Thursday 6 August 2009

Ladbrokes PLC

INTERIM RESULTS FOR THE HALF YEAR ENDED 30 JUNE 2009

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Ladbrokes PLC

Ladbrokes plc ("the Group") today announces its results for the half year ended 30 June 2009 ("the period").

Financial Results:

- Group net revenue(1) down 6.6% to £504.4 million (H1 2008: £539.8 million)
- Group operating profit(1)(2) fell 25.6% to £98.6 million (H1 2008: £132.6 million)
- High Rollers operating profit increased to £58.4 million (H1 2008: £40.0 million)
- Interest(3) down to £25.7 million with blended interest rate of 5.5%
- Profit before tax(3) down 3.9% to £131.3 million (H1 2008: £136.6 million)
- Effective tax rate(3) down to 15% in first half and projected at 15% for full year
- Earnings per share(3) up 0.5% to 18.6 pence (H1 2008: 18.5 pence)
- Cash generated by operations was £140.0 million
- Group net debt decreased to £962.0 million
- Interim dividend of 3.50 pence, a reduction of 31%

(1) Continuing operations excluding High Rollers (Discontinued operations comprise: Italian Retail and Paddington Casino).
(2) Profit before tax, finance costs and non-trading items for continuing operations.
(3) Before non-trading items for continuing operations.

Business Highlights:

- UK Retail full year cost guidance reduced from a 4% increase to 1%.
- £12 million of annualised cost savings from UK Retail from Q4 2010 owing to the buyout of Sundays/bank holiday premium pay.
- New machine operating system to be launched in Q4. Global Draw and Inspired Gaming machines being tested.
- 50% of UK OTC shop business now transacted through OddsOn!
- Italian Retail business to be sold within the next 12 months.
- eGaming new customer sign-ups increased by 12,500 to 249,000.
- UK sportsbook will operate from Gibraltar by the year end.
- Launch new sportsbook site in Q4.

Christopher Bell, Chief Executive, commented:

"Since we updated the market in mid-May, the deterioration in staking levels has been partially mitigated by lower costs. Our priorities are to continue to vigorously reduce costs, drive revenues and thereby improve profitability.

"In the period from 1 July to 4 August Group net revenue (excluding High Rollers) fell by 11.3%. The fall in UK OTC amount staked of 8.0% was in line with our latest expectations but net revenue was adversely impacted by a weak margin. The economic and trading environment remains challenging and continuing uncertainty makes forecasting difficult. Given the revised cost guidance for UK Retail and phasing of marketing costs in the eGaming business, the Group still aims to meet its full year expectations.

"The Board has decided that it would be appropriate to pay a reduced dividend of 3.50 pence given the results to date and the current uncertain outlook. The full year dividend will be decided at the time of the final results in February, taking into account all the circumstances at the time."

Management is focused upon the following cost reduction and revenue enhancement measures:

Improving operating margins and further reducing costs. Cost reduction remains a key priority for the Group. For example, we are reducing our full year UK Retail cost guidance from a 4% increase to 1%. Additionally, we have bought out premium pay on Sundays and bank holidays which will produce annualised savings of £12 million effective from Q4 2010. In eGaming second half costs will fall reflecting lower marketing spend as we focus on CRM and maximise the yield from our increased number of customers.

Driving machine revenues through an improved portfolio of machines and games. During Q4 all of our Cyberview/IGT machines will utilise a new software platform which will provide improved graphics, functionality and 20 new games, of which nine will be exclusive to Ladbrokes. We are also testing new machines and software from Global Draw and Inspired Gaming to improve the competitiveness of our offering.

Maximising revenues through the use of the OddsOn! programme. £9.6 million was invested during the first half in securing a very high level of participation in the programme. The take up has surpassed our expectations and we now have over 300,000 customers using the card every month, with 50% of OTC stakes being taken through the programme. We will use this new depth of knowledge and dialogue with our customers to strengthen their loyalty to Ladbrokes.

Selling the Italian Retail business. Revenue growth has been below our expectations reflecting the continued presence of illegal shops, the increased competition in the market place and the withdrawal of the protective distance rule. This, combined with the investment required for the estate to achieve critical mass and the risk attached to achieving an acceptable return from that investment, has led to the decision to sell and focus fully on our online offering in Italy. The estate is of a high quality and we are committed to selling it within the next 12 months.

Relocating Ladbrokes online sportsbook to Gibraltar by the end of the year. This move will materially improve the competitiveness and operating margin of the eGaming business.

Strengthening the market leading position of our UK online sportsbook with the launch of our new website in Q4 which will offer improved functionality, site navigation and content.

Maintaining a strong balance sheet. Given the conditions in the financing markets, the Board has decided it would be prudent to pursue, over time, a reduction in the Group's debt levels. Ladbrokes remains a highly cash generative business so will naturally de-lever over time.

Regulation:

- As predicted, DCMS and the Gambling Commission announced their ongoing review of research into the high stake/high prize machines, confirming that there is very little consensus from the available research about the extent to which gaming machines cause gamblers to become problem gamblers. The Government's new Responsible Gambling Strategy Board will now identify priorities for problem gambling research, education and treatment moving forward.

- The Irish Department of Justice announced a review of betting and gaming regulatory and fiscal policy which is due to be reported upon at the end of this year and consequently the Department of Finance's proposed increase of betting tax from 1 May 2009 was postponed.

- In Europe the regulatory environment continues to be challenging. Ten infringement proceedings against Member States have thus far not resulted in a case being brought before the European Court of Justice. Following Italy's lead some Member States, notably France and Sweden, are moving to regulated and taxed regimes where current intentions make the commercial viability questionable.

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Notes to editors:

The company will be hosting an analyst presentation at the Deutsche Bank Auditorium (Winchester House, 75 London Wall, EC2N 2DB) at 9.00am this morning. This will be available to listen into by dialing +44 (0)203 037 9093 and asking for the 'Ladbrokes plc Interim Results.' Alternatively a live webcast of the presentation, with slides, will be available at the 'Investor Centre' on www.ladbrokesplc.com.

A recording of the webcast will be available, at the same location, from 12pm (UK time) the same day.

For further information on Ladbrokes plc, please visit our corporate website at www.ladbrokesplc.com. High-resolution images are available to download from the media centre section under the heading 'image library'. Executive images are also available at www.vismedia.co.uk in the Ladbrokes section.

Unaudited interim results for the half year ended 30 June 2009

Continuing operations	Half year ended 30 June 2009 £m	Half year ended 30 June 2008[1] £m	Year ended 31 December 2008[1] £m
Net revenue (excluding High Rollers)	**504.4**	**539.8**	**1,052.9**
Net revenue from High Rollers	**60.7**	**65.0**	**98.3**
Net revenue	**565.1**	**604.8**	**1,151.2**
Operating profit[2] (excluding High Rollers)	**98.6**	**132.6**	**250.7**
Operating profit[2] from High Rollers	**58.4**	**40.0**	**80.1**
Operating profit[2][3]	**157.0**	**172.6**	**330.8**
Net finance costs[3]	(25.7)	(36.0)	(65.2)
Profit before tax and non-trading items[3]	**131.3**	**136.6**	**265.6**
Non-trading items before tax	(1.3)	(7.0)	(8.1)
Profit before tax	**130.0**	**129.6**	**257.5**
Tax	(19.3)	(24.8)	(37.3)
Profit after tax – continuing operations	**110.7**	**104.8**	**220.2**

EBITDA[3] – continuing	184.2	199.1	383.8
Basic earnings per share[3] – continuing	18.6p	18.5p	37.8p
Proposed dividend per share[4]	3.50p	5.10p	9.05p

(1) Restated – details of restatement explained in notes 2(c) and 15 to the financial statements.

(2) Profit before tax, finance costs and non-trading items.

(3) Before non-trading items and discontinued operations. Non-trading items are profit/losses on disposal and impairment of non-current assets, profits and losses on disposal of businesses and investments, unrealised gains and losses on derivative financial instruments arising from hedging interest rate and currency exposure, litigation and transaction costs and derecognition of deferred consideration on acquisitions. Discontinued operations comprise: Italy Retail and the Paddington Casino (see note 6).

(4) The proposed interim dividend for the half year ended 30 June 2009 is 3.50p (30 June 2008: 5.10p). 2008 full year figure includes a proposed final dividend of 9.05 pence, which was paid on 1 June 2009.

Business Review

UK Retail

UK	Half year ended 30 June 2009 £m	Half year ended 30 June 2008 £m	*Year on year change %*	Year ended 31 December 2008 £m
- OTC amount staked	1,375.6	1,492.1	*(7.8)*	2,860.1
- Machine amount staked	4,526.6	4,722.7	*(4.2)*	9,343.0
Amounts staked	5,902.2	6,214.8	*(5.0)*	12,203.1
- OTC gross win	231.6	251.8	*(8.0)*	487.8
- Machine gross win	143.8	142.5	*0.9*	286.1
Gross win	375.4	394.3	*(4.8)*	773.9
Adjustments to GW (1)	(31.8)	(23.2)	*(37.1)*	(50.8)
- OTC net revenue	219.8	249.8	*(12.0)*	479.2
- Machine net revenue	123.8	121.3	*2.1*	243.9
Net revenue	343.6	371.1	*(7.4)*	723.1
Operating profit*	82.1	98.3	*(16.5)*	187.9

** Before non-trading items*
(1) Fair value adjustments, free bets and VAT
(2) Dog tracks account for £5.0 million of amount staked and £3.2 million of gross win in H1 2009 (H1 2008: £5.4 million of amount staked and £3.2 million of gross win; FY 2008 £10.7 million of amount staked and £6.6 million of gross win)

The economic conditions have become increasingly challenging and UK Retail net revenue fell by 7.4% over the period to £343.6 million.

Amounts staked for the OTC business declined 7.8% year on year, in part reflecting the absence of the European Football Championship competition this year and the horse race fixture cancellations experienced in the first six weeks. Excluding these two impacts, the OTC amount staked declined 4.6% over the prior period with this softness increasing since mid-May.

OTC gross win for the period declined by 8.0% to £231.6 million with a flat gross win margin for the period of 16.7%. The poor horse margin experienced in March improved as the half year progressed, although this was offset in May by the first ever loss making month on football with a margin of -7.1% owing to the success of the top four Premier League teams at the end of the season.

OTC net revenue declined 12.0% to £219.8 million. The lower gross win performance was magnified by the incremental free bets made during the period. In June 2008 the Group launched its OddsOn! loyalty card. The focus for the first year of operation was upon card distribution and active use, and its take up has surpassed expectations with 300,000 regular users accounting for 50% of OTC transactions. The knowledge of customer transaction history has now improved markedly and the card allows our staff to tailor their service levels.

High levels of promotional activity in the first half, around major events like the Grand National and Royal Ascot, meant that OTC customers have enjoyed £11.8 million of free bets versus £2.0 million in H1 2008. The associated free bets will fall to a level of c£5 million in the second half as the business focuses the reward programme.

The average gross win per gaming machine per week was up 4.0% to £703 in the first half. During the period there were on average 7,897 terminals versus 8,104 terminals last year. Total machine gross win grew 0.9% during the period to £143.8 million. The proportion of B3 (£1 stake: £500 jackpot) content being played has increased to more than 20% and there has been a corresponding uplift in margin from 3.0% to 3.2%. The corollary of the increased B3 content is a natural dilution in machine amounts staked, down 4.2% over the period.

Over the past six months six new B2 and B3 games have been introduced. To further improve the machines performance Cyberview/IGT have committed to launch upgraded software associated with the operating platform for their Cyberview terminals in Q4. This will offer improved graphics, customer interaction and 20 games, nine of which will be exclusive to Ladbrokes. In addition agreements have been reached with Global Draw and Inspired Gaming to supply terminals on a trial basis.

Total costs (excluding gross profits tax) fell 3.4% in the period to £229.2 million driven primarily by staff efficiencies from the continued implementation of the staff scheduling system. The Group also bought out premium pay which will deliver approximately £12 million of cost savings per annum effective from Q4 2010. The cost comparatives in the second half of the year become more challenging as H2 2008 already benefited from improvements in staff scheduling and content cost rebates associated with the lost racing. However, the Group remains confident in reducing guidance for the full year from 4% growth to 1% growth.

Operating profit for the period was down 16.5% at £82.1 million.

At 30 June 2009 there were 2,093 shops and 48 on-site trading outlets in Great Britain, representing six openings, four closures, 11 relocations and 27 shops refurbishments, and closed four on-site outlets. At the end of the first half there were 7,897 machines.

Other European Retail – Ireland

Ireland	Half year ended 30 June 2009 £m	Half year ended 30 June 2008 £m	*Year on year change %*	Year ended 31 December 2008 £m
Gross win	45.6	47.6	*(4.2)*	91.5
Net revenue	42.3	47.2	*(10.4)*	90.6
Operating profit*	5.4	15.5	*(65.2)*	24.4

** Before non-trading items*

The environment in Ireland is particularly challenging and 36 shops have closed across the industry so far this year.

Overall gross win in Ireland was down 4.2% at £45.6 million with the benefit of the Eastwood acquisition and favourable exchange rates more than offset by a much lower gross win margin. Like for like amounts staked at constant currency declined 7.9%. The gross win margin was down 1.7 percentage points and consequently the like for like gross win at constant currency fell 17.9%. In March 2009 the OddsOn! programme was introduced to the Irish shop estate with plenty of promotional activity around Cheltenham and Royal Ascot. Following the successful recruitment campaign (now more than 30% of turnover through the card) free bets are expected to fall in the second half as the business focuses the reward programme.

In response to the challenging environment, the business continues to maintain a tight focus on cost control. Like for like constant currency costs fell 3.1% in the first half. Sterling operating costs in Ireland rose by 14.0% to £32.5 million (H1 2008: £28.5 million) due to foreign exchange appreciation and the additional costs of the Eastwood and McCartan acquired shops.

At 30 June 2009 there were 208 shops in the Republic of Ireland and 78 shops in Northern Ireland. Five unprofitable shops will be closed in the second half of the year.

In April the Department of Justice announced a complete review of the betting and gaming industry and as a result the Department of Finance postponed the doubling of turnover tax which remains at 1%, saving the business approximately €3 million of additional tax burden this year.

Other European Retail – Belgium

Belgium	Half year ended 30 June 2009 £m	Half year ended 30 June 2008 £m	*Year on year change %*	Year ended 31 December 2008 £m
Gross win	24.8	19.4	*27.8*	39.7
Net revenue	24.8	19.4	*27.8*	39.7
Operating profit*	1.8	1.8	-	3.1

** Before non-trading items*

Gross win in Belgium showed a rise of 27.8% owing to the net addition of 33 shops which brings the estate total to 304 at 30 June 2009. Operating profit was flat at £1.8 million largely reflecting the increased costs associated with the higher amount staked in the estate and the legal requirement to index employee costs, which this year rose 4.6%.

Other European Retail - Spain

Spain	Half year ended 30 June 2009 £m	Half year ended 30 June 2008 £m	*Year on year change* %	Year ended 31 December 2008 £m
Operating loss*	(2.1)	(1.6)	*(31.3)*	(3.1)

** Before non-trading items*

Bet volumes and amount staked are running ahead of expectations however the margin in the first six months has been poor. At 30 June 2009 the estate numbered 68 corners and two stand alone shops. By the year end Sportium expects to have circa 100 outlets open and trading in Madrid.

Despite the difficult economic environment in Spain, performance is encouraging and Sportium is now the clear market leader. The long term success of the business remains dependent on regulatory change in other regions.

eGaming

eGaming	Half year ended 30 June 2009 £m	Half year ended 30 June 2008 £m	*Year on year change %*	Year ended 31 December 2008 £m
Net revenue	84.6	86.6	*(2.3)*	172.2
- Sportsbook	30.5	32.1	*(5.0)*	61.7
- Casino	26.8	26.6	*0.8*	53.1
- Poker	12.7	14.7	*(13.6)*	29.0
- Games	8.5	8.5	-	17.6
- Bingo	6.1	4.7	*29.8*	10.8
Operating profit*	20.8	26.2	*(20.6)*	55.1

** Before non-trading items*

eGaming has shown good growth in customer numbers with sign-ups growing 5.1% and active customers up 9.4% as a result of some very successful recruitment activity. This positive performance was offset by a poor gross win margin for the sportsbook, softer yields in the casino business, particularly from the high staking players, and a very competitive and difficult poker market. Net revenue fell by 2.3% to £84.6 million with average player yield down from £160 to £143.

The amount staked on the sportsbook increased 11.1% with active players up 4.1% in the first half, despite the absence of the European Football Championship. Excluding the Euros, the amount staked rose 17.2%, with betting in play up 48% over H1 2008. As the 7.2% margin suggests (H1 2008: 8.1%), the sports results were not in the bookmakers' favour and net revenue fell by 5.0% to £30.5 million. A key development for the second half is the launch of Ladbrokes' new sportsbook which will strengthen its appeal, particularly to younger players, with a deeper product range, video streamed sports action, form, stats and other content as well as easy to use betting functionality.

Casino active players grew 31.3% in the first half on the back of an effective TV campaign in the UK. However, net revenue grew by only 0.8% to £26.8 million owing to declining yields from the high staking customers. During the period, the site recruited 36,000 new casino customers creating a much larger audience from which to stimulate increased revenue in the second half.

The poker marketplace in Europe remains very challenging given the liquidity advantage enjoyed by those sites which continue to take US customers. Poker net revenue fell 13.6% during the period to £12.7 million. Having successfully joined the Microgaming network in February, active player numbers grew 2.9% to 107,000, but average monthly active player days were down 17.0% and player yields were down 16.3%. The key areas of focus in the second half include a series of product and service enhancements for the existing player base and the rollout of the Italian poker service.

Bingo net revenues have grown 29.8% to £6.1 million driven by successful TV advertising, sponsorship of the Australian soap, Neighbours, and the supporting promotional programme. Bingo in the UK is a crowded marketplace but player loyalties look strong and the business expects to see continued player and revenue growth in the second half. Games net revenue of £8.5 million was flat year on year.

Operating costs of £58.9 million represent a 6.1% increase over H1 2008, mainly reflecting the phasing of advertising investment. Marketing spend was 12.2% higher than in 2008 delivering 249,000 new player sign-ups, although at a higher adjusted cost per acquisition of £91 versus £88 in 2008. There were also additional costs associated with the live streaming content and the roll-out of seven new European language sites. The operating margin is expected to rise in the second half as marketing spend is lowered and the business maximises the yield from the enlarged customer base through CRM activity supported with efficient online marketing.

Operating profit of £20.8 million was down 20.6%.

Ladbrokes intends to operate its sportsbook from Gibraltar by the end of 2009. The Group's preference to date has been to operate its online sportsbook from its UK base, but intense competitive pressures have forced this move, which will materially improve competitiveness and, in 2010, eGaming's operating margins. Ladbrokes has today introduced "Best Odds Guaranteed" on all UK and Irish horseracing.

In Europe the regulatory environment remains challenging. Despite infringement proceedings having commenced against 10 Member States, there remains no indication that an Article 49 case will be brought by the European Commission before the European Court of Justice in the near future. France and some other Member States appear to be moving towards regulated and taxed regimes but the commercial viability remains uncertain. Elsewhere states such as Norway are strengthening protections for state monopoly operators with transaction blocking measures. The Group continues to have international eGaming aspirations, however real opportunities require genuine movement to liberalise betting and gaming markets.

Telephone Betting

Telephone	Half year ended 30 June 2009 £m	Half year ended 30 June 2008 £m	*Year on year change %*	Year ended 31 December 2008 £m
Net revenue				
- High Rollers	60.7	65.0	*(6.6)*	98.3
- Excluding High Rollers	9.1	15.5	*(41.3)*	27.3
- Total	69.8	80.5	*(13.3)*	125.6
Operating profit*				
- High Rollers	58.4	40.0	*46.0*	80.1
- Excluding High Rollers	(1.4)	2.2	*(163.6)*	3.1
- Total	57.0	42.2	*35.1*	83.2

** Before non-trading items*

Profit from High Rollers was up 46.0% on the first half 2008 at £58.4 million.

The core telephone business has had a challenging first six months with the increasing difficulty of competing with offshore low tax operators magnified by the poor sports results. Excluding High Rollers, net revenue was down 41.3% at £9.1 million with a gross win margin of just 6.0% compared to 8.4% in H1 2008. Unique active customers numbered 79,500 (H1 2008: 90,200), with average monthly active player days down by 10.2% and call volumes down by 11.1%.

Operationally, the management remain focused on mitigating actions as the call volumes decline. Excluding High Rollers, operating costs of £9.0 million fell 18.2% with agent cost per call flat at 62 pence despite the material drop in call volumes. In pursuit of further cost savings, a programme of redundancies in the call centre operations was announced in July which will deliver additional cost savings in the second half.

Discontinued operations

During 2009 the focus in Italy has been upon revenue growth. However, this has been below expectations due to the continued presence of a number of illegal shops, the increased competition in the market place and the withdrawal of the protective distance rule. This, combined with the investment required for the estate to achieve critical mass and the risk attached to achieving an acceptable return from that investment, has led to the decision to sell the Italian retail business and to focus on growing the Italian-based Internet site www.ladbrokes.it. The estate is well invested and the Group are committed to selling it within the next 12 months.

The Group remains committed to selling the Paddington Casino and is in discussions with potential buyers.

Capital structure

Following the repayment of the €464.5 million (£351.0 million) Eurobond in July 2009, Ladbrokes has undrawn committed facilities of £200.1 million and unused credit facilities extending to 2011 sufficient for all its expected requirements. However, given the current conditions in the financing markets including tighter covenants and increased financing costs, the Board has decided it would be prudent to pursue, over time, a reduction in the Group's debt levels.

Ladbrokes remains a highly cash generative business and the Board are comfortable that this reduction in overall debt can be effected whilst maximising long-term shareholder returns.

Following approval by shareholders at the 2009 Annual General Meeting, the cancellation of the Company's share premium account was confirmed by the Court and became effective on 31 July 2009.

Dividend

The Board has decided that it would be appropriate to pay a reduced dividend of 3.50 pence given the results to date and the current uncertain outlook. The full year dividend will be decided early in the New Year taking into account all the circumstances at the time.

The dividend will be payable on 1 December 2009 to shareholders on the register on 14 August 2009.

Principal risks and uncertainties

Key risks are reviewed by the executive committee and the Board of Ladbrokes plc on a regular basis and where appropriate, actions are taken to mitigate the key risks that are identified.

The principal risks and uncertainties which could impact the Group for the remainder of the current financial year remain largely unchanged from those detailed on page 13 of the Group's Annual Report and Accounts 2008 and are as follows:

	Description
Market risk	• Economic, consumer and environmental factors within key markets reducing customers' disposable income. • Changing consumer trends and opportunities for product development in betting and gaming. • Competition from existing competitors or new entrants.
Industry/ regulatory/ legislative risk	• Regulatory, legislative and fiscal regimes for betting and gaming in key markets around the world can change, sometimes at short notice. Such changes could benefit or have an adverse effect on the Group's results and additional costs might be incurred in order to comply with any new laws or regulations.
Bookmaking risk	• Revenue and operating results may vary significantly from period to period. • Customer betting patterns, particularly with regard to those who bet large stakes, the outcome of individual events or a prolonged period of good or bad results could have a material effect on results.
Technology risk	• A failure in the infrastructure and operation of core systems could have an adverse impact on operations and financial results. • The integrity and availability of systems is vital to deliver a high quality service to customers.

Financial Review

Revenue and profit before tax	Half year ended 30 June 2009		Restated half year ended 30 June 2008(1)		Restated year ended 31 December 2008(1)	
	Net revenue	Profit	Net revenue	Profit	Net revenue	Profit
Continuing operations:	£m	£m	£m	£m	£m	£m
UK Retail	343.6	82.1	371.1	98.3	723.1	187.9
Other European Retail (2)	67.1	5.1	66.6	15.7	130.3	24.4
eGaming	84.6	20.8	86.6	26.2	172.2	55.1
Telephone Betting	69.8	57.0	80.5	42.2	125.6	83.2
International development costs	-	(1.1)	-	(2.2)	-	(4.9)
Corporate costs	-	(6.9)	-	(7.6)	-	(14.9)
	565.1	157.0	604.8	172.6	1,151.2	330.8
Net finance costs	-	(25.7)	-	(36.0)	-	(65.2)
Revenue and profit before tax	565.1	131.3	604.8	136.6	1,151.2	265.6
Discontinued operations:						
Italy	14.8	(4.4)	10.0	(2.6)	20.9	(6.9)
Casino	3.0	(0.3)	3.7	(0.3)	6.6	(1.1)
	17.8	(4.7)	13.7	(2.9)	27.5	(8.0)
Net finance costs	-	(0.3)	-	(0.3)	-	(0.6)
Revenue and loss before tax	17.8	(5.0)	13.7	(3.2)	27.5	(8.6)
Group revenue and profit before tax	582.9	126.3	618.5	133.4	1,178.7	257.0

Profit is before non-trading items.

(1) Refer to notes 2(c) and 15 of the financial statements for details of the restatement.
(2) Other European Retail comprises Retail operations in Ireland, Belgium and Spain.

Trading summary – Continuing operations

Revenue
Revenue from continuing operations decreased by £39.7 million (6.6%) to £565.1 million (H1 2008: £604.8 million). Excluding High Rollers activity in Telephone Betting, revenue decreased by £35.4 million (6.6%) to £504.4 million (H1 2008: £539.8 million) mainly as a result of reduced OTC performance in the UK Retail estate.

Profit before finance costs, tax and non-trading items
Profit before finance costs, tax and non-trading items decreased by £15.6 million (9.0%) to £157.0 million (H1 2008: £172.6 million). Excluding High Rollers activity, profit before finance costs, tax and non-trading items decreased by £34.0 million (25.6%) to £98.6 million (H1 2008: £132.6 million) reflecting decreased profits across all channels.

Finance costs
The net finance costs of £25.7 million were £10.3 million lower than last year (H1 2008: £36.0 million) mainly reflecting both lower interest rates and lower average net debt.

Profit before tax
The decrease in trading profits partially offset by lower finance costs in the period has resulted in a 3.9% decrease in first half profit for continuing operations before taxation and non-trading items to £131.3 million (H1 2007: £136.6 million).

Non-trading items before tax
Non-trading losses of £1.3 million (H1 2008: £2.4 million) relate to net unrealised losses on derivatives and on retranslation of foreign currency borrowings. In the half year ended 30 June 2008 other non-trading losses of £4.6 million related to a £3.0 million loss on the closure of 26 UK retail shops and £1.6 million principally related to litigation costs.

Taxation
The Group taxation charge for continuing operations before non-trading items of £19.7 million represents an effective tax rate of 15.0% (H1 2008: 18.7%; year ended 31 December 2008: 14.5%). The effective tax rate of 15.0% is a best estimate of the annual tax rate for 2009.

Discontinued operations
The £4.7 million trading loss in discontinued operations includes the loss before interest, tax and non-trading items from Italy of £4.4 million (H1 2008: £2.6 million) and from the Casino business of £0.3 million (H1 2008: £0.3 million). A total non-trading impairment charge of £31.1 million has been recognised against the carrying value of both the Italy and Casino businesses of which £27.8 million relates to Italy and £3.3 million relates to the Casino.

Earnings per share (EPS) – Continuing operations
EPS (before non-trading items) increased 0.5% to 18.6 pence (H1 2008: 18.5 pence), reflecting the decreased profit before tax offset by the reduced tax rate. EPS (including the impact of non-trading items) was 18.4 pence (H1 2008: 17.4 pence). Fully diluted EPS (including the impact of non-trading items) was 18.3 pence (H1 2008: 17.3 pence) after adjustment for outstanding share options.

Earnings per share (EPS) – Group
EPS (before non-trading items) decreased 1.7% to 17.7 pence (H1 2008: 18.0 pence), reflecting the decreased profit before tax partially offset by the reduced tax rate. EPS (including the impact of non-trading items) was 12.4 pence (H1 2008: 15.6 pence). Fully diluted EPS (including the impact of non-trading items) was 12.4 pence (H1 2008: 15.5 pence) after adjustment for outstanding share options.

Share premium reduction
Following approval by shareholders at the 2009 Annual General Meeting, the cancellation of the Company's share premium account was confirmed by the Court and became effective on 31 July 2009.

Restatement of income statement and segment information note

The Group has restated its comparative year ended 31 December 2008 and half year ended 30 June 2008 income statements to reflect Italy Retail as a discontinued operation and for the adoption of IFRS 8 Operating Segments.

Details of these restatements can be found in note 2(c) and 15 to the financial statements.

Revenue recognition – reconciliation to gross win

The Group reports the gains and losses on all betting and gaming activities as revenue in accordance with IAS 39, which is measured at the fair value of the consideration received or receivable from customers less fair value adjustment for free bets, promotions and bonuses. Gross win includes free bets, promotions and bonuses, as well as VAT payable on machine income.

A reconciliation of gross win to revenue for continuing operations is shown below.

	Half year ended 30 June 2009 £m	Restated half year ended 30 June 2008(1) £m	Restated year ended 31 December 2008(1) £m
Gross win	614.9	638.3	1,221.3
Free bets, promotions, bonuses	(30.8)	(12.3)	(27.4)
VAT	(19.0)	(21.2)	(42.7)
Revenue	565.1	604.8	1,151.2

(1) Refer to notes 2(c) and 15 of the financial statements for details of the restatement

The table below sets out the gross win for each division.

Gross win	Half year ended 30 June 2009 £m	Restated half year ended 30 June 2008 £m	Restated year ended 31 December 2008 £m
UK Retail	375.4	394.3	773.9
Other European Retail	70.4	67.0	131.2
eGaming	98.2	96.0	190.1
Telephone Betting	70.9	81.0	126.1
Total	614.9	638.3	1,221.3

The table below sets out the net revenue for each division.

Net revenue	Half year ended 30 June 2009 £m	Restated half year ended 30 June 2008[1] £m	Restated year ended 31 December 2008[1] £m
UK Retail	343.6	371.1	723.1
Other European Retail	67.1	66.6	130.3
eGaming	84.6	86.6	172.2
Telephone Betting	69.8	80.5	125.6
Total	565.1	604.8	1,151.2

(1) Refer to notes 2(c) and 15 of the financial statements for details of the restatement

Cash flow, capital expenditure and borrowings

Cash generated by operations was £140.0 million. After net finance costs of £21.5 million, income taxes paid of £23.8 million and £21.9 million on capital expenditure and intangible additions, cash inflow was £72.8 million.

Proceeds of £0.3 million were received on the exercise of share options and the issue of shares and £54.4 million was paid out in dividends.

At 30 June 2009, gross borrowings of £1,020.8 million and cash, deposits and short term investments of £20.9 million and derivatives of £37.9 million have resulted in a net debt of £962.0 million.

Unaudited financial statements
Interim consolidated income statement

	Half year ended 30 June 2009		Restated half year ended 30 June 2008[1]		Restated year ended 31 December 2008[1]	
	Before non-trading items[2] £m	Total £m	Before non-trading items[2] £m	Total £m	Before non-trading items[2] £m	Total £m
Continuing operations						
Amounts staked[3]	7,659.5	7,659.5	8,724.3	8,724.3	16,524.5	16,524.5
Revenue	565.1	565.1	604.8	604.8	1,151.2	1,151.2
Cost of sales before depreciation and amortisation	(342.2)	(342.2)	(368.3)	(369.1)	(696.2)	(697.3)
Administrative expenses	(39.1)	(39.1)	(37.8)	(39.4)	(73.2)	(73.1)
Share of results from joint venture and associate	0.4	0.4	0.4	0.4	2.0	2.0
EBITDA	184.2	184.2	199.1	196.7	383.8	382.8
Depreciation and amounts written off non-current assets	(27.2)	(27.2)	(26.5)	(28.7)	(53.0)	(60.2)
Profit before tax and finance costs	157.0	157.0	172.6	168.0	330.8	322.6
Finance costs	(25.7)	(83.3)	(36.3)	(67.8)	(67.4)	(191.1)
Finance income	-	56.3	0.3	29.4	2.2	126.0
Profit before taxation	131.3	130.0	136.6	129.6	265.6	257.5
Income tax expense	(19.7)	(19.3)	(25.5)	(24.8)	(38.4)	(37.3)
Profit for the period – continuing operations	111.6	110.7	111.1	104.8	227.2	220.2
Discontinued operations[2]						
Loss for the period from discontinued operations	(4.9)	(36.0)	(3.0)	(10.8)	(9.6)	(19.5)
Profit for the period	106.7	74.7	108.1	94.0	217.6	200.7
Attributable to:						
Equity holders of the parent	106.7	74.7	108.1	94.0	217.6	200.7
Earnings per share from continuing operations:						
- basic	18.6p	18.4p	18.5p	17.4p	37.8p	36.6p
- diluted	18.5p	18.3p	18.4p	17.3p	37.6p	36.4p
Earnings per share on profit for the period:						
- basic	17.7p	12.4p	18.0p	15.6p	36.2p	33.4p
- diluted	17.7p	12.4p	17.9p	15.5p	36.0p	33.2p
Proposed dividends[4]	3.50p	3.50p	5.10p	5.10p	9.05p	9.05p

[1] Details of restatement explained in notes 2(c) and 15 to the financial statements.

[2] Non-trading items are profits and losses on disposal and impairment of non-current assets, profits and losses on disposal of businesses and investments, unrealised gains and losses on derivative financial instruments arising from hedging interest rate and currency exposure, litigation and transaction costs and derecognition of deferred consideration on acquisitions. Details of the non-trading items are given in note 4 and of discontinued operations in note 6 to the financial statements.

[3] Amounts staked does not represent the Group's statutory revenue and comprises the total amount staked by customers on betting and gaming activities.

[4] The dividends paid in the half years ended 30 June 2009 and 30 June 2008 were £54.4 million (9.05p per share) and £54.4 million (9.05p per share) respectively. An interim dividend of 3.50p per share (2008: 5.10p) was declared by the directors on 6 August 2009. These financial statements do not reflect this dividend payable.

Interim consolidated statement of comprehensive income

	Half year ended 30 June 2009 £m	Half year ended 30 June 2008 £m	Year ended 31 December 2008 £m
Profit for the period	74.7	94.0	200.7
Currency translation differences	(20.9)	7.2	39.0
Net investment hedges	10.4	-	(17.8)
Tax on net investment hedges	(2.9)	-	5.0
Total foreign currency translation (expense)/income net of tax	(13.4)	7.2	26.2
Actuarial losses on defined benefit pension scheme	(21.8)	(13.0)	(16.5)
Tax on actuarial losses on defined benefit pension scheme	6.1	3.7	4.6
Total actuarial losses on defined benefit pension scheme net of tax	(15.7)	(9.3)	(11.9)
Net gains/(losses) on cash flow hedges	0.4	6.8	(10.2)
Tax on net gains/(losses) on cash flow hedges	(0.1)	(1.9)	2.9
Total net gains/(losses) on cash flow hedges net of tax	0.3	4.9	(7.3)
Other comprehensive (loss)/income for the period	(28.8)	2.8	7.0
Total comprehensive income for the period	45.9	96.8	207.7
Attributable to:			
Equity holders of the parent	45.9	96.8	207.7

Interim consolidated balance sheet

	30 June 2009 £m	30 June 2008 £m	31 December 2008 £m
ASSETS			
Non-current assets			
Goodwill and intangible assets	614.3	670.7	693.5
Property, plant and equipment	240.0	261.8	275.2
Interest in joint venture	2.3	0.1	0.7
Interests in associate and other investments	11.9	11.6	10.3
Other financial assets	6.8	11.4	5.1
Deferred tax assets	18.1	26.2	27.1
Derivatives	-	25.5	1.5
Retirement benefit asset	0.7	22.5	20.8
	894.1	1,029.8	1,034.2
Current assets			
Trade and other receivables	131.6	140.2	109.8
Derivatives	50.8	-	115.1
Cash and short-term deposits	17.1	28.3	26.4
	199.5	168.5	251.3
Assets of disposal groups classified as held for sale	73.9	9.0	9.4
Total assets	**1,167.5**	**1,207.3**	**1,294.9**
LIABILITIES			
Current liabilities			
Interest-bearing loans and borrowings	(422.6)	(197.9)	(459.7)
Derivatives	(2.1)	(0.1)	-
Trade and other payables	(178.1)	(225.7)	(196.6)
Corporation tax liabilities	(141.5)	(138.9)	(156.8)
Other financial liabilities	(2.8)	-	(1.9)
Provisions	(2.7)	(2.1)	(3.3)
	(749.8)	(564.7)	(818.3)
Non-current liabilities			
Interest-bearing loans and borrowings	(598.2)	(888.1)	(659.8)
Derivatives	(10.8)	(1.2)	(11.2)
Other financial liabilities	(9.1)	(16.9)	(13.8)
Deferred tax liabilities	(103.5)	(128.5)	(107.7)
Provisions	(10.2)	(9.5)	(11.2)
	(731.8)	(1,044.2)	(803.7)
Liabilities of disposal groups classified as held for sale	(18.6)	(7.2)	(0.9)
Total liabilities	**(1,500.2)**	**(1,616.1)**	**(1,622.9)**
Net liabilities	**(332.7)**	**(408.8)**	**(328.0)**
EQUITY			
Issued share capital	179.4	179.0	179.2
Share premium account	2,137.4	2,135.0	2,135.8
Treasury and own shares	(112.6)	(113.6)	(114.3)
Foreign currency translation reserve	22.2	16.6	35.6
Retained earnings	(2,559.1)	(2,625.8)	(2,564.3)
Equity shareholders' deficit	**(332.7)**	**(408.8)**	**(328.0)**

Interim consolidated statement of changes in equity

	Share capital £m	Share premium £m	Other reserve £m	Treasury and own shares £m	Retained earnings £m	Foreign currency translation £m	**Total £m**
At 1 January 2008	**178.9**	**2,134.2**	**(30.0)**	**(80.0)**	**(2,663.3)**	**9.4**	**(450.8)**
Profit for the period	-	-	-	-	94.0	-	94.0
Other comprehensive (loss)/income	-	-	-	-	(4.4)	7.2	2.8
Total comprehensive income	-	-	-	-	89.6	7.2	96.8
Issue of shares for cash	-	0.3	-	-	-	-	0.3
Share-based payment awards	0.1	0.5	-	-	(0.6)	-	-
Cost of share-based payments	-	-	-	-	2.9	-	2.9
Own shares purchased	-	-	-	(34.8)	-	-	(34.8)
Provision for share buybacks	-	-	30.0	-	-	-	30.0
Net decrease in shares held in ESOP trusts	-	-	-	1.2	-	-	1.2
Equity dividends	-	-	-	-	(54.4)	-	(54.4)
At 30 June 2008	**179.0**	**2,135.0**	**-**	**(113.6)**	**(2,625.8)**	**16.6**	**(408.8)**
At 1 July 2008	**179.0**	**2,135.0**	**-**	**(113.6)**	**(2,625.8)**	**16.6**	**(408.8)**
Profit for the period	-	-	-	-	106.7	-	106.7
Other comprehensive (loss)/income	-	-	-	-	(14.8)	19.0	4.2
Total comprehensive income	-	-	-	-	91.9	19.0	110.9
Issue of shares for cash	0.2	0.7	-	-	-	-	0.9
Share-based payment awards	-	0.1	-	-	(0.1)	-	-
Cost of share-based payments	-	-	-	-	0.3	-	0.3
Own shares purchased	-	-	-	-	-	-	-
Provision for share buybacks	-	-	-	-	-	-	-
Net increase in shares held in ESOP trusts	-	-	-	(0.7)	-	-	(0.7)
Equity dividends	-	-	-	-	(30.6)	-	(30.6)
At 31 December 2008	**179.2**	**2,135.8**	**-**	**(114.3)**	**(2,564.3)**	**35.6**	**(328.0)**
At 1 January 2009	**179.2**	**2,135.8**	**-**	**(114.3)**	**(2,564.3)**	**35.6**	**(328.0)**
Profit for the period	-	-	-	-	74.7	-	74.7
Other comprehensive loss	-	-	-	-	(15.4)	(13.4)	(28.8)
Total comprehensive income	-	-	-	-	59.3	(13.4)	45.9
Issue of shares for cash	0.1	0.2	-	-	-	-	0.3
Share-based payment awards	0.1	1.4	-	-	(1.5)	-	-
Cost of share-based payments	-	-	-	-	1.8	-	1.8
Net decrease in shares held in ESOP trusts	-	-	-	1.7	-	-	1.7
Equity dividends	-	-	-	-	(54.4)	-	(54.4)
At 30 June 2009	**179.4**	**2,137.4**	**-**	**(112.6)**	**(2,559.1)**	**22.2**	**(332.7)**

Interim consolidated statement of cash flows

	Half year ended 30 June 2009 £m	Half year ended 30 June 2008 £m	Year ended 31 December 2008 £m
Net cash flows from operating activities[1]	94.7	133.7	292.8
Cash flows from investing activities			
Interest received	-	0.3	1.3
Dividends received from associate	-	-	3.5
Payments for intangible assets	(7.1)	(7.4)	(14.6)
Purchase of property, plant and equipment	(14.8)	(24.1)	(58.5)
Purchase of subsidiaries	-	(14.4)	(15.0)
Purchase of businesses	-	(124.9)	(124.9)
Proceeds from the sale of property, plant and equipment	0.9	1.0	1.6
Cash obtained through acquisition of subsidiaries	-	1.7	1.7
Purchase of interests in joint venture	(3.1)	(0.8)	(1.8)
	(24.1)	(168.6)	(206.7)
Cash flows from financing activities			
Proceeds from issue of shares	0.3	0.3	1.2
Proceeds from borrowings	6.0	106.8	239.8
Purchase of ESOP shares	(1.4)	(3.1)	(4.1)
Purchase of treasury shares	-	(34.8)	(34.8)
Repayment of borrowings	(27.9)	(0.3)	(207.0)
Decrease in deposits – maturity greater than three months	-	0.3	0.3
Dividends paid	(54.4)	(54.4)	(85.0)
	(77.4)	14.8	(89.6)
Net decrease in cash and cash equivalents	(6.8)	(20.1)	(3.5)
Net foreign exchange difference	(0.7)	0.5	2.6
Cash and cash equivalents at beginning of the period	25.0	25.9	25.9
Cash and cash equivalents at end of the period	17.5	6.3	25.0
Cash and cash equivalents comprise:			
Cash at bank and in hand	20.9	28.7	27.0
Bank overdraft	(3.4)	(22.4)	(2.0)
	17.5	6.3	25.0
Analysed as:			
Continuing operations	13.7	5.9	24.4
Discontinued operations	3.8	0.4	0.6
	17.5	6.3	25.0

[1] *See note 11 for a reconciliation between profit before tax and finance costs and net cash flows from operating activities.*

Notes to the financial statements

1. Corporate information

Ladbrokes plc is a limited company incorporated and domiciled in the United Kingdom whose shares are publicly traded. The principle activities of the company and its subsidiaries ("the Group") are described in Note 3.

The interim consolidated financial statements of the Group for the half year ended 30 June 2009 were authorised for issue in accordance with a resolution of the directors on 6 August 2009.

2. Basis of preparation

(a) The Group's annual financial statements for the year ended 31 December 2008 were prepared in accordance with International Financial Standards ("IFRS") as adopted by the European Union. The interim condensed consolidated financial statements for the half year ended 30 June 2009 have been prepared in accordance with IAS 34 Interim Financial Reporting. The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements at 31 December 2008.

The accounting policies adopted in the preparation of the interim financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2008 except for the adoption of new standards and interpretations as noted below:

- IFRS 8 Operating Segments

This standard requires disclosure of information about the Group's operating segments and replaces the requirement to determine primary (business) and secondary (geographical) reporting segments of the Group. The adoption of this standard did not have any effect on the financial position or performance of the Group. The Group determined that the operating segments were the same as the business segments previously identified under IAS 14 Segment Reporting. Additional disclosures about each of these segments are shown in Note 3, including revised comparative information.

- IAS 1 Revised Presentation of Financial Statements

The revised standard separates owner and non-owner changes in equity. The statement of changes in equity includes only details of transactions with owners, with non-owner changes in equity presented as a single line. In addition, the standard introduces the statement of comprehensive income, which presents all items of recognised income and expense, either in one single statement, or in two linked statements. The Group has elected to present two statements.

The International Accounting Standards Board's Annual Improvements Project was published in May 2008, with the majority of changes being applicable for the period commencing 1 January 2009. The project made minor amendments to a number of standards, primarily with a view to removing inconsistencies and clarifying wording. The amendments to these standards did not have any impact on the accounting policies, financial position or performance of the Group.

The interim financial information was approved by a duly appointed and authorised committee of the Board of directors on 6 August 2009 and is unaudited. The auditors have carried out a review and their report is set out on page 47.

The financial information set out in this document in respect of the year ended 31 December 2008 does not constitute the Group's statutory accounts for the year ended 31 December 2008. The auditor's report on the statutory accounts for 2008 was unqualified and did not contain a statement under section 237 (2) or 237 (3) of the Companies Act 1985. Statutory accounts for 2008 have been delivered to the Registrar of Companies.

(b) To assist in understanding the underlying performance, the Group has defined the following items of income and expense as non-trading in nature:

- Profits/losses on disposal and impairment of non-current assets
- Profits/losses on disposal of businesses and investments
- Unrealised gains/losses on derivatives arising from hedging interest rate and currency exposures
- Litigation and transaction costs
- Derecognition of deferred consideration on acquisitions

The non-trading items have been included within the appropriate classifications in the consolidated income statement.

(c) The Group has restated its comparative year ended 31 December 2008 and half year ended 30 June 2008 income statements to reflect its Italian Retail operations as discontinued.

3. Segment information

Management has determined the operating segments based on the reports that are reviewed by the Board of directors to make strategic decisions.

The Group's continuing operating businesses are organised and managed separately as four principal segments according to the nature of the services provided as outlined below. The Group's reportable segments are:

- UK Retail: comprises betting activities in the shop estate in Great Britain.
- Other European Retail: comprises all activities connected with the Ireland (North and South), Belgium and Spain shop estates.
- eGaming: comprises betting and gaming activities from online operations.
- Telephone Betting: comprises activities relating to bets taken on the telephone, including High Rollers.

The discontinued operations comprise Italy, Paddington Casino and Hotels in 2009 and 2008.

The Board assesses the performance of operating segments based on a measure of profit before interest and tax. This measurement basis excludes the effect of non recurring or non-trading income and expenditure from the operating segments.

3. Segment information (continued)

Half year ended 30 June 2009	Revenue £m	Profit before taxation and non-trading items £m	Profit before taxation and after non-trading items £m
Continuing operations:			
UK Retail	343.6	82.1	82.1
Other European Retail	67.1	5.1	5.1
eGaming	84.6	20.8	20.8
Telephone Betting	69.8	57.0	57.0
Segment revenue and profit	565.1	165.0	165.0
International development costs		(1.1)	(1.1)
Corporate costs		(6.9)	(6.9)
Profit before tax and net finance costs		157.0	157.0
Net finance costs		(25.7)	(27.0)
Profit before taxation (continuing operations)		131.3	130.0
Discontinued operations			
Italy	14.8	(4.4)	(32.2)
Casino	3.0	(0.3)	(3.6)
	17.8	(4.7)	(35.8)
Net finance costs		(0.3)	(0.3)
Profit before taxation (discontinued operations)		(5.0)	(36.1)
Group revenue and profit	582.9	126.3	93.9

3. Segment information (continued)

Half year ended 30 June 2008	Restated revenue[1] £m	Restated profit before taxation and non-trading items[1] £m	Restated profit before taxation and after non-trading items[1] £m
Continuing operations:			
UK Retail	371.1	98.3	93.7
Other European Retail	66.6	15.7	15.7
eGaming	86.6	26.2	26.2
Telephone Betting	80.5	42.2	42.2
Segment revenue and profit	604.8	182.4	177.8
International development costs		(2.2)	(2.2)
Corporate costs		(7.6)	(7.6)
Profit before tax and net finance costs		172.6	168.0
Net finance costs		(36.0)	(38.4)
Profit before taxation (continuing operations)		136.6	129.6
Discontinued operations			
Italy	10.0	(2.6)	(2.9)
Casino	3.7	(0.3)	(7.8)
	13.7	(2.9)	(10.7)
Net finance costs		(0.3)	(0.3)
Profit before taxation (discontinued operations)		(3.2)	(11.0)
Group revenue and profit	618.5	133.4	118.6

(1) Refer to note 15 for details of the restatement

3. Segment information (continued)

Year ended 31 December 2008	Restated revenue[1] £m	Restated profit before taxation and non-trading items[1] £m	Restated profit before taxation and after non-trading items[1] £m
Continuing operations:			
UK Retail	723.1	187.9	177.7
Other European Retail	130.3	24.4	23.3
eGaming	172.2	55.1	59.1
Telephone Betting	125.6	83.2	83.2
Segment revenue and profit	1,151.2	350.6	343.3
International development costs		(4.9)	(4.9)
Corporate costs		(14.9)	(15.8)
Profit before tax and net finance costs		330.8	322.6
Net finance costs		(65.2)	(65.1)
Profit before taxation (continuing operations)		265.6	257.5
Discontinued operations			
Italy	20.9	(6.9)	(7.3)
Casino	6.6	(1.1)	(8.6)
Hotels	-	-	(2.0)
	27.5	(8.0)	(17.9)
Net finance costs		(0.6)	(0.6)
Profit before taxation (discontinued operations)		(8.6)	(18.5)
Group revenue and profit	1,178.7	257.0	239.0

(1) Refer to note 15 for details of the restatement

4. Non-trading items

Continuing operations:	Half year ended 30 June 2009 £m	Restated half year ended 30 June 2008 £m	Restated year ended 31 December 2008 £m
Net unrealised (losses)/gains on derivatives and (losses)/gains on retranslation of foreign currency borrowings	(1.3)	(2.4)	0.1
Loss on closure of UK Retail shops	-	(3.0)	(7.2)
Loss on closure of Other European Retail (Ireland) shops	-	-	(1.1)
Litigation and transaction costs	-	(1.6)	(3.9)
Derecognition of deferred consideration on acquisitions	-	-	4.0
Total non-trading items before taxation	(1.3)	(7.0)	(8.1)
Non-trading tax credit	0.4	0.7	1.1
Non-trading items after taxation	(0.9)	(6.3)	(7.0)

Non-trading items relating to discontinued operations are shown in note 6.

5. Taxation

The total tax charge on continuing operations was £19.3 million (half year ended 30 June 2008: £24.8 million; restated year ended 31 December 2008: £37.3 million). The taxation charge in the period relates to UK tax.

6. Discontinued operations

The Group is committed to sell its Italian Retail and the Casino operations and is actively looking to identify buyers for the Italian Retail business and is in discussions with potential buyers for the Casino business. The Italian Retail and the Casino operations have been treated as discontinued.

Loss from discontinued operations comprises the following:

	Half year ended 30 June 2009			Half year ended 30 June 2008			Year ended 31 December 2008			
	Italy	Casino £m	**Total**	Italy	Casino £m	**Total £m**	Italy	Casino £m	Hotels £m	**Total £m**
Revenue	14.8	3.0	**17.8**	10.0	3.7	**13.7**	20.9	6.6	-	**27.5**
Expenses	(19.2)	(3.3)	**(22.5)**	(12.6)	(4.0)	**(16.6)**	(27.8)	(7.7)	-	**(35.5)**
Loss before tax, finance costs and non-trading items	(4.4)	(0.3)	**(4.7)**	(2.6)	(0.3)	**(2.9)**	(6.9)	(1.1)	-	**(8.0)**
Net finance costs	(0.3)	-	**(0.3)**	-	(0.3)	**(0.3)**	-	(0.6)	-	**(0.6)**
Loss before tax and non-trading items	(4.7)	(0.3)	**(5.0)**	(2.6)	(0.6)	**(3.2)**	(6.9)	(1.7)	-	**(8.6)**
Impairment loss	(27.8)	(3.3)	**(31.1)**	-	(7.5)	**(7.5)**	-	(7.5)	-	**(7.5)**
Litigation and transaction costs	-	-	**-**	(0.3)	-	**(0.3)**	(0.4)	-	-	**(0.4)**
Loss on financial guarantee contracts	-	-	**-**	-	-	**-**	-	-	(2.0)	**(2.0)**
Loss before tax	(32.5)	(3.6)	**(36.1)**	(2.9)	(8.1)	**(11.0)**	(7.3)	(9.2)	(2.0)	**(18.5)**
Taxation	-	0.1	**0.1**	-	0.2	**0.2**	(1.5)	0.5	-	**(1.0)**
Loss for the period	(32.5)	(3.5)	**(36.0)**	(2.9)	(7.9)	**(10.8)**	(8.8)	(8.7)	(2.0)	**(19.5)**
Loss for the period before non-trading items	(4.7)	(0.2)	**(4.9)**	(2.6)	(0.4)	**(3.0)**	(8.4)	(1.2)	-	**(9.6)**

6. Discontinued operations (continued)

The major classes of assets and liabilities of the Italian Retail and the Casino business classified as held for sale are as follows:

	30 June 2009			30 June 2008		31 December 2008	
	Italy £m	Casino £m	**Total** £m	Casino £m	**Total £m**	Casino £m	**Total £m**
Assets							
Non-current assets							
Goodwill and intangible assets	39.6	0.4	**40.0**	3.7	**3.7**	3.7	**3.7**
Property, plant and equipment	16.9	4.7	**21.6**	4.5	**4.5**	4.7	**4.7**
Other financial assets	1.0	-	**1.0**				
	57.5	5.1	**62.6**	8.2	**8.2**	8.4	**8.4**
Current assets							
Trade and other receivables	7.1	0.4	**7.5**	0.4	**0.4**	0.4	**0.4**
Cash and short-term deposits	3.3	0.5	**3.8**	0.4	**0.4**	0.6	**0.6**
	10.4	0.9	**11.3**	0.8	**0.8**	1.0	**1.0**
Total assets held for sale	67.9	6.0	**73.9**	9.0	**9.0**	9.4	**9.4**
Liabilities							
Current liabilities							
Trade and other payables	(9.7)	(1.0)	**(10.7)**	(1.0)	**(1.0)**	(0.9)	**(0.9)**
Corporation tax liabilities	(1.1)	-	**(1.1)**	-	**-**	-	**-**
	(10.8)	(1.0)	**(11.8)**	(1.0)	**(1.0)**	(0.9)	**(0.9)**
Non current liabilities							
Interest bearing loans and borrowings	-	-	**-**	(6.2)	**(6.2)**	-	**-**
Other financial liabilities	(6.8)	-	**(6.8)**	-	**-**	-	**-**
	(6.8)	-	**(6.8)**	(6.2)	**(6.2)**	-	**-**
Total liabilities held for sale	(17.6)	(1.0)	**(18.6)**	(7.2)	**(7.2)**	(0.9)	**(0.9)**
Net assets held for sale	50.3	5.0	**55.3**	1.8	**1.8**	8.5	**8.5**

Following the decision to sell the Italian Retail business, the Group carried out an impairment review at 30 June 2009. An impairment charge of £27.8 million has been recorded against licences held within intangible assets.

The Italian Retail business is a cash generating unit within the Other European Retail segment and is now classified as a discontinued operation. Its recoverable amount was determined as the fair value less costs to sell, estimated based on discounted cash flows. The cash flows were based on budgets approved by management for the next two years, extrapolated thereafter using a 2.5% growth rate. This rate does not exceed the average long-term growth rate for the Italian market.

The key assumptions taken into account by management were its cash flow projections and the discount rate applied. The cash flow projections are based upon management's best estimate of future trends and performance and taking account of industry sources. The discount rate applied to the cash flow projections was 12%.

Additionally, an impairment charge of £3.3 million has been recorded in respect of the Casino business.

7. Dividends paid and proposed

Pence per share – proposed	Half year ended 30 June 2009 Pence	Half year ended 30 June 2008 Pence	Year ended 31 December 2008 Pence
Interim	3.50	5.10	5.10
Final	-	-	9.05
	3.50	5.10	14.15

The dividends paid in the half years ended 30 June 2009 and 30 June 2008 were £54.4 million (9.05p per share) and £54.4 million (9.05p per share) respectively. An interim dividend of 3.50p per share (2008: 5.10p) was declared by the Directors at their meeting on 6 August 2009. These financial statements do not reflect this dividend payable.

8. Earnings per share

The calculation of adjusted earnings per share before non-trading items is included as it provides a better understanding of the underlying performance of the Group.

Continuing operations

Half year ended 30 June 2009	Earnings £m	Diluted earnings £m	Basic EPS pence per share	Diluted EPS pence per share
Profit attributable to shareholders	110.7	110.7	18.4p	18.3p
Non-trading items net of tax	0.9	0.9	0.2p	0.2p
Adjusted profit attributable to shareholders	111.6	111.6	18.6p	18.5p

Restated half year ended 30 June 2008	Earnings £m	Diluted earnings £m	Basic EPS pence per Share	Diluted EPS pence per Share
Profit attributable to shareholders	104.8	104.8	17.4p	17.3p
Non-trading items net of tax	6.3	6.3	1.1p	1.1p
Adjusted profit attributable to shareholders	111.1	111.1	18.5p	18.4p

Restated year ended 31 December 2008	Earnings £m	Diluted earnings £m	Basic EPS pence per Share	Diluted EPS pence per Share
Profit attributable to shareholders	220.2	220.2	36.6p	36.4p
Non-trading items net of tax	7.0	7.0	1.2p	1.2p
Adjusted profit attributable to shareholders	227.2	227.2	37.8p	37.6p

Total Group

Half year ended 30 June 2009	Earnings £m	Diluted earnings £m	Basic EPS pence per share	Diluted EPS pence per Share
Profit attributable to shareholders	74.7	74.7	12.4p	12.4p
Non-trading items net of tax	32.0	32.0	5.3p	5.3p
Adjusted profit attributable to shareholders	106.7	106.7	17.7p	17.7p

Half year ended 30 June 2008	Earnings £m	Diluted earnings £m	Basic EPS pence per share	Diluted EPS pence per share
Profit attributable to shareholders	94.0	94.0	15.6p	15.5p
Non-trading items net of tax	14.1	14.1	2.4p	2.4p
Adjusted profit attributable to shareholders	108.1	108.1	18.0p	17.9p

Year ended 31 December 2008	Earnings £m	Diluted earnings £m	Basic EPS pence per share	Diluted EPS pence per share
Profit attributable to shareholders	200.7	200.7	33.4p	33.2p
Non-trading items net of tax	16.9	16.9	2.8p	2.8p
Adjusted profit attributable to shareholders	217.6	217.6	36.2p	36.0p

8. Earnings per share (continued)

The number of shares used in the calculation is shown below:

	Half year ended 30 June 2009 Millions	Half year ended 30 June 2008 Millions	Year ended 31 December 2008 Millions
Weighted average number of ordinary shares for the purposes of basic earnings per share	601.1	602.1	601.3
Share options	0.2	1.4	0.8
Issue of contingently issuable shares	2.0	1.2	1.6
Weighted average number of ordinary shares for the purposes of dilutive earnings per share	603.3	604.7	603.7

At 30 June 2009, excluding Treasury shares, there were 601.3 million $28^{1}/_{3}$p ordinary shares in issue (30 June 2008: 600.1 million, 31 December 2008: 600.6 million). Including Treasury shares there were 633.1 million $28^{1}/_{3}$p ordinary shares in issue (30 June 2008: 631.8 million, 31 December 2008: 632.4 million).

9. Property, plant and equipment

During the half year ended 30 June 2009, the Group acquired assets with a cost of £15.2 million (half year ended 30 June 2008: £24.9 million, year ended 31 December 2008: £58.0 million). There were no business combinations in the half year ended 30 June 2009 (in the half year ended 30 June 2008 the group acquired assets from business combinations at a cost of £1.2 million, year ended 31 December 2008: £1.2 million).

Assets with a net book value of £1.7 million were disposed of by the Group during the half year ended 30 June 2009 (half year ended 30 June 2008: £1.8 million, year ended 31 December 2008: £6.6 million).

At 30 June 2009 the Group had entered into contractual commitments for the acquisition of property, plant and equipment amounting to £3.3 million (half year ended 30 June 2008: £1.3 million, year ended 31 December 2008: £4.2 million).

10. Net debt

The Group's net debt structure is as follows:

	30 June 2009			30 June 2008			31 December 2008		
	Continuing £m	Discontinued £m	**Total £m**	Continuing £m	Discontinued £m	**Total £m**	Continuing £m	Discontinued £m	**Total £m**
Non-current assets									
Derivatives	-	-	**-**	25.5	-	**25.5**	1.5	-	**1.5**
Current assets									
Derivatives	50.8	-	**50.8**	-	-	**-**	115.1	-	**115.1**
Cash and short term deposits	17.1	3.8	**20.9**	28.3	0.4	**28.7**	26.4	0.6	**27.0**
Current liabilities									
Bank overdrafts	(3.4)	-	**(3.4)**	(22.4)	-	**(22.4)**	(2.0)	-	**(2.0)**
Interest-bearing loans and borrowings	(419.2)	-	**(419.2)**	(175.5)	-	**(175.5)**	(457.7)	-	**(457.7)**
Derivatives	(2.1)	-	**(2.1)**	(0.1)	-	**(0.1)**	-	-	**-**
Non-current liabilities									
Interest-bearing loans and borrowings	(598.2)	-	**(598.2)**	(888.1)	(6.2)	**(894.3)**	(659.8)	-	**(659.8)**
Derivatives	(10.8)	-	**(10.8)**	(1.2)	-	**(1.2)**	(11.2)	-	**(11.2)**
Net debt	(965.8)	3.8	**(962.0)**	(1,033.5)	(5.8)	**(1,039.3)**	(987.7)	0.6	**(987.1)**

11. Note to the statement of cash flows

Reconciliation of profit to net cash inflow from operating activities:

	Half year ended 30 June 2009 £m	Restated half year ended 30 June 2008 £m	Restated year ended 31 December 2008 £m
Profit before tax and finance costs – continuing	157.0	172.6	330.8
Loss before tax and finance costs - discontinued	(4.7)	(2.9)	(8.0)
Profit before tax and finance costs	152.3	169.7	322.8
Depreciation - continuing	24.0	22.7	46.8
Depreciation - discontinued	1.3	1.3	1.3
Amortisation of intangible assets - continuing	3.2	3.8	6.2
Cost of share based payments	1.8	2.9	3.2
Increase in financial assets	(2.7)	(5.0)	(3.6)
(Increase)/decrease in trade and other receivables	(19.8)	25.5	44.6
Increase in other financial liabilities	1.5	1.2	3.5
Decrease in trade and other payables	(17.8)	(6.4)	(7.2)
(Decrease)/increase in provisions	(1.6)	(1.5)	1.5
Contribution to retirement benefit schemes	(3.5)	(3.0)	(6.0)
Share of results from joint venture	1.3	1.1	1.7
Share of results from associate	(1.7)	(1.5)	(3.7)
Other items	1.7	(2.8)	3.6
Cash generated by operations	140.0	208.0	414.7
Income taxes paid	(23.8)	(43.4)	(49.9)
Finance costs paid	(21.5)	(30.9)	(72.0)
Net cash inflow from operating activities	**94.7**	**133.7**	**292.8**

Cash and short term deposits in the balance sheet comprise:

	30 June 2009 £m	30 June 2008 £m	31 December 2008 £m
Continuing operations			
Cash at bank and in hand	17.1	28.3	26.4
	17.1	28.3	26.4
Discontinued operations			
Cash at bank and in hand	3.8	0.4	0.6
	3.8	0.4	0.6
Total	**20.9**	**28.7**	**27.0**

11. Note to the statement of cash flows (continued)

Cash and cash equivalents in the cash flow statement comprise cash at bank and other short-term highly liquid investments with a maturity of three months or less and overdrafts:

	30 June 2009 £m	30 June 2008 £m	31 December 2008 £m
Continuing operations			
Cash at bank and in hand	17.1	28.3	26.4
Bank overdrafts (included in current liabilities)	(3.4)	(22.4)	(2.0)
	13.7	5.9	24.4
Discontinued operations			
Cash at bank and in hand	3.8	0.4	0.6
	3.8	0.4	0.6
Total	**17.5**	**6.3**	**25.0**

12. Business combinations

There were no acquisitions in the half year ended 30 June 2009.

In the half year ended 30 June 2008, the Group acquired the following interests for a consideration of £142.5 million (cash paid of £139.0 million, deferred consideration of £2.6 million and acquisition costs of £0.9 million) with net assets at fair value of £137.6 million, resulting in goodwill on acquisition of £4.9 million.

	Consideration £m	Interest %	Date of acquisition
Agenzie Scommesse SRL	17.6	100	4 February 2008
Eastwood Bookmakers	118.1	100	6 February 2008
McCartan Bookmakers	6.8	100	1 April 2008
	142.5		

For the year ended 31 December 2008, Agenzie Scommesse SRL contributed £6.9 million revenue and £1.7 million operating profit to the Group. Eastwood Bookmakers contributed £20.1 million revenue and £7.3 million operating profit to the Group. McCartan Bookmakers contributed £1.6 million revenue and £0.6 million operating profit to the Group.

If the acquisitions had been completed on the first day of the financial year ended 31 December 2008, Group revenue for the full year ended 31 December 2008 would have been £3.7 million higher and Group profit attributable to equity holders of the parent Company would have been £1.6 million higher than disclosed in the income statement.

13. Related party transactions

The following table provides the total amount of trading transactions, which have been entered into with related parties.

	Half year ended 30 June 2009 £m	Half year ended 30 June 2008 £m	Year ended 31 December 2008 £m
Equity investment			
- Joint venture	3.1	0.8	1.8
Additional loans provided			
- Joint venture partner	2.7	0.8	2.1
Dividends received			
- Associate	-	-	3.5
Sundry expenditures			
- Associate	16.1	15.5	33.7

The following table provides the related party outstanding balances.

	Half year ended 30 June 2009 £m	Half year ended 30 June 2008 £m	Year ended 31 December 2008 £m
Loan balances outstanding			
- Joint venture partner	5.3	1.3	2.6
Other payables outstanding			
- Associate	2.2	2.3	2.4
Other receivables outstanding			
- Associate	-	0.2	1.6

14. Contingent liabilities

The following contingent liabilities exist at 30 June 2009:

Guarantees have been given in the ordinary course of business in respect of loans and derivative contracts granted to subsidiaries amounting to £1,013.9 million (31 December 2008: £1,113.6 million, 30 June 2008: £1,065.5 million). In addition, subsidiaries have guaranteed loans of £0.2 million (31 December 2008: £0.4 million, 30 June 2008: £0.4 million) given in the normal course of business to other subsidiary companies.

Bank guarantees have been issued on behalf of subsidiaries and the joint venture with a value of £32.9 million (31 December 2008: £37.2 million, 30 June 2008: £22.1 million).

The Group has given guarantees to third parties in respect of lease liabilities of former subsidiaries within the disposed hotels division. The Group received an indemnity from Hilton Hotels Corporation (HHC), at the time of the hotels disposal, in relation to any loss the Group may subsequently incur under these third party guarantees. The guarantees expire between 2009 and 2042 and the lease liabilities comprise a combination of minimum contractual and turnover based elements.

14. Contingent liabilities (continued)

The maximum liability exposure in respect of the guarantees for all periods up to 2042 is £928.9 million (30 June 2008: £981.0 million, 31 December 2008: £943.1 million), with a maximum indemnity receivable of the same amount. Included in the maximum liability exposure is £522.9 million (30 June 2008: £534.2 million, 31 December 2008: £528.5 million) in relation to the turnover based element of the hotel rentals and £406.0 million (30 June 2008: £446.8 million, 31 December 2008: £414.6 million) in relation to the minimum contractual based element. The maximum liability represents the total of all guaranteed rentals under the non-cancellable agreements into which the Group has entered.

The net present value of the maximum exposure at 30 June 2009 is £415.9 million (30 June 2008: £458.2 million, 31 December 2008: £430.1 million). Included in the net present value of the maximum exposure is £213.4 million (30 June 2008: £221.4 million, 31 December 2008: £219.1 million) in relation to the turnover based element of the hotel rentals and £202.5 million (30 June 2008: £236.8 million, 31 December 2008: £211.0 million) in relation to the minimum contractual based element.

The Group monitors its exposure under these guarantees on a regular basis and seeks, where appropriate, to novate its obligations.

The financial guarantees liability has been valued using a probability based model to estimate the net present value of the liabilities payable in the event of a default by the hotels covered by the guarantees, and the probability of such a default and new tenants being identified.

The financial guarantee asset has been valued on a similar basis to the liability, taking account of the credit profile of the counterparty, HHC, to assess the likelihood of HHC continuing to be solvent at the time of any future potential claim under the indemnity. At 30 June 2009 the Group has recognised a financial liability of £9.0 million (30 June 2008: £10.0 million, 31 December 2008: £9.0 million) in respect of these guarantees together with a financial asset of £nil (30 June 2008: £3.0 million, 31 December 2008: £nil) in relation to the indemnity.

The key assumption in the probability model is the hotel default rate. A rate of 2.0% has been used as at 30 June 2009 (30 June 2008: 1.2%, 31 December 2008: 2.0%). A 0.5 percentage point increase in the default rate would increase the financial liability by £1.0 million.

15. Restatement of income statement and segment information note for prior periods

Half year ended 30 June 2008

	Reported	*Adjustment*	*Restated*
	Before non-trading items	Discontinued operations	Before non-trading items
	Total £m	Total £m	Total £m
Continuing operations			
Amounts staked[1]	8,785.8	(61.5)	8,724.3
Revenue	614.8	(10.0)	604.8
Cost of sales before depreciation and amortisation	(377.6)	9.3	(368.3)
Administrative expenses	(39.8)	2.0	(37.8)
Share of results from joint venture and associate	0.4	-	0.4
EBITDA	197.8	1.3	199.1
Depreciation and amounts written off non-current assets	(27.8)	1.3	(26.5)
Profit before tax and finance costs	170.0	2.6	172.6
Finance costs	(36.3)	-	(36.3)
Finance income	0.3	-	0.3
Profit before taxation	134.0	2.6	136.6
Income tax expense	(25.5)	-	(25.5)
Profit for the period – continuing operations	108.5	2.6	111.1
Discontinued operations			
Loss for the period from discontinued operations	(0.4)	(2.6)	(3.0)
Profit for the period	108.1	-	108.1
Attributable to:			
Equity holders of the parent	108.1	-	108.1
Earnings per share from continuing operations:			
- basic	18.0p	0.5p	18.5p
- diluted	17.9p	0.5p	18.4p
Earnings per share on profit for the period:			
- basic	18.0p	-	18.0p
- diluted	17.9p	-	17.9p
Proposed dividends	5.10p	-	5.10p

[1] Amounts staked does not represent the Group's statutory revenue and comprises the total amount staked by customers on betting and gaming activities.

15. Restatement of income statement and segment information note for prior periods (continued)

Half year ended 30 June 2008

	Reported	*Adjustment*	*Restated*
	After non-trading items	Discontinued operations	After non-trading items
	Total £m	Total £m	Total £m
Continuing operations			
Amounts staked[(1)]	8,785.8	(61.5)	8,724.3
Revenue	614.8	(10.0)	604.8
Cost of sales before depreciation and amortisation	(378.4)	9.3	(369.1)
Administrative expenses	(41.7)	2.3	(39.4)
Share of results from joint venture and associate	0.4	-	0.4
EBITDA	195.1	1.6	196.7
Depreciation and amounts written off non – current assets	(30.0)	1.3	(28.7)
Profit before tax and finance costs	165.1	2.9	168.0
Finance costs	(67.8)	-	(67.8)
Finance income	29.4	-	29.4
Profit before taxation	126.7	2.9	129.6
Income tax expense	(24.8)	-	(24.8)
Profit for the period – continuing operations	101.9	2.9	104.8
Discontinued operations			
Loss for the period from discontinued operations	(7.9)	(2.9)	(10.8)
Profit for the period	94.0	-	94.0
Attributable to:			
Equity holders of the parent	94.0	-	94.0
Earnings per share from continuing operations:			
- basic	16.9p	0.5p	17.4p
- diluted	16.8p	0.5p	17.3p
Earnings per share on profit for the period:			
- basic	15.6p	-	15.6p
- diluted	15.5p	-	15.5p
Proposed dividends	5.10p	-	5.10p

[(1)] Amounts staked does not represent the Group's statutory revenue and comprises the total amount staked by customers on betting and gaming activities.

15. Restatement of income statement and segment information note for prior periods (continued)

Year ended 31 December 2008	*Reported*	*Adjustment*	*Restated*
	Before non-trading items	Discontinued operations	Before non-trading items
	Total £m	Total £m	Total £m
Continuing operations			
Amounts staked [1]	16,647.7	(123.2)	16,524.5
Revenue	1,172.1	(20.9)	1,151.2
Cost of sales before depreciation and amortisation	(716.3)	20.1	(696.2)
Administrative expenses	(79.6)	6.4	(73.2)
Share of results from joint venture and associate	2.0	-	2.0
EBITDA	378.2	5.6	383.8
Depreciation and amounts written off non-current assets	(54.3)	1.3	(53.0)
Profit before tax and finance costs	323.9	6.9	330.8
Finance costs	(67.4)	-	(67.4)
Finance income	2.2	-	2.2
Profit before taxation	258.7	6.9	265.6
Income tax expense	(39.9)	1.5	(38.4)
Profit for the period – continuing operations	218.8	8.4	227.2
Discontinued operations			
Loss for the period from discontinued operations	(1.2)	(8.4)	(9.6)
Profit for the period	217.6	-	217.6
Attributable to:			
Equity holders of the parent	217.6	-	217.6
Earnings per share from continuing operations:			
- basic	36.4p	1.4p	37.8p
- diluted	36.2p	1.4p	37.6p
Earnings per share on profit for the period:			
- basic	36.2p	-	36.2p
- diluted	36.0p	-	36.0p
Proposed dividends	9.05p	-	9.05p

[1] Amounts staked does not represent the Group's statutory revenue and comprises the total amount staked by customers on betting and gaming activities.

15. Restatement of income statement and segment information note for prior periods (continued)

Year ended 31 December 2008	*Reported*	*Adjustment*	*Restated*
	After non-trading items	Discontinued operations	After non-trading items
		Total	Total
	£m	£m	£m
Continuing operations			
Amounts staked [(1)]	16,647.7	(123.2)	16,524.5
Revenue	1,172.1	(20.9)	1,151.2
Cost of sales before depreciation and amortisation	(717.4)	20.1	(697.3)
Administrative expenses	(79.9)	6.8	(73.1)
Share of results from joint venture and associate	2.0	-	2.0
EBITDA	376.8	6.0	382.8
Depreciation and amounts written off non-current assets	(61.5)	1.3	(60.2)
Profit before tax and finance costs	315.3	7.3	322.6
Finance costs	(191.1)	-	(191.1)
Finance income	126.0	-	126.0
Profit before taxation	250.2	7.3	257.5
Income tax expense	(38.8)	1.5	(37.3)
Profit for the period – continuing operations	211.4	8.8	220.2
Discontinued operations			
Loss for the period from discontinued operations	(10.7)	(8.8)	(19.5)
Profit for the period	200.7	-	200.7
Attributable to:			
Equity holders of the parent	200.7	-	200.7
Earnings per share from continuing operations:			
- basic	35.2p	1.4p	36.6p
- diluted	35.0p	1.4p	36.4p
Earnings per share on profit for the period:			
- basic	33.4p	-	33.4p
- diluted	33.2p	-	33.2p
Proposed dividends	9.05p	-	9.05p

[(1)] Amounts staked does not represent the Group's statutory revenue and comprises the total amount staked by customers on betting and gaming activities.

15. Restatement of income statement and segment information note for prior periods (continued)

Half year ended 30 June 2008	Reported revenue £m	Spain reclassification £m	Discontinued Italy £m	Restated revenue £m
Continuing operations:				
UK Retail	371.1	-	-	371.1
Other European Retail	76.6	-	(10.0)	66.6
eGaming	86.6	-	-	86.6
Telephone Betting	80.5	-	-	80.5
Total continuing	614.8	-	(10.0)	604.8
Discontinued operations				
Italy	-	-	10.0	10.0
Casino	3.7	-	-	3.7
Total discontinued	3.7	-	10.0	13.7
Group	618.5	-	-	618.5

Half year ended 30 June 2008	Reported profit before taxation and non-trading items £m	Spain reclassification £m	Discontinued Italy £m	Restated profit before taxation and non-trading items £m
Continuing operations:				
UK Retail	98.3	-	-	98.3
Other European Retail	14.7	(1.6)	2.6	15.7
eGaming	26.2	-	-	26.2
Telephone Betting	42.2	-	-	42.2
Total continuing	181.4	(1.6)	2.6	182.4
International Development costs[1]	(3.8)	1.6	-	(2.2)
Corporate costs	(7.6)	-	-	(7.6)
Total before net finance costs	170.0	-	2.6	172.6
Net finance costs	(36.0)	-	-	(36.0)
Total continuing operations	134.0	-	2.6	136.6
Discontinued operations:				
Italy	-	-	(2.6)	(2.6)
Casino	(0.3)	-	-	(0.3)
	(0.3)	-	(2.6)	(2.9)
Net finance costs	(0.3)	-	-	(0.3)
	(0.6)	-	(2.6)	(3.2)
Group	133.4	-	-	133.4

[1] *classified as Other in 2008*

15. Restatement of income statement and segment information note for prior periods (continued)

Half year ended 30 June 2008	Reported profit before taxation and after non-trading items £m	Spain reclassification £m	Discontinued Italy £m	Restated profit before taxation and after non-trading items £m
Continuing operations:				
UK Retail	93.7	-	-	93.7
Other European Retail	14.4	(1.6)	2.9	15.7
eGaming	26.2	-	-	26.2
Telephone Betting	42.2	-	-	42.2
Total continuing	176.5	(1.6)	2.9	177.8
International Development costs[1]	(3.8)	1.6	-	(2.2)
Corporate costs	(7.6)	-	-	(7.6)
Total before net finance costs	165.1	-	2.9	168.0
Net finance costs	(38.4)		-	(38.4)
Total continuing operations	126.7	-	2.9	129.6
Discontinued operations:				
Italy	-	-	(2.9)	(2.9)
Casino	(7.8)	-	-	(7.8)
	(7.8)	-	(2.9)	(10.7)
Net finance costs	(0.3)	-	-	(0.3)
	(8.1)	-	(2.9)	(11.0)
Group	118.6	-	-	118.6

[1] *classified as Other in 2008*

15. Restatement of income statement and segment information note for prior periods (continued)

Year ended 31 December 2008	Reported revenue £m	Spain reclassification £m	Discontinued Italy £m	Restated revenue £m
Continuing operations:				
UK Retail	723.1	-	-	723.1
Other European Retail	151.2	-	(20.9)	130.3
eGaming	172.2	-	-	172.2
Telephone Betting	125.6	-	-	125.6
Total continuing	1,172.1	-	(20.9)	1,151.2
Discontinued operations				
Italy	-	-	20.9	20.9
Casino	6.6	-	-	6.6
Total discontinued	6.6	-	20.9	27.5
Group	1,178.7	-	-	1,178.7

Year ended 31 December 2008	Reported profit before taxation and non-trading items £m	Spain reclassification £m	Discontinued Italy £m	Reported profit before taxation and non- trading items £m
Continuing operations:				
UK Retail	187.9	-	-	187.9
Other European Retail	20.6	(3.1)	6.9	24.4
eGaming	55.1	-	-	55.1
Telephone Betting	83.2	-	-	83.2
Total continuing	346.8	(3.1)	6.9	350.6
International Development costs[(1)]	(8.0)	3.1	-	(4.9)
Corporate costs	(14.9)	-	-	(14.9)
Total before net finance costs	323.9	-	6.9	330.8
Net finance costs	(65.2)	-	-	(65.2)
Total continuing operations	258.7	-	6.9	265.6
Discontinued operations				
Italy	-	-	(6.9)	(6.9)
Casino	(1.1)	-	-	(1.1)
	(1.1)	-	(6.9)	(8.0)
Net finance costs	(0.6)	-	-	(0.6)
	(1.7)	-	(6.9)	(8.6)
Group	257.0	-	-	257.0

[(1)] *classified as Other in 2008*

15. Restatement of income statement and segment information note for prior periods (continued)

Year ended 31 December 2008	Reported profit before taxation and after non-trading items £m	Spain reclassification £m	Discontinued Italy £m	Reported profit before taxation and after non-trading items £m
Continuing operations:				
UK Retail	177.7	-	-	177.7
Other European Retail	19.1	(3.1)	7.3	23.3
eGaming	59.1	-	-	59.1
Telephone Betting	83.2	-	-	83.2
Total continuing	339.1	(3.1)	7.3	343.3
International Development costs[1]	(8.0)	3.1	-	(4.9)
Corporate costs	(15.8)	-	-	(15.8)
Total before net finance costs	315.3	-	7.3	322.6
Net finance costs	(65.1)	-	-	(65.1)
Total continuing operations	250.2	-	7.3	257.5
Discontinued operations				
Italy	-	-	(7.3)	(7.3)
Casino	(8.6)	-	-	(8.6)
Hotels	(2.0)	-	-	(2.0)
	(10.6)	-	(7.3)	(17.9)
Net finance costs	(0.6)	-	-	(0.6)
	(11.2)	-	(7.3)	(18.5)
Group	239.0	-	-	239.0

[1] classified as Other in 2008

16. Post balance sheet events

The €464.5 million 6.25% Eurobond was repaid on 17 July 2009, using existing facilities.

Following approval by shareholders at the 2009 Annual General Meeting, the cancellation of the Company's share premium account was confirmed by the Court and became effective on 31 July 2009. On 31 July 2009, £2,137.4 million was transferred from share premium to other reserves.

Statement of Director's Responsibilities

The directors confirm that this condensed consolidated interim financial information has been prepared in accordance with IAS 34 as adopted by the European Union and that the interim management report includes a fair review of the information required by DTR 4.2.7 and DTR 4.2.8, namely:

- an indication of important events that have occurred during the first six months and their impact on the condensed set of financial statements, and a description of the principal risks and uncertainties for the remaining six months of the financial year, and
- material related-party transactions in the first six months and any material changes in the related party transactions described in the last annual report.

The directors of Ladbrokes plc are listed in the Group's annual report and accounts for the year ended 31 December 2008, with the following changes in the period: Sir Ian Robinson and Alan Ross resigned on 15 May 2009. A list of current directors is maintained on the Ladbrokes plc website www.ladbrokesplc.co.uk.

By order of the Board

C Bell B G Wallace

6 August 2009

Independent review report to Ladbrokes plc

Introduction

We have been engaged by the Company to review the condensed set of financial statements in the interim report for the half year ended 30 June 2009 which comprises the Interim consolidated income statement, Interim consolidated statement of comprehensive income, Interim consolidated balance sheet, Interim consolidated statement of changes in equity, Interim statement of consolidated cash flow and the related notes 1 to 16. We have read the other information contained in the interim report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

This report is made solely to the Company in accordance with guidance contained in ISRE 2410 (UK and Ireland) "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company, for our work, for this report, or for the conclusions we have formed.

Directors' Responsibilities

The interim report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the interim report in accordance with the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority.

As disclosed in note 2, the annual financial statements of the Group are prepared in accordance with IFRSs as adopted by the European Union. The condensed set of financial statements included in this interim report has been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting", as adopted by the European Union.

Our Responsibility

Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the interim report based on our review.

Scope of Review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the interim report for the half year ended 30 June 2009 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority.

Ernst & Young LLP
London
6 August 2009