusions management have reached.

AUDIT COMMITTEE REPORT
CONTINUED

External auditor's independence, performance and reappointment
The Committee has primary responsibility for making recommendations on the appointment, reappointment and removal of the external auditor.

The Committee took the following into account in assessing the performance of KPMG.

The Committee reviewed and challenged KPMG's proposed audit plan prior to the commencement of the audit, including the approach, methodology, materiality, assessment of risk and key areas of judgment and fees. KPMG presented their report to the Committee at the conclusion of the year end audit. KPMG's independent report to shareholders is on pages 78 to 80.

The Committee reviews the performance of the external auditor each year during the planning process and after the conclusion of the interim and annual audit reviews. A qualitative assessment has been undertaken of the services provided, both audit and non-audit, against the agreed audit plan/scope of service taking into account feedback from management. This included consideration of the timeliness, content and quality of presentations to the Committee, competence with respect to issues of risk and accounting judgment and their qualifications and experience. The Committee is satisfied that the external audit process has operated effectively and is fully satisfied with KPMG's performance.

KPMG has been Betfair's auditor since 2003. The external auditor is required to rotate the lead partner every five years and other partners that are responsible for the Group and subsidiary audits must change at least every seven years. Such changes are carefully planned to ensure business continuity without undue risk or inefficiency. The partner responsible for Betfair's audit is completing his third year within the Group audit team and his third year as lead partner, which is a role he can continue for a further two years.

The transitional rules under the new EU audit reform framework and the Competition & Markets Authority's Order require an initial change of audit firm no later than for the 30 April 2023 year end audit. The Committee will continue to monitor the consultation regarding how the EU Regulations will be implemented in the UK, and will comply with any applicable new requirements.

The Committee will continue to consider annually the need to go to tender for audit quality or independence reasons.

There are no contractual obligations restricting the Committee's choice of external auditor.

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

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

The Committee, through ongoing oversight of the external auditor as noted in the above factors, recommends that KPMG's reappointment as external auditor be proposed at the Annual General Meeting.

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

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

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

The Committee is satisfied that the level of fees payable in respect of audit services is appropriate for a group of its size and that an effective audit was conducted during the year.

The fees for audit and non-audit services are disclosed in note 3 to the financial statements.

Internal controls and risk management process

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

The Group has in place internal control and risk management systems in relation to financial reporting processes and for the preparation of consolidated accounts. These systems include policies and procedures to:

- facilitate the maintenance of records that accurately and fairly reflect transactions;
- provide reasonable assurance that transactions are recorded as necessary to permit the preparation of financial statements in accordance with International Financial Reporting Standards (IFRS) or UK Generally Accepted Accounting Principles, as appropriate; and
- require reported data to be reviewed and reconciled, with appropriate monitoring internally and by the Audit Committee. Business performance is managed closely and the Board and the Executive Committee have established processes, as part of the normal good management of the business, to monitor:
  - strategic plan achievement;
  - financial performance within a comprehensive financial planning, accounting and reporting framework;
  - capital investment and asset management performance, with detailed appraisal, authorisation and post-investment reviews;
  - consumer insight data and actions to evolve brands and formats to ensure that they continue to be appealing and relevant; and
  - risk management, through an ongoing process, including reports from the Group Internal Audit & Risk Management Team, to ensure that the significant risks faced by the Group are being identified, evaluated and appropriately managed, having regard to the balance of risk, cost and opportunity.

In addition, the Audit Committee receives:

- reports from the Corporate Risk Committee;
- reports from the Group Internal Audit & Risk Management Team on the work carried out under the internal audit plan; and
- reports from KPMG, the external auditor.

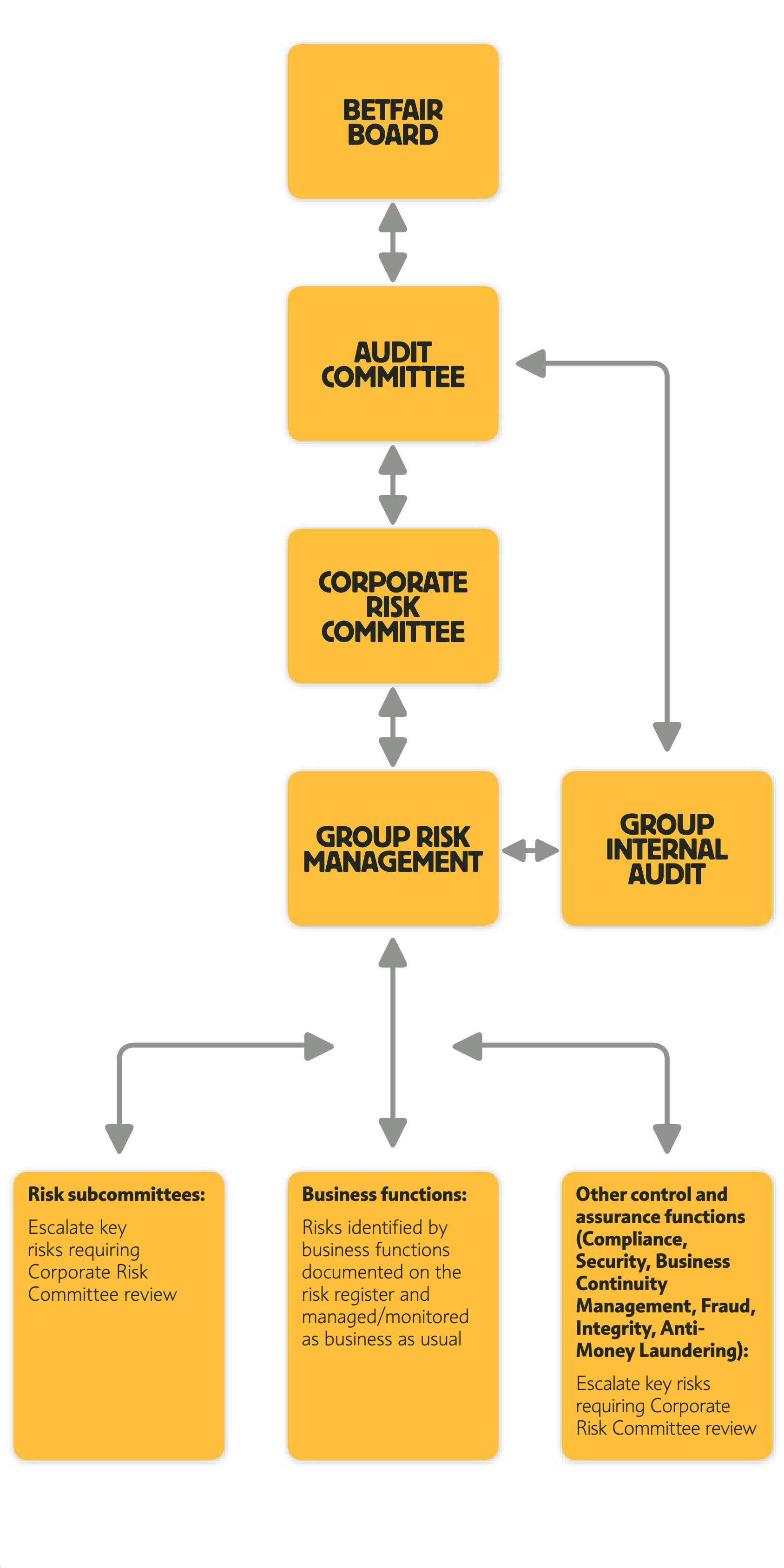
EFFECTIVENESS OF THE SYSTEM OF INTERNAL CONTROL IN THE PERIOD UNDER REVIEW

Through the monitoring processes set out above, the Audit Committee on behalf of the Board has conducted a review of the effectiveness of the system of internal control during the year ended 30 April 2015. The system of internal control is designed to manage, rather than eliminate, the risk of failure to achieve business objectives and, as such, it can only provide reasonable and not absolute assurance against material misstatement or loss. In that context, the review, in the opinion of the Board, did not indicate that the system was ineffective or unsatisfactory and the Board is not aware of any change to this status up to the approval of this Annual Report.

The Group analyses its key risks which are reviewed quarterly at the Corporate Risk Committee and adopts a proactive approach in this area, with ultimate ownership resting with respective Board and Executive Board members who manage the specific risks associated with their areas of responsibility supported by a dedicated Group Internal Audit & Risk Management Team.

AUDIT COMMITTEE REPORT
CONTINUED

GROUP RISK MANAGEMENT FRAMEWORK



Group Risk Management framework

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

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

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

The Group Internal Audit & Risk Management Team co-ordinates, structures and promotes the embedding of appropriate risk management practices across the business on an ongoing basis. A risk register is used by the business to document the risks across the whole organisation and how they are being managed.

Additional information about risk management and policies in relation to our customers', responsible gaming can be found on page 28

CORPORATE RISK COMMITTEE

MEMBERS:

Chief Executive Officer
Chief Financial Officer
Chief Legal Officer
Director of Group Internal Audit & Risk Management

REPORTS TO:

Audit Committee

KEY RESPONSIBILITIES INCLUDE:

- Oversee and advise the Board on the current risk exposures of the Company;
- review the overall risk assessment process;
- review effectiveness of internal financial controls, internal controls and risk management systems;
- review procedures for detecting fraud;
- review procedures for preventing bribery;
- review adequacy and security of arrangements for employees and contractors to raise concerns; and
- review management's response to findings and recommendations of Group Internal Audit.

APPROACH:

The Committee carries out regular reviews of the most significant corporate risks as identified through the Group risk management process and has presentations from management on these and emerging risks. Meets quarterly prior to Audit Committee meetings.

FRAUD RISK COMMITTEE

MEMBERS:

Head of Integrity, Insider Threat & Anti-Money Laundering
Head of Client Funds, Credit Management & Treasury
Head of Fraud
Head of HR Operations & Projects
Director of Legal & Compliance
Head of Registrations & Payments
Head of Security Operations

REPORTS TO:

Corporate Risk Committee

KEY RESPONSIBILITIES INCLUDE:

- Review of fraud related risks;
- review progress against action plans to mitigate fraud related risks;
- promote adoption and effective use of fraud risk management across Betfair; and
- ensure procedures are in place to effectively manage fraud incidents.

APPROACH:

The Fraud Risk Committee acts as the primary forum for overseeing the management of fraud related risks across Betfair and is responsible for ensuring that appropriate policies, resources and controls are in place to manage fraud risks across Betfair. Meets quarterly prior to Corporate Risk Committee meetings.

TECHNOLOGY RISK COMMITTEE

MEMBERS:

Chief Technology Officer
All members of the Technology Leadership team

REPORTS TO:

Corporate Risk Committee

KEY RESPONSIBILITIES INCLUDE:

- Management, oversight and progression of the key technology risks in the Company including those technology risks that are part of the key corporate risks.

APPROACH:

The Committee maintains a list of the top risks related to technology, including stability, availability and security for oversight, prioritisation, tracking and action. The Committee meets monthly and is chaired by the CTO. In each session, the risk tracker is reviewed for overall progress and a deep dive is done on a handful of risks in the session to agree either priority, action plans or progress/status.

RULES & REGULATIONS COMMITTEE

MEMBERS:

Director of Legal & Compliance
Head of Market Operations
Head of Sportsbook Risk
Head of Integrity, Insider Threat & Anti-Money Laundering

REPORTS TO:

Corporate Risk Committee

KEY RESPONSIBILITIES INCLUDE:

- Oversee Betfair's betting rules; and
- Take decisions about the operation and settlement of betting markets and practices relating to customers.

APPROACH:

Maintaining the integrity of Betfair's betting markets is important to Betfair's reputation for fairness amongst customers and sports bodies. To this end, the MoU framework is complemented by a comprehensive and detailed set of betting rules which Betfair applies in the operation of its betting markets.

AUDIT COMMITTEE REPORT
CONTINUED

SECURITY TEAM

PURPOSE AND APPROACH:

Responsible for providing the services that allow Betfair to best protect its key information assets and includes data, hardware, customer accounts and employees.

The Security team uses a risk-based approach to mitigate security risks and uses the monthly Technology Risk Committee for oversight and communication of our key security risks. Key security risks, trends and mitigation programmes are communicated from this Committee on a regular basis to the Corporate Risk and Audit Committees by the Director of Security.

REPORTS TO:

Chief Technology Officer

KEY RESPONSIBILITIES INCLUDE:

- Sets the security strategy;
- conducts security design reviews of new products and services;
- performs security assessments of existing and new technologies;
- regular penetration testing;
- training and awareness;
- employee system access reviews; and
- security monitoring and response for threats against the Betfair infrastructure.

GROUP INTERNAL AUDIT & RISK MANAGEMENT TEAM

PURPOSE AND APPROACH:

Gives risk-based, independent assurance to the Audit Committee and operational management on the effectiveness of the Group's risk management, internal control and governance processes.

Provides assurance that risk management practices are sound and operating effectively; key risks are being managed to an acceptable level; internal controls are effective and efficient; and systems, processes and procedures are in place to assist in the achievement of business objectives.

REPORTS TO:

The Director of Group Internal Audit & Risk Management has a direct reporting line to the Chairman of the Audit Committee and to the Chief Financial Officer.

KEY RESPONSIBILITIES INCLUDE:

- Delivery of the Internal Audit Plan;
- regular reporting to Corporate Risk and Audit Committees;
- reporting regularly to management on the effectiveness of the Group's internal controls;
- tracking management actions from internal audits to completion; and
- reporting to the Audit Committee on the status of actions on significant risks to ensure that the risks identified are appropriately addressed.

ANTI-MONEY LAUNDERING TEAM

PURPOSE AND APPROACH:

Dedicated function responsible for assessing money laundering threats and implementing Betfair's Anti-Money Laundering (AML) policy to mitigate such threats, in accordance with the Financial Action Task Force (FATF) recommendations and applicable legislation and regulation. This function is also responsible for managing Betfair's anti-bribery strategy in accordance with applicable anti-bribery legislation.

Betfair's AML compliance policy encompasses a collection of procedures, technologies and techniques.

REPORTS TO:

Chief Legal Officer

KEY RESPONSIBILITIES INCLUDE:

- Carry out the appropriate level of customer due diligence;
- risk-based assessment of all financial transactions using Betfair payment, betting and gaming systems;
- report any suspicious circumstances concerning financial transactions to the relevant statutory authorities; and
- ensure regular staff training in Betfair's AML procedures.

INTEGRITY TEAM

PURPOSE AND APPROACH:

Responsible for monitoring betting activity on Betfair's sports betting products, investigating any potentially suspicious betting activity, and the main point of liaison for sports governing bodies.

We have MoUs with over 60 sports organisations including UEFA, the BHA and the IOC, which enable us to share information on suspicious betting patterns to protect the integrity of sport.

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

In certain circumstances, customers may be subject to review by the Accounts Review Panel, members of which are senior representatives from Commercial, Finance, Legal and the Head of AML & Integrity. The panel sits on an ad hoc basis to consider the risks that may be posed by a particular customer and the most appropriate action in respect of our relationship with the customer.

REPORTS TO:

Chief Legal Officer

KEY RESPONSIBILITIES INCLUDE:

- Offers its MoU partners access to Betfair's 'BetMonitor' tool, a proprietary technology portal which enables them to monitor betting activity on the Betfair exchange in real time;
- monitoring betting activity on Betfair's sports betting products;
- investigating any potentially suspicious betting activity;
- main point of liaison for sports governing bodies; and
- escalates accounts responsible for suspicious betting to the Accounts Review Panel in appropriate cases.

COMPLIANCE TEAM

PURPOSE AND APPROACH:

The Compliance Team provides regulatory advice and guidance to the business to support the licensing, development and launch of new products, and to ensure compliance with existing regulatory requirements.

REPORTS TO:

Chief Legal Officer

KEY RESPONSIBILITIES INCLUDE:

- Manage and maintain an ongoing dialogue with gambling regulators and the business;
- ensure that Betfair operates in accordance with the terms of its licences and relevant legislation;
- applying for, obtaining and maintaining relevant gambling licences in jurisdictions that the business has identified as suitable to offer its products; and
- provide detailed regulatory requirements to Betfair's product, technology and operational teams to ensure compliance in new jurisdictions.

Code of conduct, anti-bribery and whistle-blowing
All employees, including contractors, are required to comply with these policies. The Code of Conduct Policy sets the ethical and professional standards that are expected of all individuals, the Anti-Bribery Standard specifies how we comply with the UK Bribery Act 2010 and other relevant legislation and the Whistle-blowing Policy details how matters can be raised and dealt with in strict confidence. Any matters raised in accordance with these policies are investigated thoroughly and reports are provided at each meeting of the Corporate Risk Committee and Audit Committee, which monitors the effectiveness of these policies.

Business continuity planning and information technology disaster recovery
Through its business continuity strategy, Betfair aims to be able to continue to service its customers irrespective of any incident or failure which may impact on any of Betfair's key operating and technology locations. The key components of this strategy are physical site security, departmental continuity plans for all functions and an information technology disaster recovery plan. Betfair's state of business continuity readiness is demonstrated by a Business Continuity Management System that is not only consistent with current industry standards and best practice, but is also aligned with the Business Continuity Institute's Good Practice Guidelines. Betfair recognises that the business continuity discipline is key for maintaining competitive advantage and is a significant contributor to effective corporate governance.

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

AUDIT COMMITTEE REPORT
CONTINUED

REGULATORY OVERVIEW

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

Bearing all these factors in mind, Betfair's commercial and marketing strategy is designed to achieve sustainable revenue from regulated jurisdictions. The Group holds gambling licences in the UK, Malta, Gibraltar, USA, Italy, Spain, Denmark and Bulgaria.

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

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

Additional risk management policies and practices relating to customers

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

- **Customer due diligence:** Betfair operates a sophisticated four-level customer due diligence process (referred to as Know Your Customer or KYC), which uses both automated and manual methods to verify a customer's age, identity and source of funds. The KYC process also assesses the extent and quality of the customer's verification information in determining whether to allow the customer to operate a Betfair betting account, either at all, or above certain levels of activity. Betfair's KYC processes are integral to the anti-money laundering (AML), fraud and integrity policies and practices described above.
- **Customer anti-fraud measures:** Betfair has a 24/7 fraud team looking for suspicious activity. The team use a number of in-house and external applications, including the use of adaptive behavioural analytics tools, to protect Betfair and our customers. The team liaise with regulators, local law enforcement agencies and other operators to ensure we maintain a good understanding of current fraud trends.
- **Underage betting and gaming:** All customers are required to confirm upon registration that they are over the legal age for gambling within each particular jurisdiction. As an essential and specific component of the customer due diligence process referred to above, Betfair also carries out age verification checks on all customers. Betfair suspends all UK customers who fail to verify their age within 72 hours. Betfair advises and encourages its customers to prevent minors from accessing betting and gaming websites.
- **Ring-fenced customer funds:** Under the terms of a trust deed, approximately 95% of all customer funds is held on trust in separate bank accounts which are ring-fenced from our corporate funds. The remaining sums are customer funds which certain regulators require Betfair to hold in separate non set-off bank accounts in the name of the licence holder.

Insurance

The Group regularly reviews both the type and amount of insurance cover with guidance from an external broker, considering the availability of cover, cost and the likelihood and magnitude of the risks involved.

Ian Dyson
Senior Independent Director
and Chairman of the Audit Committee

DIRECTORS' REMUNERATION REPORT: ANNUAL STATEMENT

Introduction
This Remuneration Report covers the remuneration of the Executive and Non-Executive Directors of Betfair Group plc. In line with regulations governing the disclosure and approval of Directors' remuneration, the report is split into three sections: an Annual Statement from the Chairman of the Remuneration Committee including a summary of pay outcomes for the year (page 55), a Remuneration Policy Report (pages 56 to 62) and an Annual Report on Remuneration (pages 63 to 72).

Dear Shareholder,
On behalf of the Board, I welcome the opportunity to present the Remuneration Committee's report on Directors' remuneration for FY15.

Remuneration principles
Last year, the Committee put forward its remuneration policy for a binding shareholder vote and we were delighted to receive a 99.83% vote in favour. We are not proposing any changes to our remuneration policy this year. For ease of reference, the policy has been reproduced on pages 56 to 62. This policy was based on the four principles on the right hand side, which are reviewed periodically to ensure they continue to remain appropriate and support the Company's evolving strategy. The principles of our remuneration policy remain unchanged from previous years.

BETFAIR'S REMUNERATION PRINCIPLES AND PRIMARY OBJECTIVES

Market competitive levels	• Designed to attract, retain and motivate Executives of the highest calibre by targeting fixed pay around market levels and providing the opportunity to earn above market remuneration through the performance-related elements.
Pay for performance and strategic link	• The remuneration package should be weighted heavily towards variable pay. • The variable pay elements will be based on metrics which are consistent with delivering the Board's strategic objectives. A clear link between reward and individual and corporate performance delivered should be established.
Shareholder alignment	• The performance targets applying to the short and long-term incentives will be set so as to align the interests of Executives with those of shareholders. • A significant proportion of reward should be share based with shareholding guidelines encouraging Executives to build and maintain significant shareholdings. • The Committee will seek to reward sustained long-term performance.
High levels of corporate governance and engagement	• The Committee is regularly updated on corporate governance and institutional investor best practice developments, and takes account of this when setting remuneration policy. • The Committee maintains an open and transparent dialogue with shareholders throughout the year.

The Committee's responsibilities
During the year, the Committee refreshed its terms of reference (which can be found on the Company's website: corporate.betfair.com/about-us/governance/committees.aspx). The Committee's principal responsibilities include:

- determining the framework or broad policy for the remuneration of the Chairman, the Executive Directors, the CEO's direct reports and the Company Secretary;
- setting, approving and reviewing the approach to the remuneration arrangements for Executive Directors and other senior executives, covering salary, bonus, pension, benefits and long-term incentive share awards. In determining the remuneration of senior Executives the Committee takes into account remuneration trends across the Company;
- setting appropriate and challenging performance-related criteria attached to the variable elements of remuneration and considering the long-term business strategy; and
- reviewing, recommending and approving the rules of any share-based incentive operated by the Company.

Performance outcome for FY15
Betfair has had an excellent year. Revenue increased by 21% to £476.5m, EBITDA increased by 32% to £120.2m and underlying earnings per share increased by 62% to 79.5 pence, despite the business facing significant costs

"Your Board is committed to ensuring that executive incentives are closely aligned with the long-term interests of investors, through an appropriate focus on both behaviours and high levels of shareholder return."

Leo Quinn
Chairman of the Remuneration Committee

DIRECTORS' REMUNERATION REPORT: ANNUAL STATEMENT
CONTINUED

arising as a result of point of consumption based taxes in the UK from December 2014. The business has successfully increased its market share by attracting recreational customers, as evidenced by the 52% increase in active customers in the year. The business has also continued to improve the quality of its revenues through its focus on regulated jurisdictions, with revenues from sustainable markets increasing 27% and now representing 82% of total revenues.

The primary annual bonus measures for FY15 were Group Revenue and Group EBITDA (each determining 44.5% of Executive Directors' bonuses) with 11% based on personal objectives. Reflecting the strong results for FY15 as set out above, the Company's EBITDA performance exceeded the maximum target set by the Committee and the Revenue target was slightly below the maximum, resulting in a payout of 157.57% (out of 160%) under these two metrics. The Committee determined that the CEO had met all of his personal objectives and the CFO had met the majority of his (scoring 17% out of the 20% of salary available).

Accordingly, the CEO and CFO will receive bonus awards of 179.57% and 176.57% of salary respectively. The Committee is satisfied that the bonus outcome reflects what has been an excellent year for Betfair. In line with the Company's policy, one-third of the bonus is deferred in shares.

In January 2015, a shareholder resolution was passed with 99.83% support to amend the terms of the CEO's joining award which was granted to him in 2012. This was necessary to honour the understanding reached with Breon Corcoran at the time he joined the Company. Accordingly, the Total Shareholder Return (TSR) element of his joining award was removed and the award was subject to EPS and revenue growth targets, in equal parts. Revisions to the financial targets attached to Breon Corcoran's joining awards (and to other 2012 Long Term Incentive Plan (LTIP) award holders) which were set prior to the announcement of a revised strategy in December 2012, were discussed with shareholders. In line with the approach taken last year, the Committee has adjusted the targets to reflect the new strategic path undertaken and has ensured that the revised targets are at least as stretching as the original targets in the circumstances. The Company's strong EPS (FY15: 79.5 pence) and revenue (FY15: £476.5m) resulted in performance in excess of the maximum performance level for both elements and therefore Breon Corcoran's award will vest in full.

Half of the CFO's LTIP award which was granted to him on joining was based on the same EPS and Revenue metrics and therefore this award will vest in full. The other half was based on relative TSR performance against a group of other gaming companies. Betfair's strong TSR performance over the period (185.86%) was sufficient to rank the Company above the upper quartile of the Group and therefore this element also will vest in full.

The Committee considers that full vesting of the 2012 LTIP awards is representative of performance over the period.

Remuneration policy for FY16

In line with the remuneration philosophy outlined earlier, the Committee is committed to ensuring that rewards for Executives are closely aligned to the interests of shareholders through having all incentive arrangements linked to challenging performance targets, focused on growing earnings and generating high levels of shareholder return.

Following the approval of our remuneration policy by shareholders at last year's AGM, the Committee is not proposing any changes to the remuneration policy or how it will be applied at this time as it believes the current remuneration structure and variable pay quantum remain appropriate for Betfair.

The Committee took into account the following factors in determining the approach for FY16:

- The CEO's and the CFO's salaries will remain unchanged in 2015/16.
- Annual bonus and LTIP opportunities remain unchanged from the year under review. The Committee continues to believe that the current arrangements do not inadvertently encourage undue risk taking given the clear long-term focus in our policy and through the introduction of formal shareholding guidelines last year.
- The performance metrics applying to the FY16 annual bonus and 2015 LTIP Awards shall also remain unchanged from the prior year. The annual bonus will be based on stretching Revenue and EBITDA targets with a minority on personal performance. The LTIP award is based on Group Revenue (25% weighting), TSR (25% weighting) and Group EPS (50% weighting). The Committee is satisfied that the targets applying to both schemes are sufficiently stretching in light of the internal plan and external forecasts.

Mark Brooker was appointed to the Board on 1 June 2015 and will perform a dual role, as both a member of the Board and continuing as Chief Operating Officer (COO) of the Group's regulated business, based in Ireland. His salary on appointment will be £350,000p.a. and in line with our remuneration policy, his annual bonus and LTIP opportunities will be 180% and 200% of salary respectively.

We have provided a summary of FY15 remuneration following this statement and before the Remuneration Policy Report. The summary also sets out performance and remuneration outcomes for the year ended 30 April 2015. More detail can be found in the Annual Report on Remuneration which starts on page 63.

Shareholder feedback

The Remuneration Committee encourages dialogue with the Company's shareholders and will consult with major shareholders ahead of any significant future changes to the remuneration policy. During the year we carried out an extensive consultation with leading shareholders and shareholder bodies in advance of the changes put to shareholders in January 2015 to agree the rectification required to reflect the original terms of the CEO's joining award. The Committee will continue to engage with shareholders where relevant including any material changes to the way the approved policy will be applied.

There will be a single advisory vote covering this annual statement and the Annual Report on Remuneration at the 2015 AGM and we look forward to your continued support.

Leo Quinn
Chairman of the Remuneration Committee
17 June 2015

DIRECTORS' REMUNERATION REPORT: 2015 REMUNERATION SUMMARY

This section is a snapshot of the performance of the Company over the year and the reward received by our Executive Directors. Full details can be found in the Annual Report on Remuneration. This section is not subject to an advisory vote at the 2015 AGM.

FY15 Annual bonus

The annual bonus was based on three elements. The targets applying to the financial elements and actual performance are set out below:

Element	Weighting	Weighting (% of salary)	Threshold	Target	Maximum	Actual	Breon Corcoran award level	Alex Gersh award level
Group Revenue	44.5%	80%	£373.7m	£415.2m	£477.5m	£476.5m	79.57%	79.57%
Group EBITDA	44.5%	80%	£77.7m	£86.3m	£99.2m	£120.2m	80%	80%
Personal	11%	20%	Based on a number of individual objectives				20%	17%
Total	100%	180%					179.57%	176.57%

This resulted in annual bonuses of £952,539 for the CEO and £706,288 for the CFO. One-third of the bonus will be deferred in shares.

FY15 LTIP vesting

The CEO's joining award and the CFO's LTIP granted in 2012 had performance periods ending on 30 April 2015. The financial metrics (Revenue and EPS) attached to these awards were met in full and the TSR element attached to the CFO's award was also met in full (as a result of an above upper quartile ranking against other Gaming companies). Therefore, these awards will vest in full later this year subject to continued employment.

A summary of vesting is set out in the table below.

	Plan	Number of awards	EPS vesting	Revenue	TSR	Overall vesting	Number of awards due to vest	Vesting date	Value of awards*
Breon Corcoran	Share Option Agreement	500,000	50% out of 50%	50% out of 50%	–	100%	500,000	1 August 2015	£10,064,150
Alex Gersh	LTIP	108,788	25% out of 25%	25% out of 25%	50% out of 50%	100%	108,788	13 December 2015	£2,189,718

* Based on a share price of £20.128, being the 3-month average share price to 30 April 2015.

Single total remuneration figures for FY14 and FY15

	Salary £'000	Benefits £'000	Annual bonus £'000	Long-term incentives £'000	Pension £'000	FY15 total single figure £'000	FY14 total single figure £'000
CEO[1]	528	3	953	10,064	79	11,627	1,276
CFO	400	4	706	2,190	40	3,340	972

[1] The increase in the CEO's single figure over the prior year is mainly due to the upcoming vesting of the first long-term performance based award granted to him on joining which had performance measured up to 30 April 2015. The long-term incentives value reflects the increase in share price over the period (from £7.681 on the date of grant to £20.128 being the average share price for the three month period to 30 April 2015).

Approach for FY16

Base salary	The CEO's, CFO's and COO's salaries will remain unchanged. Salaries for FY16 are: • CEO – £530,450 • CFO – £400,000 • COO – £350,000
Benefits and pension	No change proposed. Pension contribution of 15% of salary for the CEO and 10% of salary for the CFO and COO.
Annual bonus (under the Annual Cash Incentive Plan/ Deferred Share Incentive Plan)	No change to potential quantum – 180% of salary. The metrics and their relative weightings shall also remain unchanged. • 80% of salary will be based on Group EBITDA; • 80% of salary on Group Revenue; and • 20% on personal objectives.
Long-term incentives (under the LTIP)	No change to quantum or metrics – 300% of salary for the CEO and 200% of salary for the CFO and COO with performance metrics measured over three years based 50% on EPS, 25% on relative TSR against the FTSE 250, (excluding Investment Trusts), and 25% on Group Revenue.

DIRECTORS' REMUNERATION REPORT: REMUNERATION POLICY REPORT

The contents of the following part of the Remuneration Report, the Remuneration Policy Report, sets out the Group's remuneration policy and has been prepared in accordance with the Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013 and UK Listing Rules. The policy was developed taking into account the UK Corporate Governance Code 2010 and 2012 (the "Code") as applicable for the financial year in which the policy was introduced.

The remuneration policy was approved by shareholders at the 2014 AGM and became effective from that date, 4 September 2014. Although not required by the regulations, the substantive terms of the Policy Report are reproduced here for ease of reference. Any details, however, that were specific to 2014 or earlier years (including, for example, any disclosures relating to particular Directors and the illustration of application of remuneration policy chart) have been updated, where applicable, to reflect the current position. We have also updated the policy to reflect the shareholder approval that was received at the January 2015 General Meeting to amend the performance conditions that were applicable to the CEO's joining award. For the avoidance of doubt, the approved change forms part of the remuneration policy that was approved by shareholders in September 2014. There is no vote on the remuneration policy at the 2015 AGM.

Remuneration Policy Report

The Committee determines the remuneration policy for the Executive Directors, the Chairman, Company Secretary and other designated members of Executive Management. The overall policy aim is to provide a remuneration package which will attract, retain and motivate high calibre Executives with the appropriate expertise.

The Committee believes that the opportunity to earn superior rewards should be directly aligned to the successful delivery of short and long-term performance through a simple and transparent framework. The remuneration package for Executive Directors is weighted towards performance-related pay, with the aim to pay around mid-market levels of total fixed pay but with the opportunity to earn upper quartile levels of reward for delivering superior performance. The Committee regularly reviews the variable incentive elements of the policy to ensure they do not encourage excessive risk taking and that they operate within an overall acceptable risk profile.

When setting the policy for Executive Directors' remuneration, the Committee takes into account total remuneration levels operating in companies of a similar size and complexity, the responsibilities of each individual role, individual performance and an individual's experience. The Committee also considers developments in best practice and the pay and employment conditions within the wider Group.

Remuneration policy for Executive Directors

The policy table below sets out the key elements of Betfair's Executive Director Remuneration, how they are linked to the Company's strategy, how they operate, the framework for setting performance measures (if applicable) and maximum opportunity levels.

Salary

Purpose and link to strategy	Operation and performance measures	Maximum opportunity
• To attract and retain high-calibre individuals • Provides an appropriate level of basic fixed income whilst avoiding excessive risk arising from over-reliance on variable income	• Generally reviewed annually (with any change effective 1 July) but exceptionally at other times of the year • Set with reference to individual skills, experience, responsibilities, Company performance and performance in role • Independent benchmarking is conducted on a periodic basis against companies of a similar size, complexity and operating in the same sector, although this information is only used as part of a broader review	• The current salaries are shown in the Annual Report on Remuneration • No maximum applies. However, increases, as a percentage of salary, will generally be consistent with those offered to the wider workforce from time to time • Higher increases may be appropriate where an individual changes role, there is a material change in the responsibilities of the role, where an individual is appointed on a below market salary with the expectation that this salary will increase with experience and performance, or where salaries, in the opinion of the Committee, have fallen materially below the relevant market rates

Pension

Purpose and link to strategy	Operation and performance measures	Maximum opportunity
• To aid retention by providing a cost-effective long-term retirement benefit	• Paid as a defined contribution and/or a cash supplement	• Contribution of up to 15% of salary (or an equivalent cash payment in lieu)

Other benefits

Purpose and link to strategy	Operation and performance measures	Maximum opportunity
• To provide market competitive, yet cost-effective employment benefits	• Private medical insurance • Life assurance • Income protection • Critical illness cover • Relocation or other related expenses may be offered, as required • The Committee may offer Executives other benefits which will be on broadly similar terms to those offered to other employees	• The value of benefits provided to Executives will vary from year to year in line with variances in third-party supplier costs

Annual bonus under the Annual Cash Incentive Plan ("ACIP") and Deferred Share Incentive Plan ("DSIP")

Purpose and link to strategy	Operation and performance measures	Maximum opportunity
• To incentivise and reward for the successful delivery of the short-term business strategy • To help facilitate greater share ownership	• Two-thirds of any annual incentive payment will be in cash (under the ACIP), with the remaining one-third deferred into shares (under the DSIP) • Any deferred element will vest 50% after one year and 50% after two years from the date of grant • The Committee reviews and approves the measures and targets at the start of each year in line with the business strategy at the time • Financial metrics will comprise at least three-quarters of bonus opportunity. Current financial metrics include revenue and a measure of profit but other measures may be included, as appropriate • In addition to these financial metrics, a minority of the annual incentive payment may be subject to clearly defined personal objectives • None of the annual incentive payment is pensionable • Clawback provisions are included in the DSIP • Dividends accrue on vested DSIP awards	• Maximum: 180% of salary for exceptional performance • For financial metrics, the bonus starts to pay out at threshold levels of performance

DIRECTORS' REMUNERATION REPORT: REMUNERATION POLICY REPORT

CONTINUED

Long Term Incentive Plan ("LTIP")

Purpose and link to strategy	Operation and performance measures	Maximum opportunity
• To incentivise and reward for the creation of medium to long-term shareholder value • Align the interests of senior Executives with those of shareholders • A vehicle which enables Executives to increase their shareholding in the Company	• Annual grant of nil-cost options, vesting after three years subject to continued service and the achievement of performance conditions • The performance measures and targets are reviewed on an annual basis by the Committee • Performance measures may include some element of relative Total Shareholder Return ("TSR"), EPS or Revenue growth • Alternative or additional measures which are linked to the Company's overall medium to long-term strategy may be used and the Committee retains the discretion to alter the weightings of performance metrics for awards during the life of this Policy • Clawback provisions are included which permit the Company to claw back awards within two years of an award vesting for reasons of a miscalculation resulting in higher vesting than should have occurred, material misstatement or gross misconduct resulting in cessation of employment • Dividends may be paid on any vested shares	• LTIP awards with a face value of not more than 300% of salary • Up to 25% of the maximum for each element may vest for threshold performance

Non-Executive Director fees

Purpose and link to strategy	Operation and performance measures	Maximum opportunity
• Attract and retain individuals with the relevant skills and experience to complement the Board • Take into account the expected time commitments, scope and responsibilities of the role	• Remuneration for Non-Executive Directors, other than the Chairman, is determined by the Board, on the recommendation of the Executive Directors • The Chairman's fee is determined and recommended to the Board by the Remuneration Committee • Fees are reviewed annually and any increase is effective from 1 July • Remuneration for Non-Executive Directors, other than the Chairman, comprises a basic annual fee for acting as Non-Executive Director of the Company and additional fees for the Senior Independent Director, and chairmanship of the Audit and Remuneration Committees	• Fee increases may be greater than those offered to wider employees (in percentage terms), reflecting that they may only be offered on a periodic basis or reflect additional responsibilities and/or time commitments

All-employee share schemes

Purpose and link to strategy	Operation and performance measures	Maximum opportunity
• Offered to all employees, to facilitate share ownership and provide further alignment with shareholders	• The Committee operates Save-As-You-Earn share plans for all employees (in the UK, this is an HMRC approved scheme); the Executive Directors may participate in the plan • Participants will be invited from time to time to save up to the monthly limit set by HMRC (currently £500) over a three-year period and use these savings to buy shares in the Group at up to 20% discount to the share price at the start of the savings period	• HMRC set limit (currently £500 per month)

Share ownership

Purpose and link to strategy	Operation and performance measures	Maximum opportunity
• To align the interests of Directors with those of the Company's shareholders	• There is an expectation for Executive Directors to build up a shareholding of 100% of salary • Executives have five years to build up the expected shareholding	• n/a

Committee discretions relating to variable pay schemes

The Committee will operate the ACIP, DSIP and LTIP according to their respective rules and in accordance with the Listing Rules where relevant. The Committee retains discretion, consistent with market practice, in a number of regards to the operation and administration of these plans. These include, but are not limited to, the following:

- who participates in the plan;
- the timing of grant of an award and/or payment;
- the size of an award (subject to the maximums set out in the policy table above);
- the determination of vesting;
- discretion required when dealing with a change of control or restructuring of the Group;
- determination of a good/bad leaver for incentive plan purposes based on the rules of the plan and the appropriate treatment chosen;
- confirming that the calculation of performance (including any adjustments that were required to be made) is made in an appropriate manner, with due consideration of whether, and if so, how, adjustments should be made for any changes to accounting policy over the performance period. Any adjustments to the performance targets should result in the revised target not being any less challenging than the original target set;
- adjustments required in special circumstances (e.g. rights issues, corporate restructuring, events and special dividends); and
- the choice of performance measures and targets for a new award under each incentive plan in accordance with the policy set out above.

In relation to both the annual bonus and LTIP, the Committee retains the ability to adjust the targets set if events occur – for example, material changes to the Board's assessment of the regulatory environment within which the Group operates, or a material acquisition and/or divestment of a Group business – which cause the Committee to determine that the conditions are no longer appropriate and the amendment is required so that the conditions achieve their original purpose and are not materially less difficult to satisfy. Any use of discretion, beyond the normal operation of the plan, would be justified in the Annual Report on Remuneration and, as appropriate, the subject of consultation with the Company's major shareholders.

The use of discretion in relation to the Company's BETsave Plan will be as permitted under HMRC rules and the Listing Rules.

Past awards

For the avoidance of doubt, authority is given to the Company to honour any commitments entered into with current or former Directors that have been disclosed previously to shareholders prior to the approval of the remuneration policy in September 2014, including any joining awards made on recruitment. The joining awards granted to the current Executive Team are disclosed in the Annual Report on Remuneration on page 68.

The performance condition attached to the CEO's joining award granted on 1 August 2012 was amended to exclude the TSR component to reflect the original understanding reached between the Company and the CEO at the time he decided to join the Company. This change was approved by shareholders at the General Meeting held on 9 January 2015 and forms part of this approved policy.

Any incentive awards which have been granted to employees who may be subsequently promoted to the Board will vest according to their original terms.

Choice of performance measures

The performance metrics that are used for both the annual bonus and LTIP have been selected to reflect the Group's overall business strategy and its key performance indicators.

Annual bonus

The majority of annual performance measures are focused on the achievement of challenging financial metrics. These may include, but are not limited to, revenue and profit generation. Each metric will reflect how well the Group is growing the business.

Measure	Link to strategy
Revenue	The use of revenue aligns with our strategic objectives of widening the range of products and services that we offer, attracting new customers, increasing the activity of existing customers, and building our market share in all regions in which we operate.
Profit	The use of a profit based measure, such as EBITDA, alongside revenue helps ensure a balance between growth and profitability. EBITDA measures the underlying profits generated by the business and whether management is converting growth into profits effectively.
Personal	Individual objectives measure whether management is delivering against stated key business and personal targets which are linked to the corporate strategy.

In setting financial parameters, the Committee takes into account the Company's internal budgets and, where applicable, investors' expectations. The targets applying to financial measures are based on a sliding scale.

DIRECTORS' REMUNERATION REPORT: REMUNERATION POLICY REPORT
CONTINUED

LTIP

For the Company's long-term plans, awards vest subject to delivering against measures which are aligned with the long-term levels of return targeted by the Company which may include relative TSR, EPS and Group Revenue.

Measure	Link to strategy
Total Shareholder Return	TSR provides a clear alignment between the value created for shareholders and the reward earned by Executives.
Earnings Per Share	EPS captures the long-term growth in earnings, which is most closely aligned to the overall financial performance expected by shareholders.
Group Revenue	Revenue targets ensure top line growth is being generated from new markets and through the widening of our product offering.

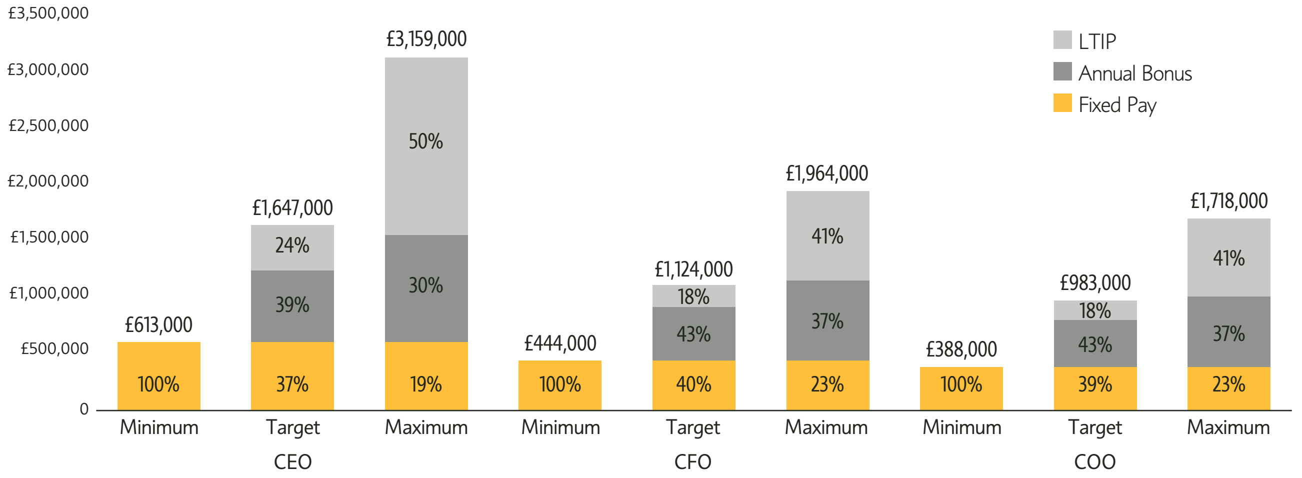
Additional measures which are linked to the business strategy at the time may also be used. Targets are set based on a sliding scale that takes account of internal planning and external market expectations for the Company.

How Executive pay compares to other employees

The Committee receives an overview of the reward structure and quantum applying to the whole employee population on a periodic basis from the HR Director. The information presented is taken into consideration when setting the pay levels of Executive Directors and other senior Executives.

At other levels of the Group, employees will receive a remuneration package that is reflective of their role and responsibilities, set by reference to internal relativities and external market data where applicable. Employees at the Executive level will typically have a greater emphasis on performance-related and long-term pay compared to those below this level. Annual incentives may be payable based on performance measures which are suitable to the nature and responsibility of the role.

Illustration of application of remuneration policy



The Company's remuneration policy results in a significant proportion of the remuneration received by Executive Directors being dependent on Company performance. The chart above illustrates how the total pay opportunities for the current Executive Directors vary under three performance scenarios – Minimum, Target and Maximum – in the second year to which the policy applies, i.e. FY16.

Assumptions underlying the scenarios:

- Minimum – comprises fixed pay only which includes base salary effective from 1 July 2015, pension allowances in line with the Company's policy and the value of benefits (using FY15 actual values as a proxy). For this purpose, the COO's expatriate allowance has not been included on the basis that this is a temporary benefit.
- Target – comprises fixed pay plus two-thirds of the maximum payout under the annual bonus plan (120% of salary), and 25% of the LTIP vesting (75% for the CEO and 50% of salary for the CFO and COO).
- Maximum – comprises fixed pay plus 100% of the maximum payout under the annual bonus plan (180% of salary) and 100% of the LTIP vesting (300% for the CEO and 200% of salary for the CFO and COO respectively).
- No share price appreciation has been used and all-employee share plan awards have been excluded.

In respect of Target performance, the chart reflects the position for the second financial year for which this policy applies for the current Executive Directors. The Committee retains the flexibility to adjust the calibration of performance with incentive plan payouts at Threshold, Target and Maximum levels subject to any constraints set out in the Policy Table.

Service agreements and loss of office

The CEO and CFO have service contracts with Betfair Group plc. The COO has a service contract with TSE Data Processing Limited (a wholly owned Group subsidiary) and a separate Appointment Letter as a Director of Betfair Group plc. The Executive Directors' service contracts that can be terminated by either party on the giving of 12 months' notice. There is no entitlement to the payment of a predetermined amount on termination of employment in any circumstances.

The Executive Directors' service agreements contain provisions for payment in lieu of notice of 12 months' salary at the Company's discretion. The Company may choose to make any payment in monthly instalments. If an Executive finds alternative relevant employment subject to a minimum level of salary being earned, the amount of any monthly payments in lieu of notice will be reduced accordingly.

There are no enhanced provisions on a change of control. If the Executive's employment is terminated for reasons of misconduct or breach of contract no payments will be made, other than any amounts due at the date of termination. Any statutory entitlements or sums to settle or compromise claims in connection with the termination would be paid as necessary.

The service contract of any new appointment would be based on similar terms.

In the case of the COO, for so long as his employment is based outside the United Kingdom, the Executive is entitled to an annual relocation allowance and, as an Irish employee, his contract provides for an adjustment for GBP/EUR foreign exchange movements and for personal tax differences to ensure he is no worse off from a net of tax perspective than if he was employed in the UK.

No annual incentive is payable if a Director ceases employment or is under notice of termination of employment prior to the date that the bonus is due to be paid. However, in certain good leaver situations such as death, ill-health, redundancy, retirement with the agreement of the employer or for any other reason at the Committee's discretion, a pro-rata bonus may be payable (unless the Committee determines that no deduction should apply), and subject to the achievement of the performance conditions.

The conditions covering loss of office payments are as set out in the individual plan rules of the DSIP and the LTIP.

In summary, under the DSIP rules, unvested deferred bonus awards vest in full for death, redundancy, ill-health and retirement (with the agreement of the employer). For any other circumstances, any outstanding awards will lapse on the date of cessation.

Under the LTIP rules, if an Executive ceases employment due to death, retirement at contractual retirement age (or earlier with the consent of the Remuneration Committee), redundancy, ill-health or permanent disability, or any other reason at the Committee's discretion, the awards may vest at the normal vesting date or upon cessation subject to the performance conditions being achieved at either date, on a pro-rata basis to reflect the unexpired proportion of the performance or vesting period. The Committee may decide not to pro-rate if it decides it is appropriate to do so.

The restricted shares granted to Breon Corcoran on his appointment will normally lapse on cessation of employment. However, if the Executive ceases employment for reasons of death, retirement, injury or disability or any other reason at the Committee's discretion, the awards shall vest on the date of cessation and a pro-rata reduction shall be applied to reflect the early vesting. The Committee may, if it feels it is inappropriate to apply a pro-rata reduction, decide not to do so.

The performance-related joining awards granted to Breon Corcoran on his appointment, mirror the cessation terms set out in the LTIP rules.

<table>
<tr><th>Executive Directors</th><th>Commencement date</th><th>Expiry date</th><th>Termination payment</th><th>Remuneration entitlements</th><th>Compensation on termination following a change of control</th></tr>
<tr><td>Breon Corcoran</td><td>1 August 2012</td><td rowspan="3">Terminable on 12 months' notice</td><td rowspan="3">Base salary</td><td rowspan="3">No specific entitlements, and performance targets would be used to determine any amount paid</td><td rowspan="3">No additional provisions</td></tr>
<tr><td>Alex Gersh</td><td>3 December 2012</td></tr>
<tr><td>Mark Brooker</td><td>1 June 2015</td></tr>
</table>

The Executive Directors' service agreements and letters of engagement for Non-Executive Directors will be available for inspection at the AGM.

DIRECTORS' REMUNERATION REPORT: REMUNERATION POLICY REPORT
CONTINUED

Chairman and other Non-Executive Directors
All Non-Executive Directors' services are provided for under the terms of a letter of appointment with the Group, and are subject to annual re-election with one month's notice by either party (except for the Chairman with three months' notice by either party). The appointment letters for the Chairman and Non-Executive Directors provide that no compensation is payable on termination, other than accrued fees and expenses. Details of the terms of the appointment of the current Non-Executive Directors are as follows:

Non-Executive Director	Start of current term*	Expiry of current term
Ian Dyson	6 October 2013	5 October 2016
Gerald Corbett	3 January 2015	2 January 2018
Peter Jackson	24 April 2013	23 April 2016
Zillah Byng-Maddick	5 September 2013	4 September 2016
Leo Quinn	5 March 2014	4 March 2017
Peter Rigby	1 April 2014	31 March 2017

* Please see Non-Executive Directors' profiles for total service on pages 34 and 35.

Recruitment remuneration
The base salary for a new appointment will be set taking into account the skills and experience of the individual, internal relativities and the market rate for the role as identified by any relevant benchmarking of companies of a comparable size and complexity. If it is considered appropriate to set the salary for a new Executive Director at a level which is below market (for example, to allow them to gain experience in the role) their salary may be increased to achieve the desired market positioning by way of a series of phased above inflation increases. Any increases will be subject to the individual's continued development in the role.

The remuneration package for a new Executive Director would be set in accordance with the limits contained in the Company's approved remuneration policy at the time of appointment. The annual incentive plan will be operated, as set out above for current Executives, albeit with any payment pro-rata for the period of employment and with the flexibility to use different performance measures and targets, depending on the timing and nature of the appointment.

Additionally in the case of any Executive Director being recruited overseas, or being recruited by the Company to relocate overseas to perform his duties, the Committee may offer expatriate benefits on an ongoing basis.

The Committee may also approve the payment of one-off relocation-related expenses and legal fees incurred by the individual.

In addition, the Committee may offer cash and/or share-based elements to compensate an individual for remuneration which would be forfeited on leaving a former employer, when it considers these to be in the best interests of the Company (and therefore shareholders). Such payments would take account of remuneration relinquished and would mirror (as far as possible) the delivery mechanism, time horizons and performance requirement attached to that remuneration. Where possible this will be facilitated through the Company's existing share plans, but if not the Committee may use the provisions of 9.4.2 of the Listing Rules.

In the case of an internal appointment, any variable pay element awarded in respect of the prior role will be allowed to pay out according to its original terms stipulated on grant or adjusted as considered desirable to reflect the new role.

For the appointment of a new Chairman or Non-Executive Director, the fee arrangement would be set in accordance with the approved remuneration policy in force at that time.

External directorships
After the first anniversary of appointment, an Executive Director may take up an external Non-Executive Director position with the agreement of the Board. Fees paid for external appointments may be retained by the individual concerned.

Consideration of employee views
Whilst the Committee has not formally consulted directly with employees on matters of Executive pay, it does receive periodic updates from the HR Director on the overall remuneration structures and policies for all employees, and uses these as broad context when setting the policy for Executive Directors.

Consideration of shareholder views
The Committee maintains an open and transparent dialogue with shareholders and takes an active interest in voting outcomes. Feedback received from shareholders, at the AGM and any other meetings during the year, is considered by the Committee on a timely basis. Any material changes to the remuneration policy will be the subject of prior consultation with our major shareholders and institutional investor bodies as required.

DIRECTORS' REMUNERATION REPORT: ANNUAL REPORT ON REMUNERATION

This part of the report has been prepared in accordance with the Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013 and the Listing Rules. The Annual Remuneration Report (together with the Chairman's Annual Statement) will be put to an advisory shareholder vote at the 2015 AGM. The information on pages 64 to 72 has been audited where stated.

The Remuneration Committee
The Remuneration Committee currently comprises four independent Non-Executive Directors, in compliance with the Code. The Remuneration Committee is chaired by Leo Quinn, and its other members are Ian Dyson, Peter Jackson and Peter Rigby. Biographies of the Committee members can be found on page 35. The Committee meets at least twice each year, and during the year under review met on six occasions. Each member's attendance at these meetings is set out in the Corporate Governance Report on page 40.

Advice provided to the Committee
The Committee received material assistance and advice from the Chairman, CEO and the Group HR Director, although no individual is present for decisions relating to their personal remuneration.

The Committee appointed and has been advised during the year by New Bridge Street (NBS). NBS is a separate subsidiary of the Group's insurance broker Aon plc (and it does not provide any other services to the Company). NBS is a founder signatory to the Remuneration Consulting Group's Code of Conduct and its total fees in relation to Remuneration Committee advice during the year were £145,399. The Committee considers that NBS is independent.

The following table sets out the major issues covered by the Committee over the course of the year.

KEY ACTIVITIES IN 2014/15

- Approval of measures and performance targets for FY15 annual bonus;
- review of 2011 LTIP vesting outcome;
- annual salary review;
- determination of FY14 annual bonus – ACIP and DSIP award grants;
- approval of measures and performance targets for 2014 LTIP;
- approval of 2014 LTIP award levels;
- review and approve the Remuneration Report 2014;
- review of annual Remuneration Committee calendar;
- management update on changes to the senior team;
- updates to the approved share plan rules in line with legislative changes;
- shareholder consultation on changes to CEO's 2012 LTIP;
- review of draft resolution and circular for General Meeting;
- review of the Committee's terms of reference;
- review of market trends in remuneration and update on governance;
- update on performance for outstanding LTIP awards and 2012 LTIP adjustments;
- FY15 annual bonus forecast;
- review of senior team remuneration benchmarking data;
- measures and targets for the FY16 annual bonus and 2015 LTIP awards;
- BETsave proposal for FY16;
- updated draft of the Remuneration Report 2015 – policy and implementation;
- share dilution review and EBT position;
- approval of remuneration for new hires and leavers; and
- ratification of share awards.

DIRECTORS' REMUNERATION REPORT: ANNUAL REPORT ON REMUNERATION
CONTINUED

Single total figure of remuneration for each Director (audited)

	Salary & fees		Benefits[1]		Annual bonus (value of ACIP and DSIP)		Long-term incentives[2]		Pension[3]		Total	
	FY15 £'000	FY14 £'000	**FY15 £'000**	FY14 £'000	**FY15 £'000**	FY14 £'000	**FY15 £'000**	FY14 £'000	**FY15 £'000**	FY14 £'000	**FY15 £'000**	FY14 £'000
Executive Directors												
Breon Corcoran	**528**	515	**3**	3	**953**	681	**10,064**	–	**79**	77	**11,627**	1,276
Alex Gersh	**400**	400	**4**	3	**706**	529	**2,190**	–	**40**	40	**3,340**	972
Chairman												
Gerald Corbett	**250**	250	**–**	–	**–**	–	**–**	–	**–**	–	**250**	250
Non-Executive Directors[4]												
Ian Dyson	**75**	66	**–**	–	**–**	–	**–**	–	**–**	–	**75**	66
Peter Jackson	**50**	50	**–**	–	**–**	–	**–**	–	**–**	–	**50**	50
Zillah Byng-Maddick	**50**	33	**–**	–	**–**	–	**–**	–	**–**	–	**50**	33
Peter Rigby	**50**	4	**–**	–	**–**	–	**–**	–	**–**	–	**50**	4
Leo Quinn	**60**	9	**–**	–	**–**	–	**–**	–	**–**	–	**60**	9
Mike McTighe[5]	**–**	64	**–**	–	**–**	–	**–**	–	**–**	–	**–**	64
Josh Hannah[6]	**–**	41	**–**	–	**–**	–	**–**	–	**–**	–	**–**	41
Fru Hazlitt[5]	**–**	46	**–**	–	**–**	–	**–**	–	**–**	–	**–**	46

1 Benefits include the value of life assurance, private medical care, income protection and critical illness cover.

2 The value for Breon Corcoran reflects the performance linked nominal cost options that were granted to him under 9.4.2(R) of the Listing Rules at the time of joining. The value ascribed to Alex Gersh is in respect of the LTIP award that was granted to him on 13 December 2012 under the LTIP. These awards are due to vest on 13 December 2015 and the values are based on the three-month average share price to 30 April 2015 of £20.128.

3 The pension for Breon Corcoran is the value of the cash paid to him in lieu of contributions and for Alex Gersh is the value of the contribution paid into the Company pension scheme.

4 Remuneration for Non-Executive Directors, other than the Chairman, comprised a basic annual fee of £50,000 for acting as Non-Executive Director of the Company and additional fees of £10,000 for holding the position of Senior Independent Director and £15,000 and £10,000 for chairing the Audit and Remuneration Committees respectively.

5 Mike McTighe and Fru Hazlitt retired from the Board on 31 March 2014.

6 Josh Hannah retired from the Board on 22 January 2014.

Determination of FY15 annual bonus (audited)

Annual bonuses were determined with reference to performance over the financial year ending 30 April 2015. The performance measures and targets are set out below:

Element	Weighting	Opportunity (% of salary)	Threshold	Target	Maximum	Actual	Breon Corcoran award level (% of salary)	Alex Gersh award level (% of salary)
Revenue	44.5%	80%	£373.7m	£415.2m	£477.5m	£476.5m	79.57%	79.57%
EBITDA	44.5%	80%	£77.7m	£86.3m	£99.2m	£120.2m	80%	80%
Personal	11%	20%		See below			20%	17%
Total	100%	180%					179.57%	176.57%

FY15 was an excellent year for Betfair with Revenue increasing by 21% and EBITDA increasing by 32%. The financial element of the FY15 bonus was based on a sliding scale of Group Revenue and Group EBITDA targets, each with a 44.5% weighting. As shown in the above table, the strong financial performance meant the Company exceeded the maximum target for EBITDA and the Revenue outcome was slightly below the maximum. The payout for these elements was therefore 157.57%. A more detailed description of the Company's performance is included in the Financial Review on pages 18 to 21.

With regard to the CEO, his personal objectives included, but were not limited to, growing business profitability, focusing on customer acquisition and developing a high performance culture. The CFO's objectives included, but were not limited to, strengthening internal controls and financial processes, and focusing on our investors.

Performance against the objectives is assessed by the Remuneration Committee at the end of the year (with input from the Chairman and CEO as appropriate). In light of performance against the objectives set, the Remuneration Committee determined that the CEO's personal objectives were met in full and that the majority of the CFO's objectives were met (17% out of 20% of salary awarded).

The resulting bonus is therefore as set out below:

Executive	Total (% of maximum, capped at 100%)	Total £'000	Annual Cash Incentive Plan £'000	Deferred Share Incentive Plan £'000
Breon Corcoran	99.8%	953	635	318
Alex Gersh	98.1%	706	471	235

In line with the policy, one-third of the annual bonus is deferred in shares. The value of the deferred element will be delivered in the form of a DSIP share award that will vest 50% after one year from grant and 50% after two years subject to continued employment. Clawback provisions will apply.

The Committee is satisfied that the annual bonus awarded is a fair reflection of the Group's and individuals' performance during the year under review.

Long Term Incentive awards with performance periods ending in FY15 (audited)

As part of the terms of his recruitment, Breon Corcoran was granted an award over 500,000 shares on 1 August 2012 which was subject to three performance conditions, EPS growth, revenue growth and relative Total Shareholder Return. Shortly after grant, it came to light that the vesting criteria should have included only EPS and Revenue measures as was originally agreed between the parties at the time of negotiation. Accordingly, the Committee believed it was both appropriate and necessary to honour the understanding reached with Breon Corcoran at the time he decided to join the Company. Following extensive shareholder consultation, 99.83% of shareholders approved the removal of the TSR metric from the Share Option Agreement at a General Meeting held on 9 January 2015.

Also in 2012, an award was granted to Alex Gersh under the LTIP and this was subject to three-year targets relating to EPS growth (25%), Revenue growth (25%) and relative TSR (50%). The performance period for all metrics applying to the awards granted in 2012 to Breon Corcoran and Alex Gersh ended on 30 April 2015.

EPS and Revenue – adjusted targets and performance

The Committee also discussed its intentions to adjust the financial targets attached to the 2012 LTIP awards in line with the approach taken for the 2011 LTIP as disclosed in last year's report. Mindful of the dissatisfaction felt by a sizeable minority of shareholders last year, the Board was keen to ensure extensive dialogue with shareholders was undertaken prior to making any adjustments.

Context to the adjustments

Following the CEO's recruitment and as a result of a detailed review of the business, the Board announced a revised strategy in December 2012. The revised strategy was based on re-focusing the business towards regulated markets with clear legal frameworks for Betfair's products and services and this resulted in a decision to exit certain markets which were considered to be riskier and where, in the Board's view, the level of risk outweighed the potential rewards.

The Remuneration Committee gave considerable thought to the impact of this strategic change on the Company's incentive plans and identified an issue with the performance measures attached to LTIP awards, which were set prior to the change in the revised strategy and are based on performance measures over three-year cycles and assumed continued presence, investment and revenue growth in unregulated jurisdictions.

The pursuit of Betfair's new strategy implies very different growth paths for revenue and EPS to those which were assumed at the time the LTIP targets were set. In general, the effect is to reduce revenue. Revenue and EPS measures were used in both the 2011 and 2012 LTIP cycles (later cycles are not affected since their targets were set after the effect of this strategic change was incorporated into the Company's financial planning). Targets are set based on the Committee's assessment of the Company's long-term financial plan, taking into account all factors including a view of the regulatory environment in which the Company operates. However, it has always been the Committee's policy that, if the assumptions on which it set these targets were to alter materially, it would adjust them accordingly and that any such adjustment would seek to restore the level of stretch to one that is equal to that originally intended. This general intention has been set out in the Company's remuneration report in recent years and was included in our Remuneration Policy.

Following a consultation with leading shareholders, the Committee's conclusion was that it was appropriate to make an adjustment to the calculation of performance for the 2012 LTIP to reflect the revised strategic path and its effect on revenue growth versus the original assumptions. Therefore a similar treatment to that applied to the 2011 award has been adopted. The Committee is satisfied that the revised performance targets are similarly stretching to those which were originally set.

DIRECTORS' REMUNERATION REPORT: ANNUAL REPORT ON REMUNERATION
CONTINUED

The Committee used its discretion to adjust the Revenue targets that were originally set to reflect:

- the decision in November 2012 to exit from Greece due to unacceptable levels of legal risk and to withdraw the Exchange from Germany due to the introduction of a turnover tax;
- the withdrawal of Betfair's Exchange from Spain following new regulations introduced in June 2012; and
- changes to the regulatory timetable regarding the introduction of exchanges in Italy.

The Committee is satisfied that the adjustments are a result of external factors that were unforeseen, outside the control of management and result in targets that are no less or more challenging than the targets that were originally set. The original and revised targets for Core Revenue are set out below:

- Original Target at Maximum: £498m.
- Revised Target at Maximum: £393m.

Based on FY15 Revenue of £476.5m, 100% of this element will vest.

The 2015 EPS of 79.5 pence is higher than the original maximum target of 60.9 pence. The revised targets would have been lower and therefore irrespective of whether the original or revised targets are used, this results in 100% vesting for this element.

The financial targets attached to LTIP cycles after 2012 were set based on the revised strategy announced in December 2012. Therefore, at this time, it is not expected that adjustments to the 2013 and 2014 awards, specifically in relation to the December 2012 change in strategy, are required. However, the Committee retains the flexibility in the remuneration policy to adjust targets attached to outstanding and future awards if an event occurs which means it is appropriate to do so.

Relative Total Shareholder Return

The TSR condition was based on Betfair's total shareholder return performance against a group of eight other betting companies – Bwin, Ladbrokes, Playtech, Paddy Power, Rank Group, Unibet, William Hill and 888. Over the three-year period ending 30 April 2015, Betfair's TSR of 185.86% was in the upper quartile of the Group.

A summary of vesting is set out in the table below.

Element	Plan	Number of awards	EPS vesting	Revenue	TSR	Overall vesting	Number of awards due to vest	Vesting date	Value of awards*
Breon Corcoran	Share Option Agreement	500,000	50% out of 50%	50% out of 50%	–	100%	500,000	1 August 2015	£10,064,150
Alex Gersh	LTIP	108,788	25% out of 25%	25% out of 25%	50% out of 50%	100%	108,788	13 December 2015	£2,189,718

* Based on a share price of £20.128, being the three-month average share price to 30 April 2015.

As disclosed in previous reports, the second tranche of restricted share awards which were granted to Breon Corcoran on recruitment vested on 1 August 2014 and the final tranche will vest on 1 August 2015. The value of these awards, which were not subject to any performance conditions were disclosed in line with the regulations in the 2013 prior year figure of last year's single total figure of remuneration table.

Awards granted during the year
Deferred Share Incentive Plan (audited)

On 27 June 2014 the Committee granted the following awards to Executive Directors in respect of the annual bonus for performance in FY14:

Executive	Type of award[1]	Basis of award	Number of shares	Face value[2]	Vesting
Breon Corcoran	Nominal value options	⅓ of bonus awarded	23,492	£227,050	50% released after 12 months; 50% after 24 months subject to continued employment only
Alex Gersh	Nominal value options	⅓ of bonus awarded	18,246	£176,348	50% released after 12 months; 50% after 24 months subject to continued employment only

1 Nominal value of a share at the date of grant was 0.1 pence and therefore the exercise price is 0.1 pence.

2 Valued using the share price at the date of grant (27 June 2014), being £9.665 per share.

Long Term Incentive Plan (audited)

On 27 June 2014 the Committee granted the following awards to Executive Directors:

Executive	Type of award[1]	Basis of award	Number of shares	Face value[2]	End of performance period	Threshold vesting	Performance measures
Breon Corcoran	Nominal value options	300% of salary	159,855	£1,544,999	30 April 2017	25%	Relative TSR, EPS and Revenue
Alex Gersh	Nominal value options	200% of salary	82,772	£799,991	30 April 2017	25%	Relative TSR, EPS and Revenue

1 Nominal value of a share at the date of grant was 0.1 pence and therefore the exercise price is 0.1 pence.

2 Valued using the share price at the date of grant 27 June 2014, being £9.665 per share.

The above LTIP awards are subject to the following performance conditions measured over a three-year performance period ending 30 April 2017:

EPS condition (50% of award)

Based on EPS in FY17.

FY17 EPS	Shares vesting (as % of number relating to EPS performance condition)
Less than 50.2 pence	Nil
50.2 pence	25%
Between 50.2 pence and 54.9 pence	Between 25% and 100% (on a straight-line basis)
54.9 pence or higher	100%

TSR condition (25% of award)

Relative TSR performance comparing Betfair's ranking against the FTSE 250 constituents excluding Investment Trusts.

Relative TSR performance	Shares vesting (as % of number relating to TSR performance condition)
Below median of index	Nil
At median of index	25%
Between median and upper quartile of the index	Between 25% and 100% (on a straight-line basis)
At the upper quartile of the index or above	100%

Revenue condition (25% of award)

Based on FY17 Group Revenue.

Group Revenue for FY17	Shares vesting (as % of number relating to Revenue performance condition)
Less than £451m	Nil
£451m	25%
Between £451m and £494m	Between 25% and 100% (on a straight-line basis)
£494m or higher	100%

In addition to the three performance targets detailed above, an underpin will also apply which will enable the Remuneration Committee to change the vesting result based on the above performance targets if it does not consider the Company's underlying financial performance to reflect the proposed level of vesting. These performance targets will be reviewed by the Committee at the end of the three-year performance period. Dividends shall accrue on vested awards.

DIRECTORS' REMUNERATION REPORT: ANNUAL REPORT ON REMUNERATION
CONTINUED

All-employee share plans (audited)
The Company made the following grants under the SAYE scheme during the year:

Executive	Date of grant	Number of options	Exercise price	Market price at grant date	Exercisable from	Expires on
Breon Corcoran	7 November 2014	991	£9.0810	£12.5500	1 December 2017	31 May 2018
Alex Gersh	7 November 2014	1,982	£9.0810	£12.5500	1 December 2017	31 May 2018

The SAYE awards were awarded at a 20% discount to the offer price of £11.3513.

Executive Directors – summary of outstanding share awards
The interests of the Executive Directors in the Company's share schemes are set out in the table below:

Executive	Date of award	Awards held at 1 May 2014	Granted during the year	Exercised during the year	Awards held at 30 April 2015	Exercise price	Market price at grant date	End of performance period	Vesting date	Expires on
Breon Corcoran										
Restricted Share Plan[1]	1 August 2012	233,334	–	116,667	116,667	£0	£7.68125	n/a	3rd tranche: 1 August 2015	31 July 2022
Share Option Agreement[2]	1 August 2012	500,000	–	–	500,000	£0	£7.68125	30-Apr-15	1 August 2015	31 July 2022
Long Term Incentive Plan	23 July 2013	173,668	–	–	173,668	£0.001	£8.89625	30-Apr-16	23 July 2016	22 July 2023
Long Term Incentive Plan	27 June 2014	–	159,855	–	159,855	£0.001	£9.66500	30-Apr-17	27 June 2017	27 June 2027
Deferred Share Incentive Plan	5 July 2013	17,832	–	–	17,832[4]	£0.001	£8.66380	n/a	50%: 5 July 2014 50%: 5 July 2015	4 July 2023
Deferred Share Incentive Plan	27 June 2014	–	23,492	–	23,492	£0.001	£9.66500	n/a	50%: 27 June 2015 50%: 27 June 2016	27 June 2027
BETsave	4 October 2013	1,102	–		1,102	£8.1670	£9.87500	n/a	1 November 2016	30 April 2017
BETsave	7 November 2014	–	991	–	991	£9.0810	£12.5500	n/a	1 December 2017	31 May 2018
TOTAL		**925,936**	**184,338**	**116,667**	**993,607**					
Alex Gersh										
Long Term Incentive Plan[3]	13 December 2012	108,788	–	–	108,788	£0	£7.3538	30-Apr-15	13 December 2015	12 December 2022
Long Term Incentive Plan	23 July 2013	89,925	–	–	89,925	£0.001	£8.89625	30-Apr-16	23 July 2016	22 July 2023
Long Term Incentive Plan	27 June 2014	–	82,772	–	82,772	£0.001	£9.66500	30-Apr-17	27 June 2017	27 June 2027
Deferred Share Incentive Plan	5 July 2013	6,980	–	–	6,980[5]	£0.001	£8.6638	n/a	50%: 5 July 2014 50%: 5 July 2015	4 July 2023
Deferred Share Incentive Plan	27 June 2014	–	18,246	–	18,246	£0.001	£9.66500	n/a	50%: 27 June 2015 50%: 27 June 2016	27 June 2027
BETsave	7 November 2014	–	1,982	–	1,982	£9.0810	£12.5500	n/a	1 December 2017	31 May 2018
TOTAL		**205,693**	**103,000**	**–**	**308,693**					

1 These awards were granted on joining Betfair under provision 9.4.2(R) in the Listing Rules and were issued in the form of conditional awards with no performance conditions attached. The awards vest in three equal tranches on each anniversary following the date of grant, 1 August 2012. The first tranche vested on 1 August 2013 when the share price was £9.209. The second tranche vested on 1 August 2014 when the share price was £10.279.

2 On joining, Breon Corcoran was granted performance-linked nominal cost options under provision 9.4.2(R) of the Listing Rules. 50% of the award is subject to an EPS target and 50% is subject to a Core Revenue Target, both measured over the three-year financial period ending 30 April 2015. The measures were met in full and the award will vest on 1 August 2015.

3 On joining, Alex Gersh was granted awards under the Long Term Incentive Plan. The performance conditions mirror the terms of the 2012 LTIP grant made to other selected Betfair employees earlier that year. Along with the EPS and Revenue metrics described above, a TSR metric also applied. The measures were met in full and the award will vest on 13 December 2015.

4 8,916 nominal cost options vested on 5 July 2014 together with 262 dividend shares accruing on those vesting shares.

5 3,490 nominal cost options vested on 5 July 2014 together with 102 dividend shares accruing on those vesting shares.

Directors' interests in shares (audited)

Details of the Directors' share interests as at 30 April 2015, or at date of cessation of directorship, are as follows:

		Share awards subject to performance conditions	Share awards subject to continued employment only					
Executive	Beneficially owned	Unvested LTIP awards	Unvested restricted shares	Vested and unexercised DSIP awards	Unvested DSIP awards	Outstanding SAYE awards	% shareholding expectation (% of salary/fee)[1]	% actual shareholding (% of salary)[1]
Breon Corcoran	226,041	833,523	116,667	9,178	32,408	2,093	100%	983%
Alex Gersh	–	281,485	–	3,592	21,736	1,982	100%	0%
Gerald Corbett	17,500	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Ian Dyson	7,437	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Leo Quinn	869	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Peter Jackson	2,187	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Zillah Byng-Maddick	2,187	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Peter Rigby	–	n/a	n/a	n/a	n/a	n/a	n/a	n/a

1 There is an expectation for Executive Directors to build a holding equal to their salary over a five-year period. The percentage holding is based on beneficially held shares using the share price on 30 April 2015 of £23.067.

There were no changes in Director's interests in shares between the end of the financial year and the date of this report.

Payment to past Directors (audited)

No payments were made during the year to past Directors.

Payment for loss of office (audited)

No Executive Directors left during the year and there were no loss of office payments.

Statement of change in pay of CEO compared to other employees

The table below shows the change in the CEO's salary, benefits and annual bonus between FY15 and FY14. The same information is shown for continuously employed UK and Ireland employees, comprising the majority of the workforce.

		Percentage change
CEO[1]	Salary	2.5%
	Benefits[1]	14.0%
	Annual bonus	39.9%
Average for all continuously employed UK and Ireland employees[2]	Salary	8.4%
	Benefits	-0.7%
	Annual bonus[3]	25.1%

1 There was no change in benefit provision. The value of benefits increased from £2,888 to £3,291 due to the cost of renewing these.

2 The UK and Ireland employee population covers the majority of the workforce and, in the view of the Committee, is the most appropriate comparator group. The calculation covers employees who were continuously employed for FY15 (1 May 2014 to 30 April 2015).

3 Bonuses for the workforce for FY15 have not been concluded at the time of signing this report and therefore this is an indicative figure.

Relative importance of spend on pay

The table below illustrates the change in expenditure by the Company on remuneration paid to all the employees of the Group and distributions to shareholders from the financial year ending 30 April 2014 to the financial year ending 30 April 2015.

	FY15 £m	FY14 £m	Percentage change
Overall expenditure on pay	108.4[1]	103.1	+5.1%
Dividend paid and proposed	32.5[2]	20.9	+55.5%
Return of capital[3]	199.7	–	–

1 Average headcount during the period of 1,901 was higher than the prior year (FY14: 1,739), with increases across most areas of the business.

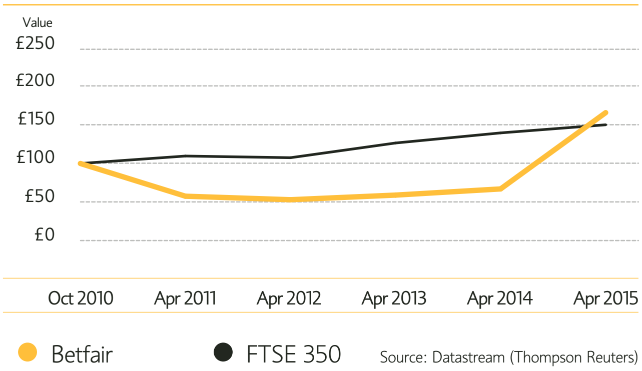
2 The dividend for FY15 includes the proposed final dividend for the year ended 30 April 2015 of 25.0 pence per share. The estimated dividend to be paid in respect of this amounts to £23.0m. The full year dividend, excluding the return of capital to shareholders, represents 38% of profit after tax, in line with the Company's dividend policy.

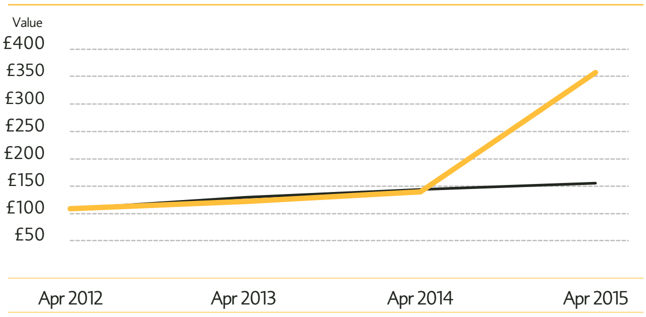
3 In January 2015 the Group returned £199.7m of cash to shareholders via a B share scheme. Please see Note 25 to the financial statements for further detail.

DIRECTORS' REMUNERATION REPORT: ANNUAL REPORT ON REMUNERATION
CONTINUED

Performance graph

The graphs below show Betfair's Total Shareholder Return (share price with dividend reinvested) against the FTSE 350 Index since listing (27 October 2010) and over the three-year period to 30 April 2015, assuming a nominal £100 investment in Betfair Group plc and the FTSE 350 Index at the start of the timeframe. The FTSE 350 Index has been chosen as an appropriate comparator as Betfair is a constituent of this index. The additional chart has been shown for consistency with the 3-year LTIP performance period.





Change in CEO's single total figure of remuneration

	Year ending 30 April				
	FY15	FY14	FY13	FY12	FY11
Single figure of remuneration[1] (£'000)	Breon Corcoran – 11,627	Breon Corcoran – 1,276	Breon Corcoran – 3,738[2] Stephen Morana– 215	Stephen Morana – 291 David Yu – 518	David Yu – 1,628[3]
Annual bonus (vesting as % of maximum)	99.8%	73%	BC – 67% SM – 31%	SM – 33% DY – 21%	DY – n/a
LTIP vesting (vesting as % of maximum)[4]	100%	n/a	n/a	n/a	n/a

1 Breon Corcoran was appointed CEO on 1 August 2012. Stephen Morana was Interim CEO for the period between 1 January 2012 and 31 July 2012. David Yu held the position of CEO prior to 1 January 2012. Information is shown for the full financial years since listing.

2 This figure includes the face value of restricted share awards that were granted on Breon Corcoran's recruitment.

3 David Yu's single figure of remuneration includes a cash award on IPO and an award of restricted stock with a combined value of £1,103,405.

4 This is the current CEO's first LTIP vesting and reflects the joining award he received and significant share price increase from grant (£7.68) to expected vesting (£20.13 based on the three month average share price to 30 April 2015).

Voting on the Remuneration Report at the AGM in 2014

At the 2014 AGM, a resolution was proposed for shareholders to approve the Directors' Remuneration Policy and to approve the 2014 Annual Report on Remuneration. The following votes were received:

	Directors' Remuneration Policy		2014 Annual Report on Remuneration	
	Total number of votes	% of votes cast	Total number of votes	% of votes cast
Vote for	77,220,661	99.83%	51,173,565	68.10%
Vote against	129,886	0.17%	23,975,304	31.90%
Total	77,350,547	100%	75,148,869	100%
Votes withheld	1	–	2,201,679	–

The Board was mindful of the sizeable minority of investors who voted against the Annual Report on Remuneration and that the dissatisfaction that caused this resulted principally from the way in which adjustments were made to the 2011 LTIP performance targets. In light of this, the Remuneration Committee Chairman consulted leading shareholders and shareholder bodies to set out the background and context to the decision taken, and the proposed approach to be taken for the 2012 LTIP including the rectification to Breon Corcoran's performance measures. The resolution presented at the 9 January 2015 General Meeting to amend the performance condition attached to Breon Corcoran's LTIP award received 99.83% support.

Implementation of remuneration policy for year to 30 April 2016

For FY16, the Committee decided not to increase the CEO's and CFO's salaries. The results of the salary review are set out in the table below:

Executive	Salary FY16	Salary FY15	Percentage change
Breon Corcoran	£530,450	£530,450	0%
Alex Gersh	£400,000	£400,000	0%

Mark Brooker is currently the COO of the Group's regulated business and is employed by TSE Data Processing Limited (a wholly owned Group subsidiary). Mark was promoted to the Board on 1 June 2015 and will perform a dual role, as both a member of the Board and COO. He will not receive any additional remuneration in respect of his appointment to the Board. His salary for his role as COO will continue to be £350,000p.a.

The Chairman and Non-Executive Director fees remain unchanged from last year. Fees for FY16 are therefore as follows:

FY16 fees	Chairman	Non-Executive Director Basic fee	Senior Independent Director	Audit Committee Chairman	Remuneration Committee Chairman
Fees	£250,000	£50,000	£10,000	£15,000	£10,000

Benefits

Executives will be eligible to receive selected benefits including life insurance, private medical care, income protection and critical illness cover. In line with the remuneration policy, the COO receives an expatriate allowance of £50,000p.a. paid in monthly instalments while he is based in Ireland. In addition, as an Irish employee, his income is adjusted for GBP/EUR foreign exchange movements and for personal tax differences to ensure he is no worse off from a net of tax perspective than if he was employed in the UK.

To the extent that any expenses relating to the performance of a Director's duties in carrying out business-related activities such as travel are classified as taxable expenses, these expenses will be reimbursed by the Company together with any associated personal tax liabilities.

Pension

Executive Directors are entitled to a defined contribution or cash supplement in lieu to the value of 15% for the CEO and 10% of salary for the CFO and COO respectively.

Annual bonus – Annual Cash Incentive Plan and Deferred Share Incentive Plan

The annual bonus will operate in a broadly similar manner to the year ended 30 April 2015. The maximum bonus will remain as 180% of salary, with two-thirds of any bonus payable in cash (ACIP) and the remaining one-third deferred into Group shares (DSIP). Any deferred shares will vest 50% after one year and 50% after two years from the date of grant, subject to continued employment. Dividends may be paid on any vested DSIP shares.

Clawback provisions will apply on DSIP awards for reasons of misstatement, miscalculation or misconduct within two years of the date of grant.

The Committee reviews the performance measures and targets on an annual basis to ensure they remain appropriately aligned to the overall business strategy but do not encourage excessive risk taking.

The performance measures for the FY16 annual bonus are as follows:

Element	Weighting	% of salary
Revenue	44.5%	80%
EBITDA	44.5%	80%
Personal	11%	20%
Total	100%	180%

The Committee has chosen not to disclose, in advance, the performance targets for the forthcoming year, as these include items which the Committee considers commercially sensitive. The Committee intends to provide retrospective disclosure of certain performance measures in next year's Annual Report on Remuneration, to the extent that the Committee determines that the measures are no longer commercially sensitive.

DIRECTORS' REMUNERATION REPORT: ANNUAL REPORT ON REMUNERATION
CONTINUED

Long Term Incentive Plan
The Committee intends to make an annual award of nil-cost options under the LTIP at 300% of salary for the CEO and 200% of salary for the CFO and COO during FY16. Vested awards will be eligible to receive dividend equivalents and awards will be subject to clawback provisions for reasons of misstatement, miscalculation or misconduct within two years of vesting.

The Committee has reviewed the performance measures and targets for the prospective award and determined that no changes are required to the balance of metrics used for the 2014 award. Therefore, the performance conditions for the 2015 award will be as follows:

EPS condition (50% of award)

EPS for FY18[1]	Shares vesting (as % of number relating to EPS performance condition)
Less than 94.4 pence	Nil
94.4 pence	25%
Between 94.4 pence and 111 pence	Between 25% and 100% (on a straight-line basis)
111 pence or higher	100%

[1] New point of consumption gaming taxes were introduced in the UK in December 2014. If these taxes had been applicable for the whole of FY15, Betfair would have incurred additional costs of £28m, significantly reducing EPS. Taking this into account, vesting at 100% would require a 26% CAGR in EPS over the measurement period.

TSR condition (25% of award)
Relative TSR performance comparing Betfair's ranking against the FTSE 250 constituents excluding Investment Trusts:

Relative TSR performance	Shares vesting (as % of number relating to relative TSR performance condition)
Below median of index	Nil
At median of index	25%
Between median and upper quartile of the index	Between 25% and 100% (on a straight-line basis)
At the upper quartile of the index or above	100%

Group Revenue target (25% of award)

Group Revenue for FY18	Shares vesting (as % of number relating to Group Revenue performance condition)
Less than £580m	Nil
£580m	25%
Between £580m and £628m	Between 25% and 100% (on a straight-line basis)
£628m or higher	100%

In addition to the three performance targets detailed above, an underpin will also apply which will enable the Remuneration Committee to change the vesting result based on the above performance targets if it does not consider the Company's underlying financial performance to reflect the proposed level of vesting. These performance targets will be reviewed by the Committee at the end of the three-year performance period.

SAYE
Executives will be eligible to participate on the same terms as all other UK employees if an invitation to enter a savings contract is offered during the year.

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

Leo Quinn
Chairman of the Remuneration Committee
17 June 2015

DIRECTORS' REPORT

The Directors present their Report and the audited consolidated financial statements of the Company and its subsidiaries for the year ended 30 April 2015.

The Directors' Report should be read in conjunction with the other sections of this Annual Report: the Strategic Report, Corporate Responsibility Report and the Directors' Remuneration Report, all of which are incorporated into this Directors' Report by reference. The following also form part of this report:

- greenhouse gas emissions, set out on page 33;
- the reports on corporate governance set out on pages 36 to 47;
- information relating to financial instruments, as provided in the notes to the financial statements;
- related party transactions as set out in the notes to the financial statements; and
- other information required to be included by reference, pursuant to LR 9.8.4R

Annual Report and Accounts

The Directors are aware of the responsibilities in respect of the Annual Report. The Directors consider that the Annual Report, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's performance, business model and strategy. The Statement of Directors' Responsibilities appears on page 76.

Directors

Details of the Directors as at 30 April 2015, the Board composition and any changes since the end of the year are detailed in full in the Corporate Governance Statement on page 39.

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

Articles of Association

The Articles of Association were amended by special resolution at a general meeting of shareholders on 9 January 2015. No amendments are proposed to be made to the existing articles at the 2015 AGM.

Directors' indemnity

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

Corporate Governance Statement

The Corporate Governance Statement is made in accordance with DTR 7 and the Corporate Governance Code as issued by the Financial Reporting Council in 2012. The Financial Reporting Council issued the Corporate Governance Code 2014 to apply to accounting periods commencing on or after 1 October 2014 and as such does not apply for this financial year.

Employees

The responsibility for formulating, implementing and ensuring adherence to employment policies and relevant legislation falls under the remit of Human Resources. The Group fully supports the principle of equal opportunity for all employees and opposes all forms of discrimination and has policies to ensure it meets its legal obligations. It is also Group policy to give full and fair consideration to the recruitment of disabled persons, and to provide such persons with the same training, career development and promotion opportunities as other employees. In the event of employees becoming disabled, every effort is made to ensure that their employment within the Group continues and that appropriate training is provided.

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

Further information can be found on page 30 in the Corporate Responsibility Report.

Related party transactions

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

Dividends

The Company declared an interim dividend on 4 December 2014 of 9.0 pence (2014: 6.0 pence) per share which was paid on 16 January 2015. A waiver was in place in respect of 672,682 (2014: 770,238) shares held in the Company's employee benefit trust for the interim dividend.

The Company has declared that a final dividend of 25.0 pence (2014: 14.0 pence) per share will be paid in respect of the year ended 30 April 2015. This will be paid on 9 October 2015 to all shareholders on the register on 11 September 2015. A dividend waiver is in place in respect of the shares held in the Company's employee benefit trust as at the record date (2014: 597,171).

DIRECTORS' REPORT
CONTINUED

Share capital
At the start of the financial year, the Company had a single class of ordinary shares in issue, with a nominal value of £0.001 per share. During the year, at a General Meeting held on 9 January 2015, members voted in favour of the Company's proposals to return £1.89 per ordinary share to shareholders by way of a B share scheme followed by a seven for eight share consolidation. This share capital reorganisation was effective and the shares were admitted to trading on the London Stock Exchange from 12 January 2015. Full details of the B share scheme and share capital consolidation were set out in a circular to shareholders dated 9 December 2014 which is available on the Company's website at corporate.betfair.com.

As at 30 April 2015 and the date of this report, the Company has a single class of shares in issue divided into ordinary shares of £0.00095 each. As at 30 April 2015 the Company's issued share capital was 92,603,251.

The ordinary shares carry the right to the profits of the Company available for distribution and to the return of capital on a winding up of the Company. The ordinary shares carry the right to attend and speak at general meetings of the Company; each share holds the right to one vote. At 30 April 2015 there were no shares held in treasury and the Company's employee benefit trust held 429,471 shares.

Authority to purchase shares
The Company currently has the authority to purchase a maximum of 10,503,988 of its own shares. No purchases were made during the year. This authority will expire at the close of the 2015 AGM.

Major shareholdings
As at 30 April 2015, the Company had been notified, in accordance with DTR Rule 5 of the UK Listing Authority, of the following major shareholdings in the ordinary share capital of the Company:

	Number of shares held	Percentage of issued shares
Mr Edward Wray	8,825,545	9.53
Le Peigne SA	8,548,551	9.23
AXA Framlington Investment Managers	6,960,412	7.52
MFS Investment Management	6,728,308	7.27
Marathon Asset Management	4,451,427	4.81
Kames Capital	4,101,673	4.43
BlackRock	3,280,841	3.54

The Company has not been notified of any changes to the above shareholdings between 30 April 2015 and the date of this report.

In addition to the above, the Company was notified on 18 February 2015 of a derivative position of 5.70% held by Parvus Asset Management via equity swap. Parvus has no voting rights over the shares and no option to acquire the shares or the voting rights attributable to them. At the date of this report, this shareholding was 5.62%. The Company has not been notified of any changes to this shareholding between 31 May 2015 and the date of this report.

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

Annual General Meeting
The Notice convening the AGM to be held on 9 September 2015 is contained in a circular sent out to shareholders with this Report. The Notice of Meeting contains full details of the resolutions that will be put to shareholders.

Political donations
At the 2014 AGM, shareholders passed a resolution to authorise the Group to make political donations and/or incur political expenditure (as such terms are defined in sections 362 to 379 of the Companies Act 2006), in each case in amounts not exceeding £50,000 in aggregate. As the authority granted will expire on 9 September 2015, renewal of this authority will be sought at this year's AGM. Further details are available in the Notice of AGM. The definitions of political donations and political expenditure used in the Companies Act 2006 are broad in nature and this authority is sought to ensure that any activities undertaken by the entities within the Group, which could otherwise be construed to fall within these provisions, can be undertaken without inadvertently infringing them.

During the year and the previous year, the Group made no EU political donations.

In accordance with applicable US state and federal laws, the Group has made £21,905 (2014: £28,165) of contributions to support candidates for nomination and/or election to public office. The Group has fully complied with jurisdictional reporting of these contributions and such contributions in the US are accepted normal business practice. Betfair is committed to working with governments in the EU, US and other jurisdictions in which it operates.

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

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

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

Going concern, responsibilities and disclosure
The current activities of the Group and those factors likely to affect its future development, together with a description of its financial position, are described in the Strategic Report. Principal risks and uncertainties affecting the Group, and the steps taken to mitigate these risks are described in the Principal Risks and Uncertainties section of the Strategic Report. Critical accounting estimates affecting the carrying values of assets and liabilities of the Group are discussed in note 1 to the financial statements.

After making appropriate enquiries, the Directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. In making this assessment, the Directors considered the going concern status for a period of at least 12 months from the date of signing this report. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

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

Auditors
KPMG LLP have expressed their willingness to be reappointed as auditor of the Company. A resolution to reappoint KPMG LLP as the Company's auditor will be proposed at the forthcoming AGM.

Disclosure of information to auditors
Each of the Directors who held office at the date of approval of the Directors' Report confirms that:

- so far as they are aware, there is no relevant audit information of which the Company's auditors are unaware; and
- that they have taken all steps that they ought to have taken as a Director to make them aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Other information required to be included by reference
For the purposes of compliance with LR 9.8.4R, the following information is included by reference within the Directors' Report:

Listing Rule (LR) Requirement	Location within Annual Report
LR 9.8.6R(1) Directors' interests	Directors' Remuneration Report, pages 53–72
LR 9.8.6R(2) Major shareholders' interests	Directors' Report, page 74
LR 9.8.3R Details of long-term incentive schemes	Directors' Remuneration Report, pages 53–72
LR 9.8.6R(4)(a) Purchase of own shares	Directors' Report, page 74

By order of the Board

Alexander Gersh
Director
17 June 2015

Registered office
Betfair Group plc
Waterfront, Hammersmith Embankment
Chancellors Road (access on Winslow Road)
London W6 9HP
United Kingdom
Registered number 6489716

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

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

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

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

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

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

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

Responsibility statement of the Directors in respect of the Annual Report
Each of the Directors, whose names and functions are listed on page 39 of this Annual Report, confirm that, to the best of each person's knowledge and belief:

- the financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole;
- the management report, which comprises the Strategic Report and the Directors' Report includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face; and
- the Annual Report and Accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's performance, business model and strategy.

By order of the Board of Betfair Group plc

Alexander Gersh
Director

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

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

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

FINANCIAL STATEMENTS AND CORPORATE INFORMATION

CONTENTS

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

Opinions and conclusions arising from our audit

1 Our opinion on the financial statements is unmodified

We have audited the financial statements of Betfair Group plc for the year ended 30 April 2015 set out on pages 81 to 121.
In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 30 April 2015 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with International Financial Reporting Standards as adopted by the European Union;
- the Parent Company financial statements have been properly prepared in accordance with UK Accounting Standards; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006; and, as regards the Group financial statements, Article 4 of the IAS Regulation.

2 Our assessment of risks of material misstatement

In arriving at our audit opinion above on the financial statements the risks of material misstatement that had the greatest effect on our audit were as follows:

Revenue recognition (£476.5m)

Refer to page 45 (Audit Committee Report), page 92 (Accounting policies) and pages 95, 96 and 106 (financial disclosures).

- The risk – The recognition of commission revenues or revenues from winning and losing bets may be misstated.

  The appropriate recognition of revenue is dependent on IT systems correctly calculating commission revenues and appropriate wins and losses and customer funds and core finance processes and controls accurately reporting on and reconciling these transactions.

  Revenue streams for the vast majority of the Group's products are computed on highly complex IT systems, with a number of different bases for calculating revenue. There are in excess of one billion transactions each year, all requiring a correct IT outcome. There is a risk that a system may not be configured correctly from the outset such that commissions or winning and losing bets are calculated incorrectly, that the systems do not interface correctly from the customer facing systems through to the financial information systems and that unauthorised changes may be made to any of these systems, which may result in the misstatement of revenue.

  The calculation of revenue from the IT systems links directly to the reconciliation of funds between customer and corporate accounts and as such customer funds must be appropriately managed and safeguarded. There is a risk that commissions or winning and losing bets are not calculated correctly and consequently a risk that the revenue to be transferred from the customer accounts in the ring-fenced trust to Betfair corporate accounts could be misstated.

- Our response – Our audit procedures included, among others, the use of IT audit experts throughout the audit process. We critically assessed the design and operating effectiveness of IT controls and tested that the systems are configured appropriately. We traced bets placed on live betting environments from the customer facing systems to the data centre and then from the data warehouse to the financial information systems to ensure that information is passed appropriately from one system to another. We tested controls over the capture of initial bets, their allocation between different products and their processing through the system to recognition in revenue or in the appropriate customer account. We also tested the configuration of the system which monitors the information transfer between key IT systems and evaluated whether it was operating effectively.

  Data on a sample of different types of bets placed by customers in different markets was extracted from the systems. Commission rate calculations were re-performed to assess the completeness and accuracy of commissions and revenues from winning bets.

  We tested controls related to access to programs and data, program change and development and computer operations by evaluating account set-up and termination for users, password restrictions, access reviews, users with super-user access, program change and development process controls and integration monitoring, and tested whether any unauthorised changes had been made to the system. The overall IT environment was critically assessed, including security policies and procedures, IT organisational structure, strategy and reporting, disaster recovery and back-up testing.

  We tested processes and controls over customer account set-up and cash deposits and withdrawals from customer accounts. We verified customer bank balances to third-party information and tested the reconciliation of these bank balances to Betfair customers' betting accounts.

  We have also considered the adequacy of the Group's disclosures in respect of revenue recognition.

Valuation of tax liabilities

Refer to page 45 (Audit Committee Report), pages 93 and 94 (Accounting policies) and pages 106 and 117 (financial disclosures).

- The risk – The online gaming regulatory environment is complex and constantly changing. Some markets are highly regulated, while in other markets, online gaming regulation is not yet formed or is unclear. Betfair organises its operations in different jurisdictions in a way which requires the Directors to exercise a level of judgment surrounding the interpretation of international tax laws and the way in which they interact within each jurisdiction. This may result in significant provisions or contingent liabilities for gaming and other indirect taxes in countries where the tax and/or other regulations are not yet formed or are unclear, the volatility of which could have a significant impact on the financial statements, particularly if there is a retrospective element applied to taxes. Where tax regulations are formalised in certain jurisdictions, Betfair must adhere to the operating guidelines within these jurisdictions, such that taxes do not become payable elsewhere, which would result in current tax provisions being understated.

In addition to gaming taxes, the Directors must make judgments in relation to international income tax laws including transfer pricing and controlled foreign companies.

- Our response – Our audit procedures included, among others, challenging the Directors and the Group's in-house lawyers in order to understand and critically assess the procedures that the Group has in place to comply with regulations in different jurisdictions. We used KPMG's wider understanding of the regulatory markets to challenge the Directors and critically assessed the Group's exposure to taxation. We examined correspondence with regulators during the year and evaluated the Group's taxation position, working with KPMG tax specialists to test gaming taxes, indirect taxes and income taxes.

We also considered the adequacy of the disclosures in respect of tax and uncertain tax positions.

Acquisition Accounting
Refer to page 45 (Audit Committee Report), pages 87, 89 and 90 (Accounting policies) and pages 101 and 116 (financial disclosures).

- The risk: During the current financial year the Group has acquired the HRTV horseracing broadcasting network along with long-term broadcasting and wagering rights to certain racecourses for an aggregate purchase consideration consisting of: an initial payment of $25.6 million and an estimated further deferred and contingent consideration totalling $30.9 million payable over a seven year period, which is in part dependent on future trading.

  The terms of the agreements require judgment to be exercised by the Directors in assessing control, and in identifying any contractual arrangements entered into that are required to be accounted for separately to the acquisitions.

  The Directors have exercised judgment in determining that the broadcasting and wagering rights acquired as part of the transaction, but external to the HRTV legal entity, form an integrated set of activities and assets and therefore are treated as part of the business combination for accounting purposes. In particular, this judgment results in the recognition of a larger balance sheet liability in respect of contingent consideration, and the recognition of a larger amount for goodwill than if an alternative accounting treatment as an asset purchase had been adopted, as well as a differing accounting treatment in relation to transaction costs. In aggregate, the differences between the feasible accounting treatments have had a material effect on the Group's financial statements. In accounting for the business combination, the amount derived in arriving at the fair value of the broadcasting and wagering rights acquired is sensitive to the underlying assumptions around forecast future cash flows over the seven year initial term of the agreements, and the discount rate applied in its valuation. The fair value of these rights used in the business combination accounting amount to $48.3 million out of the total $49.8 million net assets acquired.

- Our response: In this area our audit procedures included, amongst others, understanding the key terms and rationale for the transaction through inspection of purchase agreements, Board minutes and discussions with the Directors. We challenged the judgment taken to account for the assets acquired as a business combination, and inspected the agreements for terms that may impact the assessment of control.

  Using our own valuation specialists to the extent necessary, we inspected the Group's valuation analysis prepared by the Directors, which was the basis for the determination of the fair value of the intangible assets used in the business combination accounting. We critically challenged the key assumptions within, and in particular evaluated the reasonableness of assumptions underlying the future trading forecasts of the combined TVG and HRTV operations, growth rates and the discount rate applied. In performing this assessment we had regard to the performance of the existing TVG business, and historical accuracy of the Directors' forecasts.

  We also assessed whether the Group's disclosures regarding the acquisition and the estimation required are appropriate and comply with those required by the relevant accounting standards.

3 Our application of materiality and an overview of the scope of our audit
The materiality for the Group financial statements as a whole was set at £3.5 million, determined with reference to a benchmark of Group profit before tax (of which it represents 3.5%).

We report to the Audit Committee any uncorrected misstatements we identified through our audit exceeding £175,000; in addition to other audit misstatements we believed warranted reporting on qualitative grounds. In addition we considered whether any misstatements corrected by management identified during the course of the audit should be communicated to the Audit Committee to assist it in fulfilling its governance responsibilities.

The audits of three components for Group reporting purposes were performed by component auditors in Malta. The Group audit team performed the audit over Betfair Group, including components in the UK, Ireland and Gibraltar, and consolidation type adjustments in the UK. These Group procedures covered 87% of Group revenue, 93% of the total profits and losses that made up Group profit before tax and 96% of the Group net asset and liabilities.

For the remaining components (Betfair US, Portugal, Spain, Italy, Romania and Hong Kong) we performed analysis at an aggregated group level to re-examine our assessment that there were no significant risks of material misstatement within these.

The audits undertaken for Group reporting purposes at the reporting components of the Group in Malta were all performed to materiality levels set by, or agreed with, the Group audit team. These materiality levels were set individually for each component, ranging between £0.1 million and £3.0 million, having regard to the mix of size and risk profile of the Group across the components.

Detailed instructions were sent to component auditors, which covered the significant areas that should be covered by the audit engagements (which included the relevant risks of material misstatement detailed above) and set out the information required to be reported back to the Group audit team.

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

The Group audit team visited Malta, including to assess the audit risk and strategy, and telephone meetings were also held with the component auditors throughout the year. At these visits and meetings, the Group audit team also discussed the findings reported in more detail and assessed the adequacy of the work performed by the component auditors.

4 Our opinion on other matters prescribed by the Companies Act 2006 is unmodified
In our opinion:

- the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006; and
- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

5 We have nothing to report in respect of the matters on which we are required to report by exception
Under ISAs (UK and Ireland) we are required to report to you if, based on the knowledge we acquired during our audit, we have identified other information in the annual report that contains a material inconsistency with either that knowledge or the financial statements, a material misstatement of fact, or that is otherwise misleading.

In particular, we are required to report to you if:

- we have identified material inconsistencies between the knowledge we acquired during our audit and the Directors' statement that they consider that the Annual Report and financial statements taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's performance, business model and strategy; or
- the Report of the Audit Committee on pages 43 to 52 does not appropriately address matters communicated by us to the Audit Committee.

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

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

Under the Listing Rules we are required to review:

- the Directors' statement, set out on page 75, in relation to going concern; and
- the part of the Corporate Governance Statement on page 36 in the Annual Report and Accounts relating to the Company's compliance with the ten provisions of the 2012 UK Corporate Governance Code specified for our review.

We have nothing to report in respect of the above responsibilities.

Scope of report and responsibilities
As explained more fully in the Directors' Responsibilities Statement set out on page 76, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate. This report is made solely to the Company's members as a body and is subject to important explanations and disclaimers regarding our responsibilities, published on our website at www.kpmg.com/uk/auditscopeukco2014a, which are incorporated into this report as if set out in full and should be read to provide an understanding of the purpose of this report, the work we have undertaken and the basis of our opinions.

Michael Harper (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
London, E14 5GL

17 June 2015

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 30 APRIL 2015

	Note	2015 £m	2014 £m
Continuing operations			
Revenue	2	**476.5**	393.6
Cost of sales		**(90.6)**	(50.9)
Gross profit		**385.9**	342.7
Administrative expenses		**(291.6)**	(281.1)
Group operating profit		**94.3**	61.6
Analysed as:			
EBITDA*	2	**120.2**	91.1
Depreciation and amortisation	8, 9	**(25.9)**	(29.5)
Group operating profit		**94.3**	61.6
Finance income	5	**1.1**	1.1
Finance expense	5	**(0.7)**	(0.4)
Net finance income		**0.4**	0.7
Profit on disposal of joint venture	10	**6.4**	–
Share of profit/(loss) of equity accounted investments	10	**0.1**	(1.2)
Profit before tax		**101.2**	61.1
Tax	6	**(14.8)**	(10.1)
Profit for the year		**86.4**	51.0
Attributable to:			
Equity holders of the Company		**86.4**	51.0
Non-controlling interest	10	**–**	–
Profit for the year		**86.4**	51.0
Earnings per share			
Basic	7	**85.9p**	49.0p
Diluted	7	**83.7p**	48.1p

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 APRIL 2015

	2015 £m	2014 £m
Profit for the year	**86.4**	51.0
Other comprehensive income/(expense)		
Items that will be reclassified to profit or loss:		
Foreign exchange differences arising on consolidation	**1.4**	(4.0)
Reclassification to profit or loss	**0.1**	–
Other comprehensive income/(expense) for the year, net of income tax	**1.5**	(4.0)
Total comprehensive income for the year	**87.9**	47.0
Attributable to:		
Equity holders of the Company	**87.9**	47.0
Non-controlling interest	**–**	–
Total comprehensive income for the year	**87.9**	47.0

CONSOLIDATED BALANCE SHEET
AS AT 30 APRIL 2015

	Note	2015 £m	2014 £m
Assets			
Non-current assets			
Property, plant and equipment	8	**14.8**	16.7
Goodwill and other intangible assets	9	**83.2**	49.3
Investments	10	**0.1**	5.5
Available-for-sale financial assets	11	**1.3**	1.3
Deferred tax assets	12	**4.2**	3.9
		103.6	76.7
Current assets			
Trade and other receivables	13	**23.3**	23.0
Cash and cash equivalents	14	**105.1**	209.8
		128.4	232.8
Total assets		**232.0**	309.5
Liabilities			
Current liabilities			
Trade and other payables	15	**128.1**	111.8
Tax payable		**29.5**	24.4
Provisions	16	**5.1**	1.2
		162.7	137.4
Non-current liabilities			
Trade and other payables	15	**19.5**	–
Provisions	16	**0.4**	0.7
Total liabilities		**182.6**	138.1
Net assets		**49.4**	171.4
Equity			
Share capital	17	**0.1**	0.1
Share premium		**5.3**	21.9
Other reserves		**(9.0)**	(11.4)
Retained earnings		**53.0**	160.8
Equity attributable to equity holders of the Company		**49.4**	171.4
Non-controlling interest	10	**–**	–
Total equity		**49.4**	171.4

These financial statements were approved by the Board of Directors on 17 June 2015 and were signed on its behalf by:

Breon Corcoran
Chief Executive Officer

Alexander Gersh
Chief Financial Officer

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 APRIL 2015
ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

	Share capital £m	Share premium £m	Other reserves £m	Foreign currency translation reserve £m	Retained earnings £m	Total parent equity £m	Non-controlling interest £m	**Total equity £m**
Balance at 1 May 2013	0.1	19.4	0.9	(8.5)	120.1	132.0	–	**132.0**
Comprehensive income/(expense) for the year								
Profit for the year	–	–	–	–	51.0	51.0	–	**51.0**
Other comprehensive expense	–	–	–	(4.0)	–	(4.0)	–	**(4.0)**
Total comprehensive income /(expense) for the year	–	–	–	(4.0)	51.0	47.0	–	**47.0**
Transactions with owners, recorded directly in equity								
Issue of shares	–	2.5	–	–	–	2.5	–	**2.5**
Dividend paid	–	–	–	–	(15.6)	(15.6)	–	**(15.6)**
Equity-settled share-based payments	–	–	–	–	6.5	6.5	–	**6.5**
Sale of own shares by the EBT*	–	–	–	–	1.7	1.7	–	**1.7**
Purchase of own shares by the EBT*	–	–	–	–	(2.9)	(2.9)	–	**(2.9)**
Tax on equity-settled share-based payments	–	–	0.2	–	–	0.2	–	**0.2**
Total transactions with owners	–	2.5	0.2	–	(10.3)	(7.6)	–	**(7.6)**
Balance at 30 April 2014	0.1	21.9	1.1	(12.5)	160.8	171.4	–	**171.4**
Balance at 1 May 2014	**0.1**	**21.9**	**1.1**	**(12.5)**	**160.8**	**171.4**	**–**	**171.4**
Comprehensive income for the year								
Profit for the year	–	–	–	–	86.4	86.4	–	**86.4**
Other comprehensive income	–	–	–	1.5	–	1.5	–	**1.5**
Total comprehensive income for the year	**–**	**–**	**–**	**1.5**	**86.4**	**87.9**	**–**	**87.9**
Transactions with owners, recorded directly in equity								
Issue of shares	–	5.6	–	–	–	5.6	–	**5.6**
Share premium cancellation**	–	(22.2)	–	–	22.2	–	–	**–**
Capital reduction***	–	–	–	–	–	–	–	**–**
Dividend paid	–	–	–	–	(24.1)	(24.1)	–	**(24.1)**
Return of capital to shareholders including fees and duty ***	–	–	–	–	(200.7)	(200.7)	–	**(200.7)**
Equity-settled share-based payments	–	–	–	–	9.2	9.2	–	**9.2**
Sale of own shares by the EBT*	–	–	–	–	4.4	4.4	–	**4.4**
Purchase of own shares by the EBT*	–	–	–	–	(5.2)	(5.2)	–	**(5.2)**
Tax on equity-settled share-based payments	–	–	0.9	–	–	0.9	–	**0.9**
Total transactions with owners	**–**	**(16.6)**	**0.9**	**–**	**(194.2)**	**(209.9)**	**–**	**(209.9)**
Balance at 30 April 2015	**0.1**	**5.3**	**2.0**	**(11.0)**	**53.0**	**49.4**	**–**	**49.4**

* Employee Benefit Trust is defined as EBT.

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

*** During the year the Group returned £200.7m of cash to shareholders, including fees and duty. See note 25 for further details.

CONSOLIDATED STATEMENT OF CASH FLOW

FOR THE YEAR ENDED 30 APRIL 2015

	Note	**2015 £m**	2014 £m
Cash flows from operating activities			
Profit for the year		**86.4**	51.0
Adjustments for:			
Depreciation and amortisation	8, 9	**25.9**	29.5
Equity-settled share-based payments and associated costs	18	**10.4**	7.3
Profit on disposal of joint venture	10	**(6.4)**	–
Share of (profit)/loss of equity accounted investments	10	**(0.1)**	1.2
Net finance income	5	**(0.4)**	(0.7)
Tax	6	**14.8**	10.1
Increase in trade and other receivables		**(0.7)**	(4.4)
Increase in trade and other payables		**13.6**	2.4
Increase/(decrease) in provisions	16	**3.6**	(11.3)
Cash generated from operations		**147.1**	85.1
Tax paid		**(8.0)**	(5.6)
Net cash flows generated from operating activities		**139.1**	79.5
Cash flows from investing activities			
Acquisition of business combination, net of cash received	23	**(16.6)**	–
Acquisition of property, plant and equipment	8	**(6.3)**	(8.5)
Acquisition of other intangible assets	9	**(6.9)**	(6.5)
Capitalised internal development expenditure	9	**(6.6)**	(7.4)
Cash received on disposal of joint venture	10	**5.5**	–
Cash received from repayment of joint venture loan	10	**6.5**	–
Finance income received		**1.1**	0.9
Net cash flows used in investing activities		**(23.3)**	(21.5)
Cash flows from financing activities			
Proceeds from the issue of share capital	17	**5.6**	2.5
Dividends paid	25	**(24.1)**	(15.6)
Return of capital to shareholders, including fees and duty	25	**(200.7)**	–
Purchase of own shares by the EBT		**(5.2)**	(2.9)
Sale of own shares by the EBT		**4.4**	1.7
Net cash flows used in financing activities		**(220.0)**	(14.3)
Net (decrease)/increase in cash and cash equivalents		**(104.2)**	43.7
Cash and cash equivalents at the beginning of the year	14	**209.8**	168.1
Effect of exchange rate fluctuations on cash held		**(0.5)**	(2.0)
Cash and cash equivalents at year end	14	**105.1**	209.8

NOTES
(FORMING PART OF THE FINANCIAL STATEMENTS)

1 Accounting policies

Reporting entity

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

The consolidated financial statements of the Company as at and for the year ended 30 April 2015 comprise the Company and its subsidiaries (together referred to as the "Group") and the Group's interest in jointly controlled entities. The Group is involved in the provision of betting services and online gaming products. The Parent Company financial statements present information about the Company as a separate entity and not about its Group.

The consolidated financial statements of the Group for the year ended 30 April 2015 were authorised for issue in accordance with a resolution of the Directors on 17 June 2015.

Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted for use in the European Union. The Company has elected to prepare its Parent Company financial statements in accordance with UK GAAP; these are presented on pages 118 to 120.

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

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

Going concern

The Group has considerable financial resources. As a consequence, the Directors believe that the Group is well placed to manage its business risks successfully. The Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future, and therefore they continue to adopt the going concern basis in the consolidated financial statements. Further detail is contained in the Directors' Report on page 75.

Functional currency and presentation currency

These consolidated financial statements are presented in Pounds Sterling, which is the Company's functional currency. All values are in millions (£m) rounded to one decimal place, except where otherwise stated.

Changes in accounting policy

The Group has adopted the following accounting policies, standards, interpretations and amendments to existing standards during the year ended 30 April 2015:

IFRS 10	Consolidated financial statements
IFRS 11	Joint arrangements
IFRS 12	Disclosure of interests in other entities
IFRIC 21	Levies
IAS 27 (revised)	Separate financial statements
IAS 28 (revised)	Investments in associates and joint ventures
IAS 32 (amended)	Financial instruments: presentation
IAS 36 (amended)	Impairment of assets
IAS 39 (amended)	Financial instruments: recognition and measurement

Adopting the above IFRS standards required management to reassess where control is exerted by the Group and elaboration of the relevant changes is provided below.

IFRS 10 "Consolidated Financial Statements"

IFRS 10 establishes a single control framework to determine whether an entity is required to consolidate investees into its financial statements. It unifies the existing principles from SIC-12 and IAS 27 to provide a single model to be applied to all entities. In particular, the standard redefines the notion of control as when an investor is exposed, or has rights, to variable returns from an investee and has the ability to affect those returns through its power over the investee. IFRS 10 applies prospectively for annual periods beginning on or after 1 January 2014.

IFRS 11 "Joint Arrangements"

IFRS 11 adopts the same control framework introduced under IFRS 10 and applies its principles to joint operations. It combines the IAS 31 categories of jointly controlled assets and jointly controlled operations into a single classification of joint operations. Jointly controlled entities under IAS 31 are classified as joint ventures and the option of proportional consolidation has been removed, requiring such arrangements to be accounted for under the equity method.

The new standards and interpretations did not have a material impact on the results or the financial position of the Group as at 30 April 2015 or on any disclosures.

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

Basis of consolidation

(i) Business combinations

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group. Control exists when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. In assessing control, the Group takes into consideration potential voting rights that are currently exercisable. The Group measures goodwill at the acquisition date as:

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

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

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

(ii) Subsidiaries

Subsidiaries are entities controlled by the Group. Control exists when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial results of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. The accounting policies of subsidiaries have been changed to align them with the policies adopted by the Group when necessary.

(iii) Associates and joint arrangements ("equity accounted investments")

Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies. Joint arrangements are those entities over whose activities the Group has joint control, established by contractual agreement and requiring unanimous consent for strategic, financial and operating decisions. Associates and joint arrangements are accounted for using the equity method (equity accounted investments) and are initially recognised at cost.

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

(iv) Acquisition of non-controlling interests

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

Transactions eliminated on consolidation

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

Foreign currency transactions

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

NOTES
(FORMING PART OF THE FINANCIAL STATEMENTS)
CONTINUED

1 Accounting policies continued

Foreign operations

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

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

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

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

Value of £1	Assets and liabilities (Closing rates)	Income and expenses (Average rates)
Euro	**1.38**	**1.29**
US Dollar	**1.54**	**1.60**
Australian Dollar	**1.92**	**1.86**
Romanian Lei	**6.08**	**5.71**

Available-for-sale financial assets

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

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

Financial instruments

(i) Classification of financial instruments issued by the Group

Financial instruments issued by the Group are treated as equity only to the extent that they meet the following two conditions:

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

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

(ii) Non-derivative financial instruments

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

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

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

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

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

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

(iv) Derivative financial instruments
The Group holds derivative financial instruments in relation to open betting liability positions arising as a result of open positions at the reporting date.

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

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

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

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

Property, plant and equipment
(i) Recognition and measurement
Items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

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

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

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

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

Freehold buildings – 50 years
Leasehold improvements – Over the term of the lease or the useful economic life of the asset, if shorter
Computer equipment – 3 years
Equipment, fixtures and fittings – 3 to 5 years

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

Goodwill and other intangible assets
(i) Goodwill
Goodwill represents amounts arising on acquisition of subsidiaries, associates and joint arrangements.

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

NOTES
(FORMING PART OF THE FINANCIAL STATEMENTS)
CONTINUED

1 Accounting policies continued

Goodwill and other intangible assets continued

Acquisitions prior to 1 May 2007

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

Subsequent measurement

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

(ii) Internally generated goodwill and brands

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

(iii) Research and development

Expenditure on research activities is recognised as an expense in the income statement, as incurred.

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

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

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

Tax credits receivable in relation to qualifying spend that has been capitalised is treated as a deduction against that asset.

(iv) Other intangible assets

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

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

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

(v) Amortisation

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

Computer software – The shorter of the licence period and up to 10 years
Licences – The shorter of the licence period and up to 10 years
Development expenditure – 3 years
Brand – 2 years
Customer lists – 2 to 4 years
Broadcasting rights – 2 to 7 years
Wagering rights – 6 to 7 years

Impairment

(i) Financial assets

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

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

All impairment losses are recognised in the income statement.

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

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

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

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

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

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

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

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

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

Restricted share scheme
The Group operates a Restricted Share Awards Plan. Under this plan, the Company may grant ad hoc nominal value or nil cost options which vest at specified dates up to 7 years from grant. Performance conditions may be applied to awards. As an equity-settled scheme, a charge is recognised over the vesting period and may be reversed to the extent that any non-market based performance conditions are not met. In January 2012, the Group modified certain outstanding share options and replaced them with restricted shares on a 3:1 basis.

A number of individuals were granted restricted shares in the current and prior periods.

NOTES
(FORMING PART OF THE FINANCIAL STATEMENTS)
CONTINUED

1 Accounting policies continued

Long Term Incentive Plan ("LTIP"), Deferred Share Incentive Plan ("DSIP"), Short Term Incentive Plan ("STIP") and Management Incentive Plan ("MIP")

The Group currently operates the LTIP and DSIP. In previous years, the STIP and MIP were used but these were replaced by DSIP in the financial year ended 30 April 2014.

- The LTIP entitles recipients to share options and restricted share rewards based on meeting the Group and individual performance criteria over a three-year period.
- The DSIP provides for one-third of any annual incentive payment (determined under the Annual Cash Incentive Plan) to be paid in deferred shares. Any such deferred element granted under the DSIP will vest 50% after one year and 50% after two years from the date of grant. Clawback provisions are included and dividends accrue on vested DSIP awards.
- The previous STIP and MIP structures had both cash and share elements. The cash element was two-thirds of the award; the remaining one-third was paid in deferred shares.

The fair value of the LTIP, DSIP and the share-based elements of the STIP and MIP are calculated under IFRS 2 share-based payment. The cash elements of the STIP and the MIP were fixed in value and paid in the year the award was made, with no option on the part of the recipient to choose whether they received cash or shares. Accordingly, these cash payments were classified as a cash bonus in the income statement (rather than a "cash-settled share-based payment") and expensed in the year in which the award was made.

Long-term Senior Executives' Incentive Plan ("SEIP")

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

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

The restricted shares in the SEIP are measured consistently with the treatment of normal restricted shares. All shares granted under the SEIP have now been exercised or have lapsed.

Stakeholder award scheme

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

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

Revenue

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

Sports revenue represents the commission earned on the Group's betting exchange activities and the margin derived from betting activity on the Group's fixed odds bookmaking product. Commission and margin are recognised on the date the outcome for an event is settled. Open betting liability positions are recognised based on the best estimate of the outflow that will be required to settle the position at the balance sheet date, and losses arising from these positions are recognised in revenue. This gives rise to a derivative financial instrument and is accounted for at fair value through profit and loss, as described in the Financial Instruments section on page 112.

Gaming revenue can either represent the margin derived from betting activity between customers and the Group or, in relation to Poker and Exchange Games, the commission earned from customers.

TVG revenue is derived from US pari-mutuel betting products (Advanced Deposit Wagering and Tote products), representing a percentage of the stake and is recognised on settlement of the event.

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

Expenses

(i) Cost of sales

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

(ii) Operating lease payments

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

Finance income and expense

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

Finance expenses comprise changes in the fair value of financial assets at fair value through profit or loss and discount unwinding in relation to deferred and contingent consideration.

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

Tax

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

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

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

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

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

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

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

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

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

Operating segments

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

Segment information is based on the internal reports regularly reviewed by the Group's Chief Operating Decision Maker ("CODM") in order to assess each segment's performance and to allocate resources. The CODM is the Executive Committee which monitors the financial and operational performance of the Group and allocates resources within the budgets agreed by the Board.

Leases

Under accounting standards there is a requirement for management to examine the buildings element within each property lease to determine if the lease meets the definition of a finance lease and, if so, it should be accounted for as such. This review involves determining the fair value of each property at the inception of the lease and analysing the minimum lease payments between their "land" and "buildings" elements. Based on management's review of leases for the years ended 30 April 2015 and 2014, all premises leases qualify as operating leases.

Separately disclosed items

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

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

NOTES
(FORMING PART OF THE FINANCIAL STATEMENTS)
CONTINUED

1 Accounting policies continued

Future accounting developments

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

- IFRS 9 "Financial Instruments"
- IFRS 14 "Regulatory Deferral Accounts"
- IFRS 15 "Revenue from Contracts with Customers"

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

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

Accounting estimates and judgments

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

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected. In particular, information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognised in the consolidated financial statements is included in the following notes:

Estimates

Note 9 – Measurement of the recoverable amounts of goodwill and other intangible assets

An impairment review has been performed of all goodwill and intangible assets held by the Group. The impairment review is performed on a "value in use" basis, which requires estimation of future net operating cash flows, the time period over which they will occur, an appropriate discount rate and an appropriate growth rate.

Note 12 – Deferred tax

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

Note 18 – Measurement of share-based payments

Estimation and judgment is required in determining the fair value of shares at the date of award. The fair value is estimated using valuation techniques which take into account the award's term, the risk-free interest rate and the expected volatility of the market price of shares of the Group.

Note 23 – Determination of fair value of deferred and contingent consideration

Deferred and contingent consideration is initially recognised at fair value and subsequently reassessed at each reporting date to reflect changes in estimates and assumptions. Fair value is determined using an income approach which requires estimation of future net operating cash flows, the time period over which they will occur, an appropriate discount rate and an appropriate growth rate.

Judgments

Note 1 – Basis of consolidation

Judgment is applied when determining if an acquired entity is controlled by the Group, and whether the acquired entity meets the criteria to be defined as a subsidiary. In assessing control, the Group considers whether it has the ability to control on a legal or contractual basis rather than whether that control is actually exercised.

Valuation of tax provisions and liabilities

Judgment and estimation is required to interpret international tax laws and the way that they interact within each jurisdiction, in order to identify and value provisions in relation to gaming taxes as applicable. In addition to gaming taxes, judgment is required in relation to international tax laws including transfer pricing and controlled foreign companies.

Business combinations

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

2 Operating segments

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

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

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

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

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

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

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

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

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

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

- UK
- Rest of World.

The majority of the Group's non-current assets are located in the UK and the US, representing 44% and 45% of total non-current assets respectively (30 April 2014: UK 71% and US 12%).

Segmental information for the years ended 30 April 2015 and 30 April 2014 is as follows:

Year ended 30 April 2015

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

NOTES
(FORMING PART OF THE FINANCIAL STATEMENTS)
CONTINUED

2 Operating segments continued

Year ended 30 April 2014

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

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

Year ended 30 April 2015

	UK Sustainable £m	Rest of World Sustainable £m	**Total Sustainable £m**	Rest of World Other £m	**Group £m**
Betfair excl. US	315.5	14.2	**329.7**	88.0	**417.7**
Betfair US	–	58.8	**58.8**	–	**58.8**
Total Group revenue	**315.5**	**73.0**	**388.5**	**88.0**	**476.5**

Year ended 30 April 2014

	UK Sustainable £m	Rest of World Sustainable £m	**Total Sustainable £m**	Rest of World Other £m	**Group £m**
Betfair excl. US	246.4	14.0	**260.4**	87.5	**347.9**
Betfair US	–	45.7	**45.7**	–	**45.7**
Total Group revenue	**246.4**	**59.7**	**306.1**	**87.5**	**393.6**

Revenue derived from customers located in Ireland and Gibraltar is classified within UK.

3 Profit before tax

Profit before tax is stated after charging:

	Note	**2015 £m**	2014 £m
Equity-settled share-based payments and associated costs	18	**10.4**	7.3
Depreciation of property, plant and equipment	8	**8.2**	12.1
Amortisation of capitalised development costs	9	**11.7**	10.2
Amortisation of other intangibles	9	**6.0**	7.2
Rentals payable under operating leases		**5.5**	5.7
Research and non-capitalised development costs		**44.8**	44.4

Auditors' remuneration:

	2015 £m	2014 £m
Fees payable to the Company's auditor for the audit of these financial statements	**0.1**	0.1
Fees payable to the Company's auditor and its associates for other services:		
Audit of financial statements of subsidiaries pursuant to legislation	**0.5**	0.5
Other services pursuant to legislation – review of interim financial statements	**0.1**	0.1
Tax services	**0.4**	0.4
Total	**1.1**	1.1

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

4 Employee numbers and costs

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

	2015 No	2014 No
Technology	**748**	687
Sales and marketing	**388**	333
Operations	**588**	535
G&A	**177**	184
Total	**1,901**	1,739

The aggregate payroll costs of these persons were as follows:

	Note	2015 £m	2014 £m
Wages and salaries		**84.2**	80.6
Social security costs		**10.5**	10.3
Redundancy costs		**1.3**	3.0
Equity-settled share-based payments and associated costs	18	**10.4**	7.3
Pension costs		**2.0**	1.9
Total		**108.4**	103.1

Details on the remuneration of Directors are set out in the Directors' Remuneration Report on pages 53 to 72.

5 Finance income and expense

Recognised in income statement

	2015 £m	2014 £m
Finance income		
Bank interest receivable	**1.1**	1.1
Total	**1.1**	1.1

	2015 £m	2014 £m
Finance expense		
Foreign exchange loss	**0.3**	0.4
Unwinding of discount on deferred and contingent consideration	**0.4**	–
Total	**0.7**	0.4

NOTES
(FORMING PART OF THE FINANCIAL STATEMENTS)
CONTINUED

6 Tax
Recognised in the income statement

	2015 £m	2014 £m
Current tax		
UK – current year	**8.1**	5.8
UK – adjustments in respect of prior periods	**0.3**	(0.9)
Overseas – current year	**6.4**	4.1
Overseas – adjustments in respect of prior periods	**(0.1)**	–
Current tax expense	**14.7**	9.0
Deferred tax		
Origination and reversal of temporary differences	**0.1**	0.7
Tax rate reduction	**–**	0.4
Deferred tax	**0.1**	1.1
Total tax expense	**14.8**	10.1

Reconciliation of effective tax rate

	2015 £m	2014 £m
Profit before tax	**101.2**	61.1
Total tax expense	**(14.8)**	(10.1)
Profit for the year	**86.4**	51.0
Tax using the UK corporation tax rate of 20.9% (2014: 22.8%)	**21.2**	13.9
Effect of tax rates in foreign jurisdictions	**(9.3)**	(5.5)
Non-deductible expenses	**1.0**	5.6
Tax rate reduction	**–**	0.4
Current year income statement charge/(credit) for which no deferred tax asset was recognised	**3.7**	(2.5)
Adjustments in respect of prior periods	**(1.8)**	(1.8)
Total tax expense	**14.8**	10.1

Tax recognised directly in equity

	2015 £m	2014 £m
Other deferred tax in relation to equity-settled share-based payments	**0.4**	(0.1)
Deferred tax	**0.4**	(0.1)
Current tax in relation to equity-settled share-based payments	**0.5**	0.3
Total tax	**0.9**	0.2

The Group's consolidated effective tax rate for the year was 14.6% (30 April 2014: 16.5%).

A reduction in the UK corporation tax rate from 21% to 20% (effective from 1 April 2015) was substantially enacted on 2 July 2013. Any deferred tax assets and liabilities at 30 April 2015 have been calculated at 20%.

7 Earnings per share

Basic earnings per share

The calculation of basic earnings per share for the year ended 30 April 2015 was based on the profit attributable to ordinary shareholders of £86.4m (30 April 2014: £51.0m) and a weighted average number of ordinary shares outstanding of 100,573,899 (30 April 2014: 103,975,695). The weighted average number of shares has been adjusted for amounts held by the Group's EBT.

	2015	2014
Profit for the year (£m)	**86.4**	51.0
Weighted average number of shares	**100,573,899**	103,975,695
Basic earnings per share	**85.9p**	49.0p
Diluted earnings per share	**83.7p**	48.1p

All earnings in the current year relate to continuing operations.

Diluted earnings per share

The calculation of diluted earnings per share for the year ended 30 April 2015 was based on the profit attributable to ordinary shareholders of £86.4m (30 April 2014: £51.0m) and a weighted average number of ordinary shares outstanding after adjustment for the effect of all dilutive potential ordinary shares of 103,167,618 (30 April 2014: 106,019,686).

Profit used to determine diluted earnings per share

	2015 £m	2014 £m
Profit used to determine diluted earnings per share	**86.4**	51.0

Weighted average number of shares (diluted)

	2015 No	2014 No
Weighted average number of ordinary shares (basic)	**100,573,899**	103,975,695
Effect of share options on issue	**2,593,719**	2,043,991
Weighted average number of ordinary shares (diluted)	**103,167,618**	106,019,686

The average market value of the Company's shares of £13.92 (30 April 2014: £9.89) was used to calculate the dilutive effect of share options based on the market value for the year that the options were outstanding.

NOTES
(FORMING PART OF THE FINANCIAL STATEMENTS)
CONTINUED

8 Property, plant and equipment

	Freehold land and buildings £m	Leasehold improvements £m	Computer equipment £m	Equipment, fixtures and fittings £m	Total £m
Cost					
At 1 May 2013	0.8	14.0	90.3	9.2	**114.3**
Additions	–	0.4	2.7	5.4	**8.5**
Disposals	–	–	(1.0)	(0.3)	**(1.3)**
Net foreign exchange differences	–	(0.2)	(0.4)	(0.5)	**(1.1)**
At 30 April 2014	0.8	14.2	91.6	13.8	**120.4**
Additions	–	0.6	4.7	1.0	**6.3**
Disposals	–	(0.1)	(0.8)	(0.1)	**(1.0)**
Net foreign exchange differences	–	0.1	0.5	0.7	**1.3**
At 30 April 2015	**0.8**	**14.8**	**96.0**	**15.4**	**127.0**
Depreciation					
At 1 May 2013	0.1	8.5	79.0	6.1	**93.7**
Depreciation for the year	–	1.6	9.3	1.2	**12.1**
Disposals	–	–	(0.9)	(0.1)	**(1.0)**
Net foreign exchange differences	–	(0.1)	(0.6)	(0.4)	**(1.1)**
At 30 April 2014	0.1	10.0	86.8	6.8	**103.7**
Depreciation for the year	–	1.5	4.5	2.2	**8.2**
Disposals	–	–	(0.8)	(0.1)	**(0.9)**
Net foreign exchange differences	–	0.1	0.7	0.4	**1.2**
At 30 April 2015	**0.1**	**11.6**	**91.2**	**9.3**	**112.2**
Net book value					
At 30 April 2014	0.7	4.2	4.8	7.0	**16.7**
At 30 April 2015	**0.7**	**3.2**	**4.8**	**6.1**	**14.8**

9 Goodwill and other intangible assets

	Goodwill £m	Computer software £m	Licences £m	Development expenditure £m	Brand £m	Customer lists £m	Broadcasting and wagering rights £m	**Total £m**
Cost								
At 1 May 2013	55.8	34.5	1.6	118.8	2.1	9.4	0.9	**223.1**
Other acquisitions – internally developed	–	–	–	7.4	–	–	–	**7.4**
Other acquisitions – externally purchased	–	1.0	0.6	4.9	–	–	–	**6.5**
Net foreign exchange differences	(2.8)	–	(0.1)	(0.3)	(0.2)	(0.3)	(0.1)	**(3.8)**
At 30 April 2014	53.0	35.5	2.1	130.8	1.9	9.1	0.8	**233.2**
Acquired through business combinations	4.3	–	–	–	0.4	–	31.3	**36.0**
Other acquisitions – internally developed	–	–	–	6.6	–	–	–	**6.6**
Other acquisitions – externally purchased	–	0.8	1.8	4.3	–	–	–	**6.9**
Net foreign exchange differences	2.7	(0.1)	0.2	0.3	0.2	0.4	0.1	**3.8**
At 30 April 2015	**60.0**	**36.2**	**4.1**	**142.0**	**2.5**	**9.5**	**32.2**	**286.5**
Amortisation								
At 1 May 2013	35.3	26.6	1.5	97.8	2.1	4.4	0.8	**168.5**
Amortisation for the year	–	3.7	0.7	10.2	–	2.7	0.1	**17.4**
Net foreign exchange differences	(1.2)	–	(0.1)	–	(0.2)	(0.4)	(0.1)	**(2.0)**
At 30 April 2014	34.1	30.3	2.1	108.0	1.9	6.7	0.8	**183.9**
Amortisation for the year	–	2.6	–	11.7	0.1	2.4	0.9	**17.7**
Net foreign exchange differences	0.8	(0.1)	0.2	0.1	0.2	0.4	0.1	**1.7**
At 30 April 2015	**34.9**	**32.8**	**2.3**	**119.8**	**2.2**	**9.5**	**1.8**	**203.3**
Net book value								
At 30 April 2014	18.9	5.2	–	22.8	–	2.4	–	**49.3**
At 30 April 2015	**25.1**	**3.4**	**1.8**	**22.2**	**0.3**	**–**	**30.4**	**83.2**

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

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

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

The assets acquired through business combinations represent the identifiable intangible assets acquired from The Stronach Group as part of the HRTV acquisition. Other than goodwill these assets are amortised over their estimated useful economic lives which fall between two and seven years.

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

NOTES
(FORMING PART OF THE FINANCIAL STATEMENTS)
CONTINUED

9 Goodwill and other intangible assets continued

Goodwill

At 30 April 2015, the carrying amount of goodwill, after the impairment review, was £25.1m (30 April 2014: £18.9m) allocated across one (30 April 2014: one) CGU as follows:

	2015 £m	2014 £m
CGU		
TVG	**25.1**	18.9
Total goodwill net book value at 30 April	**25.1**	18.9

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

Impairment testing

Goodwill

Goodwill is tested annually for impairment at each reporting date by comparing the carrying amounts of these assets with their recoverable amounts. Where the recoverable amount exceeds the carrying amount of the assets, the assets are considered as not impaired.

No impairment charges were incurred in the year ended 30 April 2015 (30 April 2014: £nil). The TVG CGU is comprised of the assets and operations of the TVG Network and newly acquired HRTV network, which are included in the Group's Betfair US operating segment as disclosed in note 2. Additional information regarding the acquisition is included in note 23.

Testing is carried out by allocating the carrying value of these assets to the CGU and determining the recoverable amount of this CGU through a value in use calculation. The calculation is based on projecting future pre-tax cash flows over a five-year period and uses a terminal value to incorporate expectations of growth thereafter. The terminal value is calculated using a perpetuity model, which reflects the expected long-term average growth rate for the business in which the CGU operates.

The budgets for the next financial year, which are subject to Board approval, form the basis of the cash flow projections for the CGU. Cash flow projections for the next four financial years reflect management's expectations of the medium-term operating performance of the CGU and growth prospects in the CGU's markets and regions, and have been modelled in line with historic patterns experienced by the Group in recent years, where relevant. Growth rates used do not exceed expectations of long-term growth in the local market.

A discount factor is applied to obtain a "value in use" which is the recoverable amount, unless the fair value less costs to sell the CGU is an amount in excess of the "value in use". The discount rate is estimated by the Group using a range of equity costs for similar companies and external market data, with samples chosen where applicable from the same markets or territories as the CGU.

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

(i) Operating cash flow

One of the key drivers of operating cash flow is revenue as the calculation of the recoverable amount of TVG goodwill is sensitive to future developments in US horseracing. The 2016 revenue figures for the CGU are based on the budget for the next financial year. For the years 2017 to 2020, the likely organic growth rates were assessed for each region in the CGU, taking account of past experience, growth prospects in regions and historic player patterns. The terminal growth rate used was nil% (30 April 2014: nil%). Management considers the assumed growth rate to be conservative.

(ii) Discount rate applied

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

For the TVG CGU, a pre-tax discount rate of 11.0% (30 April 2014: 12.5%) has been used in discounting the projected cash flows.

As discussed on page 20, the TVG business performed positively during the financial year. As a result, there are no reasonable changes in the key assumptions that would cause the carrying amount of the CGU to exceed the recoverable amount.

10 Investments in subsidiaries and joint arrangements

On 12 August 2014, the Group completed the sale of its 50% share in its joint venture, Betfair Australasia Pty Limited, for consideration of A$10.0m (£5.5m). The shareholder loan owed by the joint venture, which amounted to A$11.7m (£6.5m), was also repaid to the Group. Until the date of disposal, in accordance with IAS 28, the Group's interest in the joint venture was accounted for using the equity method with the share of profit for the period reported on the face of the income statement.

The interest in the Group's joint ventures is as follows:

	2015 £m	2014 £m
Share of net assets/(liabilities)		
At the beginning of the year	**(1.2)**	(0.3)
Share of operating profit/(loss)	**–**	(1.4)
Share of interest receivable	**0.1**	0.2
Foreign exchange differences	**(0.1)**	0.3
Eliminated on disposal	**1.3**	–
At the end of the year	**0.1**	(1.2)
Goodwill		
At the beginning of the year	**0.4**	0.4
Eliminated on disposal	**(0.4)**	–
At the end of the year	**–**	0.4
Loan		
At the beginning of the year	**6.3**	7.8
Foreign exchange differences	**0.2**	(1.5)
Repayment of loan	**(6.5)**	–
At the end of the year	**–**	6.3
Net book value		
At 30 April 2014	**5.5**	7.9
At 30 April 2015	**0.1**	5.5

The Group's profit on disposal of joint venture was calculated as follows:

	2015 £m
Sale proceeds	**5.5**
Add share of net liabilities at disposal	**1.3**
Less goodwill at disposal	**(0.4)**
Profit on disposal of joint venture	**6.4**

The table below presents the summary aggregated financial information of Betfair Australasia Pty Limited at 100% for the year ended 30 April 2014.

	2014 £m
Current assets	10.5
Non-current assets	5.3
Total liabilities	(9.8)
Revenue	30.9
Expenses	(31.4)

NOTES
(FORMING PART OF THE FINANCIAL STATEMENTS)
CONTINUED

10 Investments in subsidiaries and joint arrangements continued

The Group and Company have the following principal holdings in subsidiaries and investments:

	Country of origin	Principal activity	Classification	Ordinary shares held %
The Sporting Exchange Limited	England	Holding company	Subsidiary	100
Betfair Limited	England	Support services	Subsidiary	100
The Sporting Exchange (Clients) Limited	England	Trust operator	Subsidiary	100
Timeform Limited	England	Publisher	Subsidiary	100
TSE Global Limited	England	Support services	Subsidiary	100
TSE Development Limited	England	Intellectual property licensor	Subsidiary	100
TSE Holdings Limited	England	Holding company	Subsidiary	100
TSE (International) Ltd	England	Holding company	Subsidiary	100
Winslow One Limited	England	Holding company	Subsidiary	100
Winslow Two	England	Holding company	Subsidiary	100
Winslow Three Limited	Cayman Islands	Investment and holding company	Subsidiary	100
Winslow Four	Cayman Islands	Investment and holding company	Subsidiary	100
TSE (Gibraltar) LP	Gibraltar	Online sports betting	Subsidiary	100
TSE Data Processing Limited	Ireland	Data centre and support services	Subsidiary	100
Polco Limited	Malta	Intellectual property licensor and online sports betting	Subsidiary	100
Betfair Games Limited	Malta	Online gaming	Subsidiary	100
Betfair Casino Limited	Malta	Online gaming	Subsidiary	100
Betfair Counterparty Services Limited	Malta	Online sports betting	Subsidiary	100
Betfair Entertainment Limited	Malta	Online gaming	Subsidiary	100
Betfair International Plc	Malta	Online sports betting and gaming	Subsidiary	100
Betfair Marketing Limited	Malta	Marketing activities	Subsidiary	100
Betfair Holding (Malta) Limited	Malta	Holding company	Subsidiary	100
Betfair Poker Holdings Limited	Malta	Holding company	Subsidiary	100
Betfair Italia S.R.L.	Italy	Online sports betting and gaming	Subsidiary	100
TSE Development Romania S.R.L.	Romania	R&D activities	Subsidiary	100
TSE Services Limited	Gibraltar	Support services	Subsidiary	100
TSE Marketing España, SL	Spain	Marketing activities	Subsidiary	100
The Rebate Company LLC	USA	Online gaming	Subsidiary	100
TSE US Holdings LLC	USA	Holding company	Subsidiary	100
TSE US LLC	USA	R&D activities	Subsidiary	100
ODS Holding LLC	USA	Holding company	Subsidiary	100
ODS Technologies LP	USA	Online gaming	Subsidiary	100
Trackside Live Productions, LLC	USA	Online gaming	Subsidiary	100
ODS Properties, Inc.	USA	Property holding company	Subsidiary	100
Betfair Interactive US LLC	USA	Online gaming	Subsidiary	100
HRTV, LLC	USA	Online gaming	Subsidiary	100
HRTV Holdco LLC	USA	Holding company	Subsidiary	100
TSED Unipessoal LDA	Portugal	R&D activities	Subsidiary	100
Tradefair Spreads Limited*	England	Spread betting services	Subsidiary	99.75
London Multi Asset Exchange (Holdings) Limited*	England	Holding company	Subsidiary	99.75
LMAX Limited	England	Trading	Investment	31.4

* Non-controlling interest of 0.25% exists in relation to Tradefair Spreads Limited and London Multi Asset Exchange (Holdings) Limited. The value of this non-controlling interest was less than £0.1m at 30 April 2015 and 30 April 2014.

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

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

11 Available-for-sale financial assets

At 30 April 2015 and 2014, the available-for-sale financial assets comprised the Group's 6.7% non-controlling interest in Featurespace Limited (£0.1m) and non-controlling interest in LMAX Limited of 31.4% (£1.2m). The Group does not have significant influence over the operations and decision making of LMAX Limited and does not have any representation on the Board. The Group's holding in LMAX Limited decreased from 33% to 31.4% on 5 March 2014 as a result of new share issues by LMAX Limited. The Group's holding in Featurespace Limited decreased from 9.9% to 6.7% on 9 June 2014 as a result of new share issues by Featurespace Limited.

	2015 £m	2014 £m
At 1 May	1.3	1.3
At 30 April	**1.3**	1.3

12 Deferred tax assets and liabilities

Recognised deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Total	
	2015 £m	2014 £m	2015 £m	2014 £m	2015 £m	2014 £m
Property, plant and equipment	5.4	5.8	–	–	5.4	5.8
Intangible assets	–	–	(4.1)	(4.1)	(4.1)	(4.1)
Equity-settled share-based payments and associated costs	1.8	1.0	–	–	1.8	1.0
Losses	0.2	–	–	–	0.2	–
Other	0.9	1.2	–	–	0.9	1.2
Deferred tax assets/(liabilities)	**8.3**	8.0	**(4.1)**	(4.1)	**4.2**	3.9

The Group has unrecognised deferred tax assets in respect of losses of £13.2m (30 April 2014: £8.9m), unrecognised deferred tax assets in respect of depreciation in excess of capital allowances of £0.7m (30 April 2014: £0.8m) and unrecognised deferred tax assets in respect of share-based payments of £nil (30 April 2014: £0.6m).

These have not been recognised on the basis that there is insufficient certainty of there being future taxable profits in the relevant jurisdictions.

Movements in deferred tax are as follows:

	Property, plant and equipment £m	Intangible assets £m	Share-based payments £m	Tax value of loss carry-forwards £m	Other £m	Total £m
Balance at 1 May 2013	6.3	(4.3)	1.2	–	1.9	5.1
Recognised in income statement	(0.5)	0.2	(0.1)	–	(0.7)	(1.1)
Recognised in equity	–	–	(0.1)	–	–	(0.1)
Balance at 30 April 2014	5.8	(4.1)	1.0	–	1.2	3.9
Recognised in income statement	(0.4)	–	0.4	0.2	(0.3)	(0.1)
Recognised in equity	–	–	0.4	–	–	0.4
Balance at 30 April 2015	**5.4**	**(4.1)**	**1.8**	**0.2**	**0.9**	**4.2**

13 Trade and other receivables

	2015 £m	2014 £m
Trade receivables	3.6	2.2
Other receivables	5.1	5.4
Prepayments	14.6	15.4
Total	**23.3**	23.0

NOTES
(FORMING PART OF THE FINANCIAL STATEMENTS)
CONTINUED

14 Cash and cash equivalents

	2015 £m	2014 £m
Cash and cash equivalents	**105.1**	209.8

The above cash and cash equivalents include £12.9m (30 April 2014: £9.0m) of customer funds that are not held on trust in The Sporting Exchange (Clients) Limited in accordance with local regulations. These customer funds that are not held on trust are matched by liabilities of an equal value as disclosed in note 15. The cash and cash equivalents also include an additional £0.7m of restricted cash relating to the Group's financial guarantees (30 April 2014: £0.9m).

As at 30 April 2015, £280.6m (30 April 2014: £269.0m) was held on trust in The Sporting Exchange (Clients) Limited, on behalf of the Group's customers and is equal to the amounts deposited into customer accounts.

15 Trade and other payables

	2015 £m	2014 £m
Trade payables	**8.6**	8.1
Other payables	**31.0**	21.2
Amounts owed to joint ventures	**–**	2.1
Accruals and other taxation	**88.5**	80.4
Total current	**128.1**	111.8

Included in other payables at 30 April 2015 is an amount of £12.9m (30 April 2014: £9.0m) in respect of amounts due to customers, representing deposits received and customer winnings which are not held on trust. This is offset by an equivalent amount of customer funds held, which is included in cash and cash equivalents as disclosed in note 14.

The non-current trade and other payables are as follows:

	2015 £m	2014 £m
Other payables	**19.5**	–
Total non-current	**19.5**	–

The non-current trade and other payables relate to the deferred and contingent consideration payable to The Stronach Group that will be settled more than 12 months after the reporting date.

16 Provisions

	Redundancy provision £m	Onerous contracts £m	Gaming tax £m	Total £m
Balance at 1 May 2013	9.7	1.9	–	**11.6**
Utilised in the year	(9.7)	(1.6)	–	**(11.3)**
Reclassification from non-current*	–	0.9	–	**0.9**
Current provisions 30 April 2014	–	1.2	–	**1.2**
Additions in the year	–	–	4.1	**4.1**
Utilised in the year	–	(0.5)	–	**(0.5)**
Reclassification from non-current*	–	0.3	–	**0.3**
Current provisions 30 April 2015	**–**	**1.0**	**4.1**	**5.1**
Balance at 1 May 2013	–	1.6	–	**1.6**
Reclassification to current*	–	(0.9)	–	**(0.9)**
Non-current provisions 30 April 2014	–	0.7	–	**0.7**
Reclassification to current*	–	(0.3)	–	**(0.3)**
Non-current provisions 30 April 2015	**–**	**0.4**	–	**0.4**

* Non-current provisions reflect contractual obligations that will be settled more than 12 months after the reporting date. During the year, £0.3m (30 April 2014: £0.9m) has been reclassified from non-current provisions to current provisions.

Onerous contracts relate to provisions made in relation to operating leases for premises that were vacated during the year ended 30 April 2013 as part of the restructuring.

Gaming tax provisions relate to amounts provided for taxes in certain jurisdictions where the interpretation of tax legislation is uncertain.

17 Equity

Share capital

	Note	Ordinary shares 2015 No	2014 No
As at 1 May		**104,988,330**	104,221,610
Issued by the Group in relation to:			
Exercised share options and restricted shares		**790,464**	704,426
Impact of share consolidation	25	**(13,210,903)**	–
Exercised SAYE options		**35,360**	62,294
Total fully paid, ordinary shares of £0.00095 (2014: £0.001) each as at 30 April		**92,603,251**	104,988,330

	2015 £m	2014 £m
Allotted, called up and fully paid		
92,603,251 ordinary shares of £0.00095 (30 April 2014: £0.001) each (30 April 2014: 104,988,330)	**0.1**	0.1

During the year, the Group received consideration of £5.4m (30 April 2014: £2.2m) for the exercise of 790,464 (30 April 2014: 704,426) share options and restricted shares and £0.2m (30 April 2014: £0.3m) for the exercise of 35,360 (30 April 2014: 62,294) SAYE options, resulting in total consideration from the issue of shares of £5.6m (30 April 2014: £2.5m).

Exercise prices ranged from £0.001 to £10.00.

The Employee Benefit Trust held 429,471 ordinary shares in the Company as at 30 April 2015 (30 April 2014: 1,515,096).

The total fully diluted shares as at 30 April 2015 was 96,544,683 (30 April 2014: 109,136,657).

Other reserves

Other reserves mainly comprise tax directly recognised in equity.

Translation reserve

The foreign currency translation reserve comprises all foreign exchange differences on the revaluation of foreign currency entities and long-term foreign currency balances considered to be quasi-equity in nature.

18 Share-based payments

The Group had the following share-based payment schemes in operation during the year:

(a) Share option plans

(b) Save-As-You-Earn ("SAYE") share option schemes

(c) Restricted share scheme

(d) Long Term Incentive Plan, Deferred Share Incentive Plan, Short Term Incentive Plan and Management Incentive Plan

(e) Senior Executives' Incentive Plan

(f) Stakeholder award scheme.

As at 30 April 2015, 3,941,432 share options and restricted shares (30 April 2014: 4,148,327) in the capital of the Group remain outstanding and are exercisable up to 30 April 2025.

In accordance with IFRS 2, the total expense recognised in respect of these schemes was £9.2m (excluding Employers' National Insurance costs) for the year ended 30 April 2015 (30 April 2014: £6.5m). Employers' National Insurance costs amount to £1.2m (30 April 2014: £0.8m).

The fair value of the options (Share option plans and SAYE share option schemes) is determined using the Black-Scholes option pricing model. The expected term used in the model is based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

The expected dividend yield and volatility was calculated based on the historical yield and historical volatility of the Company since initial listing on the London Stock Exchange.

(a) Share option plans

Under the Group's share option plans, options may be granted to the Directors and employees to purchase ordinary shares. No consideration is payable on the grant of an option. Options typically vest over a period of four years and the term of the options may not exceed 10 years. Share options are granted under a service condition. There are no market conditions associated with the share option grants. Options vest subject to continued employment although certain employees may be given extended vesting dates after their employment ceases.

NOTES
(FORMING PART OF THE FINANCIAL STATEMENTS)
CONTINUED

18 Share-based payments continued
(a) Share option plans continued

Financial year granted	Outstanding at 1 May 2014	Granted during the year	Lapsed/ cancelled during the year	Exercised during the year	Outstanding at 30 April 2015	Exercise price £	Exercisable before
2005	**70,303**	–	**(34,183)**	**(36,120)**	–	2.17 – 4.50	2015
2006	**175,061**	–	**(9,063)**	**(149,336)**	**16,662**	4.50	2016
2007	**534,488**	–	**(107,439)**	**(424,686)**	**2,363**	0.001 – 10.00	2017
2008	**36,275**	–	**(5,275)**	**(28,000)**	**3,000**	0.001 – 10.00	2018
2009	**5,000**	–	**(2,000)**	**(3,000)**	–	0.001 – 10.00	2019
2010	**10,000**	–	**(10,000)**	–	–	0.001 – 10.00	2020
2011	**6,129**	–	**(2,726)**	**(403)**	**3,000**	0.001 – 10.00	2021
2012	**24,195**	–	**(9,195)**	**(15,000)**	–	0.001 – 8.71	2022
	861,451	–	**(179,881)**	**(656,545)**	**25,025**		

25,025 options were exercisable under this scheme as at 30 April 2015 (30 April 2014: 855,014).

The weighted average exercise price for share options exercised during the year is £7.94 (30 April 2014: £4.77) at a weighted average share price at the date of exercise of £11.74 (30 April 2014: £9.51).

The fair value of the options is expensed over the period that the options vest. The following assumptions were used in the Black-Scholes pricing model for the above options:

Share price at date of grant	£0.40 – £10.00
Exercise price	£0.001 – £10.00
Expected volatility	32.51% – 62.71%
Expected term until exercised	1 – 5 years
Expected dividend yield	Nil – 0.8%
Risk-free interest rate	0.35% – 5.79%

There were no options granted under the share options plan during the year ended 30 April 2015 (30 April 2014: none).

No expense was incurred in the year ended 30 April 2015 (30 April 2014: £nil).

(b) Save-As-You-Earn ("SAYE") share option schemes
The Group operates an HMRC approved SAYE share option scheme in which all UK employees and some international employees can participate. Participants save a fixed amount of up to £500 (30 April 2014: £250) per month for three years and are then able to use these savings to buy shares in the Group at a price fixed at a 20% discount to the market value at the start of the savings period. There are no market conditions associated with the SAYE option grants.

The SAYE options must ordinarily be exercised within six months of completing the relevant savings period. In line with market practice, the exercise of these options is not subject to any performance conditions.

Financial year granted	Outstanding at 1 May 2014	Granted during the year	Lapsed/ cancelled during the year	Exercised during the year	Outstanding at 30 April 2015	Exercise price £	Exercisable before
2012	**271,395**	–	**(16,955)**	**(247,977)**	**6,463**	5.68	2016
2014	**210,350**	–	**(50,162)**	**(7,323)**	**152,865**	8.17	2018
2015	–	**473,081**	**(23,120)**	–	**449,961**	9.08	2019
	481,745	**473,081**	**(90,237)**	**(255,300)**	**609,289**		

The weighted average exercise price for share options exercised during the year is £5.75 (30 April 2014: £5.96) at a weighted average share price at the date of exercise of £12.85 (30 April 2014: £9.93).

The fair value of the options is expensed over the period that the options vest. The following assumptions were used in the Black-Scholes pricing model for the above options:

	2015	2010–2014
Share price at date of grant	**£13.51**	£2.71 – £10.13
Exercise price	**£9.08**	£2.17 – £8.17
Expected volatility	**30.67%**	33.36% – 54.40%
Expected term until exercised	**3.25 years**	3.25 years
Expected dividend yield	**1.48%**	Nil – 1.29%
Risk-free interest rate	**0.89%**	0.84% – 5.08%

There were 473,081 SAYE options granted during the year ended 30 April 2015 (30 April 2014: 231,173). The weighted average fair value of the options granted in the year ended 30 April 2015 was £5.43.

The expense recognised in the income statement (excluding Employers' National Insurance costs) was £0.6m (30 April 2014: £0.4m).

(c) Restricted share scheme

The Group provided a restricted shares scheme as part of its bonus plan until 2010. In 2011, the bonus plan was revised with the introduction of the Long Term Incentive Plan, Deferred Share Incentive Plan, Short Term Incentive Plan and Management Incentive Plan. Refer to note 18(d).

Awards made under the terms of the restricted shares scheme plan prior to 2010 have vested.

In January 2012, the Group modified certain outstanding share options and replaced them with restricted shares on a 3:1 basis. These were expensed over the remaining vesting period of the originally granted share options.

A number of individuals were granted restricted shares in the current and prior periods. These have a range of vesting periods of up to three years.

	Outstanding at 1 May 2014	**Granted during the year**	**Lapsed/ cancelled during the year**	**Exercised during the year**	**Outstanding at 30 April 2015**	Exercise price £	Exercisable before
2009	**15,903**	**–**	**(4,488)**	**(11,415)**	**–**	0.001	2014
2012	**30,550**	**–**	**(3,750)**	**(14,836)**	**11,964**	0.001	2017
2013	**247,859**	**–**	**(14,525)**	**(116,667)**	**116,667**	0.001	2018
2014	**63,894**	**–**	**–**	**(5,417)**	**58,477**	0.001	2019
2015	**–**	**70,029**	**–**	**(10,000)**	**60,029**	0.001	2020
	358,206	**70,029**	**(22,763)**	**(158,335)**	**247,137**		

Restricted shares are valued with reference to the market value of the shares on the date of grant.

The weighted average exercise price for share options exercised during the year was £0.001 (30 April 2014: £0.001) at a weighted average share price at the date of exercise of £10.32 (30 April 2014: £9.94).
The total expense recognised in the income statement related to the restricted shares (excluding Employers' National Insurance costs) was £0.9m (30 April 2014: £1.4m).

The Employers' National Insurance costs amounted to £0.1m (30 April 2014: £0.2m).

(d) Long Term Incentive Plan, Deferred Share Incentive Plan, Short Term Incentive Plan and Management Incentive Plan

The following shares were introduced to incentivise and reward for the successful delivery of the short-term and long-term business strategy:

- Long Term Incentive Plan ("LTIP") which consists of share options and restricted share awards;
- Short Term Incentive Plan ("STIP") which consists of cash and restricted share awards;
- Management Incentive Plan ("MIP") which consists of cash and restricted share awards; and
- Deferred Share Incentive Plan ("DSIP") which consists of cash and restricted share awards.

The schemes have awards in the form of cash, share options and restricted shares. Determining the fair value of each element is consistent with the measurement outlined above in each share-based payment category. The level of award granted in each of the schemes is based on a mixture of the individual performance of the employee and the Group-wide performance over the term of the award which is between one and three years.

NOTES
(FORMING PART OF THE FINANCIAL STATEMENTS)
CONTINUED

18 Share-based payments continued
(d) Long Term Incentive Plan, Deferred Share Incentive Plan, Short Term Incentive Plan and Management Incentive Plan continued

Scheme year	Outstanding at 1 May 2014	Granted during the year	Lapsed/ cancelled during the year	Exercised during the year	Outstanding at 30 April 2015	Exercise price £	Exercisable before
2010	**1,570**	**–**	**–**	**(1,570)**	**–**	0.001	2020
2011	**2,223**	**–**	**(324)**	**(1,899)**	**–**	0.001	2021
2012	**55,181**	**–**	**(400)**	**(50,663)**	**4,118**	0.001-8.56	2022
2013	**1,033,934**	**–**	**(92,062)**	**(46,395)**	**895,477**	0.001	2023
2014	**1,192,280**	**6,565**	**(218,540)**	**(83,839)**	**896,466**	0.001	2024
2015	**–**	**1,286,636**	**(31,956)**	**(4,469)**	**1,250,211**	0.001	2025
	2,285,188	**1,293,201**	**(343,282)**	**(188,835)**	**3,046,272**		

The weighted average exercise price for share options exercised during the year was £0.87 (30 April 2014: £0.001) at a weighted average share price at the date of exercise of £11.61 (30 April 2014: £9.71).

The fair value of the share options in the LTIP scheme is expensed over the three-year period that the options vest. No grants were awarded in the current year which included option elements. The following assumptions were used in the Black-Scholes pricing model for options granted in the year ended 30 April 2012

Financial year options granted	2012
Share price at date of grant	£8.56
Exercise price	£8.56
Expected volatility	43.91%
Expected term until exercised	4 years
Expected dividend yield	Nil
Risk-free interest rate	1.97%

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

The restricted shares in the LTIP, DSIP, STIP and MIP are measured consistently with the treatment of other restricted shares. The restricted shares in the LTIP scheme vest at the end of the third year. The STIP, MIP and DSIP restricted shares vest over the second and third year of the scheme.

An expense of £7.7m for the options and restricted shares has been recognised (excluding Employers' National Insurance costs) which is management's best estimate of the charge in respect of these awards for the current year (30 April 2014: £4.7m). The removal of the TSR metric for certain options, as discussed in the Directors' Remuneration Report, has not resulted in a modification under IFRS 2. The cash element of the scheme has been included in the bonus cash pool for the performance year ended 30 April 2015. The Employers' National Insurance costs amounted to £1.1m (30 April 2014: £0.6m).

(e) Senior Executives' Incentive Plan
The long-term Senior Executives' Incentive Plan ("SEIP") was approved by the Board on 16 October 2007. The plan entailed certain senior management and Directors being granted one-off awards consisting of a cash and restricted shares element. The scheme came into effect upon the admission of the Group's shares on the London Stock Exchange, and the cash was paid on the date of admission to the participants in the scheme. The restricted shares were granted on the date of admission and half vested on the first anniversary of the listing and the next half on the second anniversary of the listing subject to continued employment.

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

No expense was incurred in the year ended 30 April 2015 (30 April 2014: £nil).

Scheme year	Outstanding at 1 May 2014	Granted during the year	Lapsed/ cancelled during the year	Exercised during the year	Outstanding at 30 April 2015	Exercise price £	Exercisable before
2011	**126,516**	**–**	**–**	**(126,516)**	**–**	0.001	2021

The weighted average exercise price for share options exercised during the year was £0.001 (30 April 2014: £0.001) at a weighted average share price at the date of exercise of £10.29 (30 April 2014: £9.30).

(f) Stakeholder award scheme

During 2011, the Group issued restricted shares and phantom shares to the employees of the Group as part of the stakeholder award scheme. The scheme relates to the individual employees' performance during the financial year ended 30 April 2010.

The restricted shares and phantom shares have a vesting period spanning from the first day of the financial year to which they relate to the vest date of 1 August 2011. The restricted shares in the scheme are convertible into shares upon vest date and they are measured consistently with the treatment of other restricted shares. The phantom shares in the scheme are only convertible to cash upon the vest date and they are measured based on the market value at the date of grant (1 May 2010: £10.00).

No expense was incurred in the year ended 30 April 2015 (30 April 2014: £nil).

Scheme year	Outstanding at 1 May 2014	Granted during the year	Lapsed/ cancelled during the year	Exercised during the year	Outstanding at 30 April 2015	Exercise price £	Exercisable before
2011	**35,221**	**–**	**(1,805)**	**(19,707)**	**13,709**	0.001	2020

The weighted average exercise price for share options exercised during the year was £0.001 (30 April 2014: £0.001) at a weighted average share price at the date of exercise of £14.06 (30 April 2014: £9.39).

19 Employee benefits

Defined contribution plans

In August 2008, the Group introduced a defined contribution pension plan available to certain employees. The total expense shown within pension costs disclosed in note 4 relating to this plan in the current year was £2.0m (30 April 2014: £1.9m).

20 Financial instruments

The carrying value of the Group's financial instruments by category, together with their fair values, is analysed as follows:

	Note	Carrying value 2015 £m	Fair value 2015 £m	Carrying value 2014 £m	Fair value 2014 £m
Financial assets					
Available-for-sale financial assets					
Available-for-sale financial assets	11	**1.3**	**1.3**	1.3	1.3
Loans and receivables					
Trade and other receivables	13	**8.7**	**8.7**	7.6	7.6
Cash and cash equivalents	14	**105.1**	**105.1**	209.8	209.8
Financial liabilities					
Fair value through the income statement					
Derivative financial liability	20(b)	**(0.2)**	**(0.2)**	(0.1)	(0.1)
Deferred and contingent consideration	20(b)	**(20.5)**	**(20.5)**	–	–
Liabilities at amortised cost					
Trade and other payables	15	**(38.6)**	**(38.6)**	(29.3)	(29.3)
Amounts owed to joint ventures	15	**–**	**–**	(2.1)	(2.1)
Net financial assets		**55.8**	**55.8**	187.2	187.2

(a) Fair values of financial instruments

Available-for-sale financial assets

The fair value of available-for-sale financial assets is valued by reference to valuation techniques using observable inputs other than quoted prices included within level 1.

Trade and other receivables

The fair value of trade and other receivables is valued at fair value less any provision for bad debts. The fair value is estimated using the present value of future cash flows discounted at the market rate of interest at the reporting date if the effect is material.

NOTES
(FORMING PART OF THE FINANCIAL STATEMENTS)
CONTINUED

20 Financial instruments continued

Cash and cash equivalents

The fair value of cash and cash equivalents approximates to book value due to its short-term maturity.

Trade and other payables and amounts owed to joint ventures

The fair value of trade and other payables and amounts owed to joint ventures is estimated as the present value of future cash flows, discounted at the market rate of interest at the balance sheet date if the effect is material.

Derivative financial instruments

Derivative financial instruments comprise sports betting open positions. The fair value of open sports bets at the year end has been calculated using the latest available prices on the Group's own markets on relevant sporting events. The fair value calculation also includes the impact of any Exchange hedging activities in relation to these open positions.

Deferred and contingent consideration

The fair value of deferred and contingent consideration is estimated using the present value of acquired future cash flows discounted at the market rate of interest at the reporting date. The fair value is subsequently reassessed at each reporting date to reflect changes in estimates and assumptions.

The table below sets out fair value measurements using the IFRS 13 fair value hierarchy:

	Note	**Total 2015 £m**	**Level 1 2015 £m**	**Level 2 2015 £m**	**Level 3 2015 £m**
Available-for-sale financial assets	11	**1.3**	**–**	**1.3**	**–**
Deferred and contingent consideration		**(20.5)**	**–**	**–**	**(20.5)**
Fair value of open bets		**(0.2)**	**–**	**(0.2)**	**–**
Net position		**(19.4)**	**–**	**1.1**	**(20.5)**

	Note	Total 2014 £m	Level 1 2014 £m	Level 2 2014 £m	Level 3 2014 £m
Available-for-sale financial assets	11	1.3	–	1.3	–
Fair value of open bets		(0.1)	–	(0.1)	–
Net position		1.2	–	1.2	–

Categorisation within the hierarchy has been determined on the basis of the lowest level input that is significant to the fair value measurement of the relevant asset as follows:

Level 1 – valued using quoted prices in active markets for identical assets

Level 2 – valued by reference to valuation techniques using observable inputs other than quoted prices included within level 1

Level 3 – valued by reference to valuation techniques using inputs that are not based on observable market data.

There have been no transfers during the year between levels 1 and 2.

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

(b) Financial risk management

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. Risk management policies and procedures are reviewed regularly and monitored to reflect changes in market conditions and the Group's activities.

The Group aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations surrounding risk management.

The Group has exposure to the following risks from its use of financial instruments:

- Liquidity risk
- Market risk including currency risk and interest risk
- Credit risk.

This note presents information about the Group's exposure to the above risks as well as outlining the Group's objectives, policies and processes for managing financial risk and the measurement of capital.

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. The Group also spreads its cash reserves across several highly rated banks and investments to mitigate counterparty risks.

The Group performs regular cash flow projections to ensure that it has sufficient cash on demand to meet expected operational expenses for a period of at least 90 days. The Group has no committed lines of credit.

The Group's financial liabilities, including estimated interest payments and excluding the effect of netting agreements is summarised in the table below:

		Carrying amount	
	Note	**2015 £m**	2014 £m
Non-derivative financial liabilities			
Trade and other payables	15	**38.6**	29.3
Amounts owed to joint ventures	15	**–**	2.1
Derivative financial liabilities			
Fair value of open bets (within Accruals)		**0.2**	0.1
Deferred and contingent consideration (within Other payables)		**20.5**	–
Total		**59.3**	31.5

The maturity analysis of the financial liabilities is as follows:

30 April 2015

	0–30 days £m	31–60 days £m	61–90 days £m	> 91 days £m	**Total £m**
Trade and other payables	37.1	1.2	0.1	0.2	**38.6**
Fair value of open bets	0.2	–	–	–	**0.2**
Deferred and contingent consideration	–	–	–	20.5	**20.5**

30 April 2014

	0–30 days £m	31–60 days £m	61–90 days £m	> 91 days £m	Total £m
Trade and other payables	28.0	0.7	0.1	0.5	29.3
Fair value of open bets	0.1	–	–	–	0.1
Amounts owed to joint ventures	2.1	–	–	–	2.1

The undiscounted amounts payable under the deferred and contingent consideration total £31.1m.

Market risk

Market risk is the risk that changes in market prices, such as foreign currency exchange rates and interest rates, will affect the Group's income or the value of its holdings in financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

The management of market risk is performed by the Group under the supervision of the Corporate Risk Committee and according to the guidelines approved by them. The Group will utilise hedges where there is an identified requirement to manage profit or loss volatility.

Foreign currency risk

The Group is exposed to currency risk on sales and purchases that are denominated in a currency other than Pounds Sterling (GBP). The currencies in which these transactions primarily are denominated are US Dollars (USD), Euros (EUR) and Australian Dollars (AUD).

The Group does not normally hedge against these sales and purchases. However, the Group monitors all foreign currency exposures and where appropriate may undertake currency hedging to mitigate the risk of unfavourable foreign exchange movements on specific commitments the Group enters into.

The Group's exposure to foreign currency risk is as follows. This is based on the carrying amount for monetary financial instruments except derivatives when it is based on notional amounts:

NOTES
(FORMING PART OF THE FINANCIAL STATEMENTS)
CONTINUED

20 Financial instruments continued

Liquidity risk continued

30 April 2015

	GBP £m	EUR £m	USD £m	AUD £m	Other £m	Total £m
Cash and cash equivalents	78.2	12.0	13.4	0.9	0.6	105.1
Trade payables	(4.5)	(3.2)	(0.5)	–	(0.4)	(8.6)
Balance sheet exposure	**73.7**	**8.8**	**12.9**	**0.9**	**0.2**	**96.5**

30 April 2014

	GBP £m	EUR £m	USD £m	AUD £m	Other £m	Total £m
Cash and cash equivalents	180.9	14.1	11.9	2.0	0.9	209.8
Trade payables	(6.7)	(1.2)	(0.1)	–	(0.1)	(8.1)
Balance sheet exposure	**174.2**	**12.9**	**11.8**	**2.0**	**0.8**	**201.7**

Sensitivity analysis

A 15.0% weakening of Pounds Sterling against the following currencies at 30 April would have increased/(decreased) equity and income statement by the amounts shown below. This calculation assumes that the change occurred at the balance sheet date and had been applied to risk exposures existing at that date.

This analysis assumes that all other variables, in particular other exchange rates and interest rates, remain constant.

	Equity		Income statement	
	2015 £m	2014 £m	2015 £m	2014 £m
Foreign currency				
EUR	**1.2**	1.2	**0.4**	0.9
USD	**2.2**	1.9	**0.1**	0.2
AUD	**–**	–	**0.2**	0.4

A 15.0% strengthening of Pounds Sterling against the following currencies at 30 April 2015 would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

Interest rate risk

The Group has no bank loans and therefore is not exposed to interest rate risk on its liabilities. At the balance sheet date the Group's interest-bearing financial assets equated to cash and cash equivalents, all of which are held in variable rate instruments.

Sensitivity analysis

An increase of 100 and a decrease of 100 basis points in interest rates at the balance sheet date would have increased/(decreased) profit by the amounts shown below. The rationale behind the 1.0% sensitivity analysis is that interest rates in the UK have been low due to the economic climate and any increase or decrease greater than 1.0% is unlikely to occur. This calculation assumes that the change occurred at the balance sheet date and had been applied to risk exposures existing at that date.

This analysis assumes that all other variables, in particular foreign currency rates, remain constant and considers the effect of financial instruments with variable interest rates. The analysis is performed on the same basis for 2014 amounts.

	2015 £m	2014 £m
Profit or loss		
Increase	**1.6**	1.9
Decrease	**(1.1)**	(1.1)

Credit risk

Credit/counterparty risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers and investments.

Group treasury policy and objectives in relation to credit risk is to minimise the likelihood that the Group will experience financial loss due to counterparty failure and to ensure that in the event of a single loss, the failure of any single counterparty would not materially impact the financial wellbeing of the Group.

The Group limits its exposure to credit risk by only depositing surplus funds on a short-term basis. The ring-fenced customer funds held by the Group in trust are spread across leading banking groups with the main aim of reducing risk as opposed to maximising income.

As of 30 April 2015, the trade receivables balance was £3.6m (30 April 2014: £2.2m) of which £3.2m is current and £0.4m is past due.

An amount of £0.1m (30 April 2014: £0.3m) of the gross trade receivable balance has been provided for.

Exposure to credit risk

The carrying amount of the financial assets represents the maximum credit exposure. Therefore, the maximum exposure to credit risk at the balance sheet date was £113.8m (30 April 2014: £217.4m) being the total of the carrying amount of the financial assets excluding equity investments, shown in note 20(a).

Capital management

The capital structure of the Group consists of cash and cash equivalents and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings as disclosed in note 17.

The Group regularly monitors capital on the basis of gross cash (defined as cash and cash equivalents) which was £105.1m at 30 April 2015 (30 April 2014: £209.8m). The Board's policy is to maintain a strong capital base so as to maintain investor and creditor confidence and to sustain future development of the business. The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The Group finances its operations through retained earnings and the management of working capital and has sufficient capital for its needs. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. As discussed in the Chairman's Statement on page 5, the Board targets a progressive and sustainable dividend and considers the appropriate payout ratio to be approximately 50% of profit after tax in the medium term.

21 Operating leases

The Group had total future minimum payments under non-cancellable operating leases as follows:

	2015 £m	2014 £m
Not later than one year	**6.0**	5.6
Later than one year and not later than five years	**12.6**	12.9
Later than five years	**1.9**	2.3
Total	**20.5**	20.8

Operating lease payments represent rents payable by the Group for office properties. These leases have varying terms, escalation charges and renewal rights.

During the year £5.5m was recognised as an expense in the income statement in respect of operating leases (30 April 2014: £5.7m).

22 Capital commitments

Contracted but not provided for in the financial statements:

	2015 £m	2014 £m
Capital	**0.2**	0.6
Marketing	**10.0**	14.1
Total	**10.2**	14.7

NOTES
(FORMING PART OF THE FINANCIAL STATEMENTS)
CONTINUED

23 Acquisitions during the year

On 17 February 2015 the Group acquired 100% of the equity interests in HRTV LLC, a horseracing television network, from The Stronach Group. As a result of the acquisition, the Group now has long-term television rights to the racecourses owned and operated by The Stronach Group. This strengthens the Group's ability to drive incremental wagering on its advanced wagering platform and is expected to lead to additional advertising and distribution opportunities.

Initial cash consideration of $25.6m was paid by the Group upon acquisition, with estimated future consideration of $47.8m to be transferred over the next seven years. After discounting at 10% the total fair value of consideration at the acquisition date is estimated to be $56.5m, of which $6.3m is dependent on future performance over the next 7 years. There is no maximum cap on the amount payable however there are no reasonable changes in the assumptions used that would result in a material impact.

Details of the fair value of identifiable assets and liabilities acquired, purchase consideration and goodwill are as follows:

	2015 £m
Cash paid	16.6
Deferred and contingent consideration	20.1
Total consideration	**36.7**
Non-current assets (excluding goodwill and other intangible assets)	0.2
Identifiable intangible assets	
Broadcasting and wagering rights	31.3
Brand	0.4
Working capital	0.5
Net assets acquired	**32.4**
Goodwill	**4.3**

The main factor leading to the recognition of goodwill is the synergies expected to be generated from the combined television and wagering operations. The Group expects the goodwill recognised on acquisition to be tax deductible in full.

Given the value to the Group lies predominantly in the acquired broadcast and wagering rights and the ability to generate incremental wagering on the existing advanced wagering platform, the post-acquisition revenue and profit and the Group performance assuming the acquisition occurred at the beginning of the year have not been disclosed.

24 Related parties

Group

Transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note.

Betfair Pty Limited

During the year, up to the date of disposal, the Group recharged the Australian joint venture, Betfair Pty Limited, the following costs:

- operational costs amounting to £2.3m (30 April 2014: £4.6m).

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

- operational costs amounting to £1.1m (30 April 2014: £2.9m).

The outstanding balance of loans receivable from the Australian joint venture was fully repaid during the year (balance at 30 April 2014: £6.3m). The balance was not interest bearing.

In addition to the recharges detailed above, the Group collected revenue on behalf of the joint venture and to a lesser extent the Australian joint venture collected revenue on behalf of the Group.

As at 30 April 2014, the Group owed £2.1m to the former Australian joint venture.

Featurespace Limited

During the year the Group was charged £0.1m (30 April 2014: £0.1m) for consultancy services by Featurespace Limited in which the Group has a non-controlling interest.

LMAX Limited

In the year ended 30 April 2014, the Group utilised tax losses amounting to £1.1m that were transferred from LMAX limited, for consideration of £0.3m. This consideration was paid in the year ended 30 April 2015.

Transactions with key management personnel

Key management personnel compensation, including the Group's Directors and Non-Executive Directors, is shown in the table below:

	2015 £m	2014 £m
Short-term benefits	**5.7**	5.4
Share-based payment expense	**5.4**	4.6
Total	**11.1**	10.0

25 Dividends

	2015 £m	2014 £m
Amounts recognised as distributions to equity holders in the year		
Final dividend for the year ended 30 April 2014 of 14.0p per qualifying ordinary share (30 April 2013: 9.0p)	**14.6**	9.3
Interim dividend for the year ended 30 April 2015 of 9.0p per qualifying ordinary share (30 April 2014: 6.0p)	**9.5**	6.3
Return of capital to shareholders	**199.7**	–
Total	**223.8**	15.6

As a result of the return of capital to shareholders, the Group paid an additional £1.0m in relation to stamp duty and fees.

The proposed final dividend for the year ended 30 April 2015 is 25.0 pence per share (30 April 2014: 14.0 pence).

The proposed final dividend is subject to approval by shareholders at the Annual General Meeting and has not been included as a liability in these financial statements. The estimated dividend to be paid in respect of this amounts to £23.0m.

Return to shareholders in respect of the financial year ended 30 April 2015

On 4 December 2014 the Company announced its intention, subject to shareholder approval to return approximately £200m to shareholders (the "Return of Cash"). This was implemented by way of a B share scheme followed by a share consolidation (the "Capital Reorganisation"), which offered shareholders the ability to elect to receive proceeds of £1.89 per share as income, capital or a combination of the two.

Each Existing Ordinary Share was sub-divided into one Intermediate Ordinary Share and one B share, and every eight Intermediate Ordinary Shares were immediately sub-divided and consolidated into seven New Ordinary Shares.

Shareholders elected to receive the Return of Cash either as a dividend of £1.89 per B share or as consideration of £1.89 per B share for the purchase of their B shares by Jefferies International Limited ("Jefferies"). Following declaration of the B share dividend, the B shares automatically converted into deferred shares with, in practice, no economic or other rights, to be acquired from shareholders by the Company and subsequently cancelled.

The Capital Reorganisation was implemented on 12 January 2015 following shareholder approval on 9 January 2015. The Existing Ordinary Shares were subdivided into 105,687,224 Intermediate Ordinary Shares and 105,687,224 B shares. The Intermediate Ordinary Shares were then subdivided and consolidated into 92,476,321 New Ordinary Shares of 0.095 pence each.

On 22 January 2015, in accordance with the results of the shareholder elections, Jefferies purchased 34,622,872 B shares for an amount equal to £1.89 per share. On 23 January 2015, the Company declared a B share dividend of £1.89 per B share, and following the declaration of the dividend, all B shares were converted into deferred shares. On 27 January the Company purchased 105,687,224 deferred shares, being all of the deferred shares in issue, to be cancelled in line with previous communication to shareholders.

£1.0m has been transferred back to the Group from the Employee Benefit Trust. This represents the return of capital received by the Employee Benefit Trust in respect of the B shares created out of the ordinary shares held in the Employee Benefit Trust at the time of the return.

26 Contingent liabilities

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

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

COMPANY BALANCE SHEET
AS AT 30 APRIL 2015

	Note	2015 £m	2014 £m
Fixed assets			
Investments	2	**169.4**	160.2
Current assets			
Debtors	3	**148.6**	201.3
Cash at bank and in hand		**0.1**	0.2
		148.7	201.5
Creditors: Amounts falling due within one year	4	**(21.4)**	(6.5)
Net current assets		**127.3**	195.0
Net assets		**296.7**	355.2
Capital and reserves			
Share capital	5	**0.1**	0.1
Share premium	5	**5.3**	21.9
Profit and loss account	5	**291.3**	333.2
Shareholders' funds		**296.7**	355.2

These financial statements were approved by the Board of Directors on 17 June 2015 and were signed on its behalf by:

Breon Corcoran
Chief Executive Officer

Alexander Gersh
Chief Financial Officer

NOTES
(FORMING PART OF THE FINANCIAL STATEMENTS)

1 Company accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Company's financial statements.

Basis of preparation

The financial statements have been prepared under the historical cost accounting rules and in accordance with applicable accounting standards in the United Kingdom (UK).

Under section 408 of the Companies Act 2006 the Company is exempt from the requirement to present its own profit and loss account.

Under Financial Reporting Standard 1 the Company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the Company in its own published consolidated financial statements. The Company reported a profit for the financial year ended 30 April 2015 of £151.5m (30 April 2014: £264.8m).

Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the consolidated profit and loss account.

Share-based payments

The Group's share option plans and restricted shares scheme allows employees to acquire shares in the Betfair Group. The fair value of these schemes is recognised as an employee expense with a corresponding increase in equity, with the exception of cash-settled transactions which result in a corresponding increase in other creditors. The fair value is measured at grant date and spread over the period during which the employees become unconditionally entitled to participate in the scheme and is calculated using an option pricing model, taking into account the terms and conditions upon which the options were granted.

The amount recognised as an expense is adjusted to reflect the actual number of share options that vest.

Restricted shares are valued with reference to the market value of the shares on the date of grant. They have a vesting period of three years from the first day of the financial year to which they relate and one-third of the shares will vest each year for three years.

All cash-settled share-based payments are recorded as a liability and revalued at the market value at the balance sheet date with the difference taken to the profit and loss account, except where the cash component is fixed.

The Company has recognised an increase in investments corresponding to the FRS 20 Share-based payment charge in respect of awards to employees of subsidiary companies.

Cash and liquid resources

Cash comprises cash at bank and in hand and deposits repayable on demand, less overdrafts payable on demand.

Investments

Fixed asset investments are stated at cost less any provision for impairment.

Treasury share transactions

The Company has recognised an increase in investments corresponding to the FRS 20 Share-based payment charge.

Director and employee remuneration

The Company had no employees other than the Directors during the current or prior year.

The remuneration paid to Directors for services to the Company during the year was paid and accounted for by another entity within the Group. Details of the Directors' remuneration is discussed in the Directors' Remuneration Report on pages 53 to 72.

2 Investments

	Shares in Group undertakings £m
Cost	
As at 1 May 2014	**160.2**
Increase in the cost of investment for share-based payments under FRS 20	**9.2**
At 30 April 2015	**169.4**

NOTES
(FORMING PART OF THE FINANCIAL STATEMENTS)
CONTINUED

3 Debtors

	2015 £m	2014 £m
Amounts owed by fellow Group undertakings	**148.6**	201.3

4 Creditors: amounts falling due within one year

	2015 £m	2014 £m
Amounts owed to fellow Group undertakings	**21.4**	6.5

5 Reconciliation of movement in capital and reserves

	Share capital £m	Share premium £m	Capital redemption reserve £m	Profit and loss account £m	Total Parent equity £m
Balance at 1 May 2013	0.1	19.4	–	77.5	**97.0**
Total profit for the year	–	–	–	264.8	**264.8**
Issue of shares	–	2.5	–	–	**2.5**
Dividends paid	–	–	–	(15.6)	**(15.6)**
Equity-settled share-based payment transactions	–	–	–	6.5	**6.5**
Balance at 30 April 2014	0.1	21.9	–	333.2	**355.2**
Balance at 1 May 2014	0.1	21.9	–	333.2	**355.2**
Total profit for the year	–	–	–	151.5	**151.5**
Issue of shares	–	5.6	–	–	**5.6**
Share premium cancellation	–	(22.2)	–	22.2	**–**
Dividends paid	–	–	–	(24.1)	**(24.1)**
Return of capital to shareholders, including fees and duty	–	–	–	(200.7)	**(200.7)**
Equity-settled share-based payment transactions	–	–	–	9.2	**9.2**
Balance at 30 April 2015	**0.1**	**5.3**	**–**	**291.3**	**296.7**

Return to shareholders in respect of the financial year ended 30 April 2015

On 4 December 2014 the Company announced its intention, subject to shareholder approval to return approximately £200m to shareholders (the "Return of Cash"). This was implemented by way of a B share scheme followed by a share consolidation (the "Capital Reorganisation"), which offered shareholders the ability to elect to receive proceeds of £1.89 per share as income, capital or a combination of the two.

Each Existing Ordinary Share was sub-divided into one Intermediate Ordinary Share and one B share, and every eight Intermediate Ordinary Shares were immediately sub-divided and consolidated into seven New Ordinary Shares.

Shareholders elected to receive the Return of Cash either as a dividend of £1.89 per B share or as consideration of £1.89 per B share for the purchase of their B shares by Jefferies International Limited ("Jefferies"). Following declaration of the B share dividend, the B shares automatically converted into deferred shares with, in practice, no economic or other rights, to be acquired from shareholders by the Company and subsequently cancelled.

The Capital Reorganisation was implemented on 12 January 2015 following shareholder approval on 9 January 2015. The Existing Ordinary Shares were subdivided into 105,687,224 Intermediate Ordinary Shares and 105,687,224 B shares. The Intermediate Ordinary Shares were then subdivided and consolidated into 92,476,321 New Ordinary Shares of 0.095 pence each.

On 22 January 2015, in accordance with the results of the shareholder elections, Jefferies purchased 34,622,872 B shares for an amount equal to £1.89 per share. On 23 January 2015, the Company declared a B share dividend of £1.89 per B share, and following the declaration of the dividend, all B shares were converted into deferred shares. On 27 January the Company purchased 105,687,224 deferred shares, being all of the deferred shares in issue, to be cancelled in line with previous communication to shareholders.

£1.0m has been transferred back to the Group from the Employee Benefit Trust. This represents the return of capital received by the Employee Benefit Trust in respect of the B shares created out of the ordinary shares held in the Employee Benefit Trust at the time of the return.

FIVE YEAR SUMMARY

£m	2015	2014	2013	2012*	2011*
Revenue	**476.5**	393.6	387.0	388.5	393.3
EBITDA before separately disclosed items	**120.2**	91.1	73.3	86.0	73.3
Separately disclosed items – restructuring and other	**–**	–	(22.1)	(2.5)	(17.0)
EBITDA	**120.2**	91.1	51.2	83.5	56.3
Profit/(loss) before tax	**101.2**	61.1	(49.4)	54.2	26.6
Profit/(loss) for the year	**86.4**	51.0	(66.3)	34.0	23.0

* As reported in previous Annual Reports and not restated for discontinued operation of LMAX.

SHAREHOLDER INFORMATION

REGISTERED OFFICE

Betfair Group plc
Waterfront
Hammersmith Embankment
Chancellors Road
(access on Winslow Road)
London W6 9HP
+44 (0) 20 8834 8000

corporate.betfair.com

Registrars
Computershare Investor Services PLC
The Pavilions
Bridgwater Road
Bristol BS13 8AE
0370 703 0084

www.computershare.com

Please contact Computershare quoting your shareholder reference number (on your share certificate or dividend tax voucher) for advice regarding any change of name or address, transfer of shares or loss/destruction of share certificate. Computershare will also be able to respond to general queries such as the number of shares you hold or payment details for dividends.

Amalgamation of accounts
Shareholders who receive duplicate sets of Company mailings owing to multiple accounts in their name should contact Computershare to request their accounts be amalgamated.

Dividend mandates
We encourage shareholders to have their dividends paid directly into their bank account. This method of payment removes the risk of delay or loss of dividend cheques in the post and ensures your account is credited on the due date. Tax vouchers are provided by Computershare. To take advantage of this convenient method of payment contact Computershare or visit www.investorcentre.co.uk.

Electronic communications
Using the Company's corporate website as a method of communicating with shareholders the Company is able to distribute messages to shareholders instantaneously. Receiving the Company's communications electronically allows the Company to communicate with its shareholders in a more environmentally friendly, cost effective and timely manner. You can to elect to receive email notifications by contacting Computershare or by registering with Investor Centre at www.investorcentre.co.uk.

Scams and frauds
Shareholders are advised to be wary of any unsolicited communications, such as:

- offers to buy or sell shares at a discount;
- opportunities to receive free company reports;
- free financial advice; and
- chances to invest in carbon credit trading schemes.

If you receive any unsolicited advice, make sure you get the correct name of the person and organisation and check that they are appropriately authorised by the FCA by visiting www.fca.org.uk. More information on protecting your investment can be found at www.fca.org.uk/consumers.

Share dealing
If you wish to buy or sell shares in the Company you can do this by using the services of a stockbroker or high street bank or through telephone or online dealing services. The Company's Registrar, Computershare offer a telephone and online service, further information can be found at www.computershare.com/sharedealingcentre or by calling 0370 703 0084 (Mon–Fri).

Please note the following when contacting Computershare:

- you will need to have your shareholder reference number available; and
- if your shareholding is in certificated form you will need to present your valid share certificate(s) at the time of sale.

Please note the price of shares can go down as well as up, and you are not guaranteed to get back the amount you originally invested. If you are in any doubt you should contact an independent financial adviser. Details of stockbrokers in the UK can be found via the Association of Private Client Investment Managers and Stockbrokers (APCIMS) on +44(0) 20 7448 7100 or at www.apcims.co.uk.

ShareGift
If you have only a small number of shares which would cost more for you to sell than they are worth, you may wish to consider donating them to the charity ShareGift (Registered Charity 1052686) which specialises in accepting such shares as donations. The relevant stock transfer form may be obtained from the Company's registrar Computershare. There are no implications for Capital Gains Tax purposes (no gain or loss) on gifts of shares to charity and it is also possible to obtain income tax relief. Further information about ShareGift may be obtained on 020 7930 3737 or from www.sharegift.org.uk.

INVESTOR RELATIONS

Betfair Group plc website
The Company's corporate website provides shareholders with a broad range of information including investor information such as the Company's financial statements, current and historic share prices, AGM materials, events and governance information. You may visit the investor website at: corporate.betfair.com/Investor-relations

Financial calendar

FY15 Final Results	17 June 2015
Q1 FY16 Interim Management Statement	7 September 2015
Annual General Meeting	9 September 2015
Ex-dividend date	10 September 2015
Record date	11 September 2015
Payment of final dividend	9 October 2015

FIND OUT MORE ABOUT BETFAIR GROUP PLC

Betfair Online
Here you will find the latest information on the following:

- The Betfair Group
- Investor Relations
- Corporate Responsibility
- Latest news and media

corporate.betfair.com

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

For general enquiries please contact:
Email: investor.relations@betfair.com
Phone: +44 (0) 20 8834 8000

NOTES

Designed and produced by Radley Yeldar | ry.com

This report has been printed on materials that are FSC Certified and sourced from a mill which is ISO14001 accredited.

The report is printed by an FSC and ISO14001 certified printer, using vegetable oil based inks and an alcohol free process.

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

For general enquires please contact:
Email: investor.relations@betfair.com
Phone: +44 (0) 20 8834 8000