27 June 2013

Betfair Group plc

(“Betfair”)

Preliminary results for the year ended 30 April 2013

Summary

	Underlying [1]			Reported [2]		
	FY13	FY12	*Change*	FY13	FY12	*Change*
Unaudited	£m	£m	*%*	£m	£m	*%*
Total revenue	387.0	388.5	*Flat*	387.0	388.5	*Flat*
EBITDA	73.3	86.0	*-15%*	51.2	83.5	*-39%*
Profit / (loss) before tax	38.0	52.4	*-27%*	(49.4)	54.2	*N/A*
Basic earnings / (loss) per share (p)	31.2p	45.3p	*-31%*	(44.4p)	45.4p	*N/A*
Dividend per share (p)	13.0p	10.2p	*27%*	13.0p	10.2p	*27%*

Operational highlights

- Excellent progress made in the delivery of our turnaround plan:
  - Sustainable revenues up to 75% of total revenue[3], from 67% in Q4 FY12;
  - Sportsbook successfully launched, helping to drive a 65% increase in UK customer acquisition;
  - Introduction of Exchange-based features (e.g. Cash Out) to the Sportsbook providing a differentiated product;
  - Increased cost savings of c.£30m to be realised in FY14; and
  - New management team in place and cultural change underway.

Financial highlights

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

Commenting on today’s announcement, Breon Corcoran, Betfair’s Chief Executive Officer, said:

“This is a solid set of results in what has been a year of transition for Betfair. Revenues lost as a result of changing regulation have been largely replaced with regulated, more sustainable revenues.

“Following the outline of our new strategic plan at our half year results in December, the business has undergone significant change and much progress has been made in a short time. A new management team is leading the business, a wide ranging restructuring has been completed ahead of schedule, marketing investment has been focused on core markets and we have successfully launched a Sportsbook.

“While the Exchange continues to be at the heart of our business, the Sportsbook means we can now present new customers with a simpler, more familiar product and offer a wider range of promotional activity than is possible on the Exchange alone. This is helping Betfair to attract more new customers than ever before.

“The recent introduction of Cash Out on the Sportsbook is the first of many ways we intend to use Exchange features to offer a differentiated customer experience and strengthen our competitive advantage.

“Although it remains early days for many of these initiatives, we remain pleased with the operational trends we are seeing, which give us confidence that the steps we are taking will deliver a higher quality, sustainable and growing business.”

“We have made excellent progress on all of our key strategic aims and the business is in a far stronger position to generate future growth than it was at the start of the year.

1 Underlying figures relate to Core Betfair and Betfair US (i.e. exclude LMAX and High Roller segments) and exclude, where relevant, separately disclosed items and the associated tax effect of these adjustments. A reconciliation of reported figures to underlying figures is set out in Appendix 1.

2 Continuing operations (excludes LMAX)

3 75% of Group revenues in Q4 FY13 was from UK, Ireland, USA (TVG), Denmark and Malta

For more information, please contact:

Paul Rushton, Investor Relations
Tel: +44 20 8834 6139

James Midmer, Corporate Communications
Tel: +44 20 8834 6834

Analyst and investor results webcast

There will be a live webcast of the results presentation at 9.30 a.m. GMT. Please pre-register for access to the webcast by visiting the Group website (http://corporate.betfair.com). A copy of the webcast and slide presentation given at the meeting will be available on the Group’s website later today.

CEO review

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

Overview of results

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

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

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

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

Turnaround plan

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

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

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

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

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

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

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

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

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

Outlook

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

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

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

Business review

Exchange

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

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

Overview of results

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

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

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

Operational developments

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

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

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

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

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

Sports

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

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

<u>Overview of results</u>

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

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

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

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

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

<u>Operational developments</u>

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

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

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

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

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

Gaming

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

<u>Overview of results</u>

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

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

<u>Operational developments</u>

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

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

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

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

Betfair US

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

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

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

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

Betfair Australia

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

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

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

Regulation

UK

Recognising that a high quality racing product is necessary for our business to flourish, we continue to support the industry. In FY13 we replaced voluntary Horserace Betting Levy contributions with a pioneering new five-year commercial deal with the sport. The payment to the Horserace Betting Levy Board totalled £7.6m in the 2012-13 Levy year. Both British Racing and the UK Government see this as a template to help secure the long-term funding of British Racing.

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

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

International

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

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

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

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

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

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

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

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

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

FINANCIAL REVIEW

Summary

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

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

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

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

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

Year ended 30 April	FY13 £m	FY12 £m	*Change %*
Revenue from continuing operations			
Core Betfair [2]	349.0	352.3	*-1%*
Betfair US	38.0	36.2	*+5%*
Total	**387.0**	**388.5**	***0%***
Underlying EBITDA [1]			
Core Betfair [2]	70.4	86.9	*-19%*
Betfair US	2.9	(0.9)	*N/A*
Total	**73.3**	**86.0**	***-15%***
Operating (loss) / profit	(69.0)	46.3	*N/A*
Underlying operating profit [1]	35.5	48.8	*-27%*
(Loss) / profit before tax	(49.4)	54.2	*N/A*
Underlying profit before tax [1]	38.0	52.4	*-27%*
(Loss) / earnings per share	(44.4p)	45.4p	*N/A*
Underlying earnings per share [1]	31.2p	45.3p	*-31%*

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

2 Core Betfair includes Tradefair

Revenue

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

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

1 Games segment includes Tradefair in both periods

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

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

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

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

Revenue from sustainable markets (UK, Ireland, Denmark, Malta, Gibraltar and the USA) was up 6%, mainly driven by a strong UK performance (+8%). By contrast, revenue from other markets was down 15%, primarily due to the impact of regulation in Greece, Germany, Cyprus and Spain, which affected revenue by £24m, as well as the decision to focus on sustainable markets.

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

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

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

Core products per active over a rolling 12 month period improved steadily during the past year, up from 1.50 in Q4 FY12 to 1.58 in Q4 FY13. The increase was driven by enhancements to our fixed odds sports product, as well as additional cross sell to Games.

Administrative expenses [1]

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

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

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

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

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

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

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

Separately disclosed items

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

Impairment of goodwill and other assets

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

Restructuring costs

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

Professional services

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

Depreciation and amortisation

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

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

Finance income and expenses

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

Share of profit from equity accounted investments – Betfair Australia

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

Taxation

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

Dividend

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

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

Capital expenditure

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

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

Cash and cash flow

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

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

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

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

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

Consolidated Income Statement

For the year ended 30 April 2013

	Note	2013 £m	2012 £m
Continuing operations			
Revenue	1	**387.0**	388.5
Cost of sales		**(49.8)**	(48.1)
Gross profit		**337.2**	340.4
Administrative expenses		**(406.2)**	(294.1)
Group operating (loss) / profit		**(69.0)**	46.3
Analysed as:			
Underlying EBITDA* (excluding separately disclosed items)	1	**73.3**	86.0
Separately disclosed items	2	**(22.1)**	(2.5)
EBITDA*	1	**51.2**	83.5
Impairment of goodwill and other assets		**(82.4)**	–
Depreciation and amortisation		**(37.8)**	(37.2)
Group operating (loss) / profit		**(69.0)**	46.3
Profit on disposal of available-for-sale financial asset	3	**16.8**	–
Finance income		**1.4**	3.6
Finance expense		**–**	–
Net finance income		**1.4**	3.6
Share of profit of equity accounted investments		**1.4**	4.3
(Loss) / profit before tax		**(49.4)**	54.2
Tax	4	**4.2**	(7.6)
(Loss) / profit for the year from continuing operations		**(45.2)**	46.6
Discontinued operations			
Loss for the period/year from discontinued operations, net of tax	7	**(21.1)**	(12.6)
(Loss) / profit for the year		**(66.3)**	34.0
Attributable to:			
Equity holders of the Company		**(66.3)**	34.7
Non-controlling interest		**–**	(0.7)
(Loss) / profit for the year		**(66.3)**	34.0
(Loss) / earnings per share from continuing operations			
Basic		**(44.4)p**	45.4p
Diluted**		**–**	44.5p
(Loss) / earnings per share from continuing and discontinued operations			
Basic	5	**(65.1)p**	33.1p
Diluted**	5	**–**	32.5p

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

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

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

Consolidated Statement of Comprehensive Income

For the year ended 30 April 2013

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

Consolidated Balance Sheet

As at 30 April 2013

	Note	**2013** **£m**	2012 £m
Assets			
Non-current assets			
Property, plant and equipment		**20.6**	33.7
Goodwill and other intangible assets		**54.6**	132.4
Investments		**7.9**	6.2
Available-for-sale financial assets		**1.3**	2.1
Deferred tax assets		**5.1**	–
		89.5	174.4
Current assets			
Trade and other receivables		**18.7**	29.6
Cash and cash equivalents		**168.1**	135.4
		186.8	165.0
Total assets		**276.3**	339.4
Liabilities			
Current liabilities			
Trade and other payables		**109.6**	118.4
Tax payable		**21.5**	22.9
Provisions	6	**11.6**	–
		142.7	141.3
Non-current liabilities			
Deferred tax liabilities		**–**	2.0
Provisions	6	**1.6**	–
Total liabilities		**144.3**	143.3
Net assets		**132.0**	196.1
Equity			
Share capital		**0.1**	0.1
Share premium		**19.4**	12.0
Other reserves		**(7.6)**	(9.3)
Retained earnings		**120.1**	193.3
Equity attributable to equity holders of the Company		**132.0**	196.1
Non-controlling interest		**–**	–
Total equity		**132.0**	196.1

Consolidated Statement of changes in Equity

For the year 30 April 2013

Attributable to equity holders of the Company

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

* Employee Benefit Trust is defined as EBT.

Consolidated statement of cash flow

For the year ended 30 April 2013

	Note	**2013 £m**	2012 £m
Cash flows from operating activities			
(Loss)/profit for the year		**(66.3)**	34.0
Adjustments for:			
Depreciation and amortisation		**40.1**	41.2
Equity-settled share-based payments and associated costs		**9.3**	8.1
Profit on disposal of available-for-sale financial asset	3	**(16.8)**	–
Loss on disposal of subsidiary undertakings	7	**5.3**	–
Impairment loss in respect of goodwill and other assets		**90.1**	–
Share of profit of equity accounted investments		**(1.4)**	(4.3)
Finance income		**(1.5)**	(3.4)
Tax		**(3.8)**	7.6
Increase in trade and other receivables		**(1.1)**	(8.4)
Increase in trade and other payables		**20.7**	26.1
Increase in provisions	6	**13.2**	–
Cash generated from operations		**87.8**	100.9
Tax paid		**(4.7)**	(4.5)
Net cash flows generated from operating activities		**83.1**	96.4
Cash flows from investing activities			
Acquisition of property, plant and equipment		**(7.2)**	(14.3)
Acquisition of other intangible assets		**(12.0)**	(15.3)
Capitalised internal development expenditure		**(18.9)**	(29.4)
Disposal of discontinued operation, net of cash disposed	7	**(24.5)**	–
Cash injection in jointly controlled entities	7	**–**	(0.1)
Disposal of available-for-sale financial assets	3	**18.8**	–
Finance income received		**0.9**	1.3
Net cash flows used in investing activities		**(42.9)**	(57.8)
Cash flows from financing activities			
Proceeds from the issue of share capital		**7.4**	1.3
Dividends paid		**(11.2)**	(9.6)
Purchase and cancellation of own shares		**–**	(50.2)
Purchase of own shares by the EBT		**(3.2)**	(0.1)
Sale of own shares by the EBT		**–**	1.0
Net cash flows used in financing activities		**(7.0)**	(57.6)
Net increase/(decrease) in cash and cash equivalents		**33.2**	(19.0)
Cash and cash equivalents at the beginning of the year		**135.4**	155.0
Effect of exchange rate fluctuations on cash held		**(0.5)**	(0.6)
Cash and cash equivalents at year end	7	**168.1**	135.4

NOTES
(forming part of the financial statements)

1 Operating segments

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

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

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

Exchange consists of the Exchange sports betting product, which offers markets on Racing, Football, Sports and Specials (SAS) and Timeform. Sports consists of the Sportsbook, Multiples and our Betfair Select product. Gaming consists of various casino products and bespoke exchange games products. Tradefair Spreads and Poker are also classified within Gaming. All of these gaming activities are played by customers in a number of geographical areas.

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

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

Following the decision to dispose of the Group's subsidiary LMAX Limited in October 2012 (which was completed in January 2013) and treatment of these operations as discontinued, the segmental information disclosed previously has been amended (see note 7). Tradefair Spreads Limited, which was previously reported under the LMAX segment, is part of the Group's continuing operations and is now reported as part of the Core reporting segment.

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

The results of the Australian joint venture are consolidated in the Group accounts on an equity accounting basis. As such only the net assets and the share of profits/losses are presented in the operating segment note below. If proportional consolidation was applied the Group's share of the Australian joint venture would have increased revenue by £180 million (30 April 2011: £16.0 million) and increased EBITDA by £2.1 million (30 April 2012: increase by £4.9 million).

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

The Group focuses its internal management reporting predominantly on revenue, as the products' potential to generate revenue is the chief driver of the Group's business and the allocation of resources. The Group's cost base is to a large extent fixed in nature. Corporate expenses, assets and liabilities cannot be allocated to individual operating segments and are not used by the CODM for making operating and resource allocation decisions. However, expenses are allocated and reviewed by the CODM between Core Betfair, Other investments and High Rollers and the analysis of EBITDA for them is summarised below.

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

- UK
- Europe
- Rest of World
- Unallocated.

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

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

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

Year ended 30 April 2013

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

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

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

1 Operating segments continued

Year ended 30 April 2012

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

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

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

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

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

Year ended 30 April 2013

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

Year ended 30 April 2012

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

* Unallocated represents revenue from the management of customer funds.

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

2 Separately disclosed items

Separately disclosed items are those items the Group considers to be non-recurring or material in nature that should be brought to the reader's attention in understanding the Group's financial performance.	**2013 £m**	2012 £m
Regulatory developments	**–**	6.4
Results from High Rollers	**–**	(3.9)
Restructuring costs	**19.4**	–
Costs incurred on corporate projects	**2.7**	–
Total	**22.1**	2.5

During the year ended 30 April 2013, the Group has incurred costs of £19.4 million, which relate to its restructuring and cost optimisation initiatives (see note 6), and £2.7 million in relation to professional fees resulting from the rejected takeover approach by CVC and partners. During the year ended 30 April 2012, regulatory developments comprise a one-off expense relating to Spanish gaming tax and other costs relating to the Group's Spanish operations in prior periods. During the year ended 30 April 2013, separately disclosed items have been recorded within administrative expenses (2012: separately disclosed items were recorded within cost of sales).

Impairment of goodwill and other intangible assets

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

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

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

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

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

4 Tax

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

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

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

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

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

5 Earnings per share

Basic earnings per share

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

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

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

Please see page 13 for the separately disclosed basic and diluted earnings per share for the continuing operations of the Group.

Diluted earnings per share

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

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

Profit used to determine diluted earnings per share

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

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

Weighted average number of shares (diluted)

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

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

6 Provisions

	Redundancy provision £m	Onerous contracts £m	Total £m
Balance at 1 May 2012	–	–	–
Provision accounted for in the year	9.7	1.9	11.6
Current provisions 30 April 2013	**9.7**	**1.9**	**11.6**
Balance at 1 May 2012	–	–	–
Provision accounted for in the year	–	1.6	1.6
Non-current provisions 30 April 2013	**–**	**1.6**	**1.6**

The redundancy provision relates to costs incurred as part of restructuring and cost optimisation initiatives. All affected employees will depart the Group within one year of the balance sheet date.

Onerous contracts relate to provisions made in relation to operating leases for premises that have been vacated during the course of the year as part of the restructuring.

7 Disposals during the year and discontinued operations

On 18 December 2012 the Group entered into a sale and purchase agreement for the sale of 67% of the shares of LMAX Limited for £2.4m. The transaction was finalised in January 2013, on which date control of LMAX Limited passed to the acquirer.

The net assets of LMAX Limited at the date of disposal were:

	2013 **£m**
Trade and other receivables	**12.9**
Cash and cash equivalents*	**26.9**
Trade and other payables*	**(31.4)**
Net assets disposed of	**8.4**
Consideration received	**2.4**
Cash and cash equivalents disposed of	**(26.9)**
Net cash outflow	**(24.5)**

* Cash and cash equivalents includes £22.7 million of clients funds held matched by liabilities of an equal value in trade and other payables.

The results of the discontinued operations, which have been included in the consolidated income statement, were as follows:

	Period ended 18 January 2013 £m	Year ended 30 April 2012 £m
Revenue	**4.1**	1.2
Cost of sales	**(2.2)**	(0.6)
Gross profit	**1.9**	0.6
Administrative expenses	**(17.4)**	(13.0)
Operating loss	**(15.5)**	(12.4)
EBITDA	**(5.5)**	(8.3)
Impairment loss recognised	**(7.7)**	–
Depreciation and amortisation	**(2.3)**	(4.1)
Operating loss	**(15.5)**	(12.4)
Net finance income/(expense)	**0.1**	(0.2)
Loss before tax	**(15.4)**	(12.6)
Loss on disposal of discontinued operations	**(5.3)**	–
Tax	**(0.4)**	–
Net loss attributable to discontinued operations	**(21.1)**	(12.6)

During the year, LMAX Limited contributed £5.2 million (2012: £2.3 million) to the Group’s net operating cash flows and paid £2.8 million (2012: £2.9 million) in respect of investing activities.

Appendix 1

Twelve months ended 30 April 2013 Unaudited	**Revenue** **£m**	**EBITDA** **£m**	**Operating (loss)/profit** **£m**	**(Loss)/profit before tax** **£m**	**(Loss)/profit after tax** **£m**
CONTINUING AND DISCONTINUED	**391.1**	**45.7**	**(84.5)**	**(70.1)**	**(66.3)**
– Discontinued operations	4.1	(5.5)	(15.5)	(20.7)	(21.1)
Reported-CONTINUING	**387.0**	**51.2**	**(69.0)**	**(49.4)**	**(45.2)**
Adjustments for:					
– Separately disclosed items	–	22.1	22.1	22.1	22.1
– Impairment loss recognised in respect of goodwill and other assets	–	–	82.4	82.4	82.4
– Net foreign exchange gain				(0.3)	(0.3)
– Profit on disposal of investment				(16.8)	(16.8)
– Tax effect of adjustments					(10.4)
Underlying Adjusted	**387.0**	**73.3**	**35.5**	**38.0**	**31.8**
Basic earnings per share (underlying)					**31.2**
Diluted earnings per share (underlying)					**30.8**

Twelve months ended 30 April 2012 Unaudited	**Revenue** **£m**	**EBITDA** **£m**	**Operating profit** **£m**	**Profit before tax** **£m**	**Profit after tax** **£m**
CONTINUING AND DISCONTINUED	**389.7**	**75.2**	**33.9**	**41.6**	**34.7**
– Discontinued operations	1.2	(8.3)	(12.4)	(12.6)	(12.6)
Reported-CONTINUING	**388.5**	**83.5**	**46.3**	**54.2**	**47.3**
Adjustments for:					
– Separately disclosed items	–	6.4	6.4	4.5	4.5
– High rollers	–	(3.9)	(3.9)	(3.9)	(3.9)
– Net foreign exchange gain	–	–	–	(2.4)	(2.4)
– Tax effect of adjustments	–	–	–	–	1.9
Underlying adjusted	**388.5**	**86.0**	**48.8**	**52.4**	**47.4**
Basic earnings per share (underlying)					**45.3**
Diluted earnings per share (underlying)					**44.4**