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Ladbrokes PLC

INTERIM RESULTS FOR THE HALF YEAR ENDED 30 JUNE 2008

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Unaudited interim results for the half year ended 30 June 2008

Continuing operations	Half year ended 30 June 2008 £m	Half year ended 30 June 2007[1] £m	Year ended 31 December 2007[1] £m
Gross win	**648.3**	**611.5**	**1,279.0**
Net revenue	614.8	586.9	1,227.8
Operating profit (excluding High Rollers)	**130.0**	**132.7**	**241.7**
Operating profit from High Rollers	**40.0**	**60.0**	**179.0**
Operating profit[2]	**170.0**	**192.7**	**420.7**
Net finance costs[2]	(36.0)	(33.7)	(67.7)
Profit before tax and non-trading items[2]	**134.0**	**159.0**	**353.0**
Loss on disposal of non-current assets	(3.0)	(1.1)	(1.1)
Other non-trading items before tax	(4.3)	(3.5)	(6.7)
Profit before tax	**126.7**	**154.4**	**345.2**
Tax	(24.8)	(24.2)	(53.1)
Profit after tax – continuing operations	**101.9**	**130.2**	**292.1**

EBITDA[2] – continuing	197.8	216.9	470.8
Earnings per share[2] – continuing	18.0p	21.3p	47.6p
Proposed dividend per share[3]	5.10p	4.85p	9.05p

(1) Restated – details of restatement explained in notes 2(c) and 16 to the financial statements

(2) Before non-trading items and discontinued operations. Non-trading items comprise profit/losses on disposal and impairment of non-current assets, unrealised gains/losses on derivatives and on retranslation of foreign currency borrowings, and litigation and transaction costs. Discontinued operations include the casino and Vernons businesses

(3) Half year ended 30 June 2008 is the proposed interim dividend of 5.10p (30 June 2007: 4.85p). 2007 full year figure includes a proposed final dividend of 9.05 pence, which was paid on 2 June 2008

Ladbrokes plc ("the Group") today announces its results for the half year ended 30 June 2008 ("the period").

Highlights:

- Excluding High Rollers, gross win increased 13.0% to £583.3 million, whilst operating profit[(1)] fell 2.0% to £130.0 million.
- UK Retail gross win increased by 6.5% to 394.3 million.
- eGaming net revenue increased by 19.4% to £86.6 million.
- Cash generated by operations was £208.0 million.
- At 30 June 2008 Group net debt was £1,039.3 million. The Group has undrawn committed bank facilities of approximately £433 million, following repayment of a £175 million bond in July 2008.
- Interim dividend up 5.2% to 5.10 pence (2007 interim dividend: 4.85 pence).
- Effective tax rate[(2)] of 19% for 2008.

(1) Profit before tax, finance costs and non-trading items for continuing operations.
(2) Before non-trading items for continuing operations.

Christopher Bell, Chief Executive, commented:

"I am pleased with the Group's performance which has continued to show resilience against a challenging economic backdrop.

"In UK Retail, following a strong first four months of the year, June suffered a string of poor results affecting all channels, most notably Royal Ascot and the early stages of Euro 2008. Notwithstanding a poor fourth week during July, Group gross win for the period from 1st July to 5th of August was up 11% overall and up 6% in UK Retail.

"We remain focussed on growing our business organically through increased investment in customer acquisition, retention and loyalty, utilising our flexible and integrated systems across all our business channels. In eGaming, our increased advertising and promotional investment and enhanced product range is delivering new customers and in UK Retail the launch of our OddsOn! loyalty card has been well received and is delivering increased understanding of our customers.

"Ladbrokes has had a satisfactory first half which has continued into July and the Group currently remains on track to meet its full year expectations."

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Notes to editors:

The company will be hosting an analyst presentation at the Deutsche Bank Auditorium at 9.30am 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.

Chief Executive's Review

Profit from continuing operations by business (before non-trading items)	Half year ended 30 June 2008 £m	Half year ended 30 June 2007(1) £m	Year ended 31 December 2007(1) £m
UK Retail	98.3	100.9	187.8
Other European Retail	14.7	13.2	21.7
eGaming	26.2	26.3	55.0
Telephone Betting (excluding High Rollers)	2.2	3.3	4.6
Other(2)	(3.8)	(2.6)	(6.3)
Corporate costs	(7.6)	(8.4)	(21.1)
Total excluding High Rollers	130.0	132.7	241.7
Profit from High Rollers	40.0	60.0	179.0
Total	170.0	192.7	420.7

(1) Restated – details of restatement explained in notes 2(c) and 16 to the financial statements
(2) Other includes international development costs and start up costs associated with our Spanish joint venture

Ladbrokes has had a very busy six months with new betting outlets opening in both Italy and in Spain, where our joint venture, Sportium, was awarded its operating licence and opened 14 locations in Madrid. In Ireland we consolidated our market leading position by purchasing a further 67 shops, notably the Eastwood chain of 54 shops in Northern Ireland. eGaming continued to grow net gaming revenue, new customer sign ups and unique active users as the team have pushed ahead with their accelerated growth strategy. Our UK shop business launched an industry leading customer reward and loyalty scheme – OddsOn! – in June, made possible by our integrated cross channel information systems, which will provide us with a much better understanding of our retail customers.

We expect the High Court case judgement concerning Turf TV in the coming days.

Retail Betting

Shop evening opening was extended to the first three months of the year and the new machines now feature £500 payout slot Jackpot, Blackjack and Poker games. The positive effect of winter evening opening, machines offering products such as the "Rainbow Riches" slot game, an improved dual screen machine estate upgrade completed in March 2007 and £3.6 million of gross win from the European Football Championships ("Euro 2008") saw UK Retail gross win growth of 6.5% during the period.

Encouragingly, performance from our 8,104 machines has been strong with gross win growth of 18.1%. Over the Counter ("OTC") gross win growth of 0.9% was an improvement on the declining trend seen during 2007.

The emphasis on cost control for the UK Retail Business has continued throughout the period and, despite the inflationary pressures, the business remains on track to meet its previously stated full year cost growth target of 8%, including an additional £10 million of extra costs for Turf TV and £10 million for extended evening opening in the first quarter.

We are now the largest operator in both Northern Ireland and the Republic of Ireland, and the 67 shops acquired during the period have all been branded and are trading in line with our expectations. Our Belgian business traded well during the period enjoying above average margins on French horse racing. The new Italian business continues to gain momentum. The roll-out of the Bersani licences has been slower than planned but a significant number of openings will take place in the coming months.

Remote Betting and Gaming
eGaming has grown net gaming revenue by 19.4%, reflecting our strategy of increased investment in new customer acquisition. New customer sign ups have grown 30.2% to 237,000 and the number of unique active players using Ladbrokes.com has also increased by 22.7% to 541,000.

High Rollers contributed £40.0 million of the £42.2 million profit during the period for Telephone Betting.

International development
In Spain, following the grant of our Madrid licence in April, our Sportium JV had opened 14 shops. We are focused on opening further shops to reach in excess of 60 outlets by the year end, although achieving the full potential of Spain remains dependent on the pace of regulation of other regions.

Our international team continues to pursue a number of opportunities and bids around the world.

Dividends and capital structure

Ladbrokes will pay an interim dividend of 5.10 pence per share (2007: 4.85 pence per share) on 1 December to shareholders on the register on 15 August. This represents an increase of 5.2% over last year's interim dividend.

During the period the Group signed an additional £125 million of committed bank facilities. Following the repayment of the £175 million 7.25% bond at the end of July, the Group has undrawn committed facilities of £433 million.

Current Trading and Outlook

For the period from 1st July to 5th August, Group gross win (excluding High Rollers) and UK Retail were up 11% and 6% respectively.

Ladbrokes has had a satisfactory first half which has continued into July and the Group currently remains on track to meet its full year expectations.

Business Review

UK Retail

UK	Half year ended 30 June 2008 £m	Half year ended 30 June 2007 £m	Yr on yr change %	Year ended 31 December 2007 £m
Amounts staked	6,214.8	5,442.5	14.2	11,151.7
Gross win	394.3	370.3	6.5	739.3
- OTC GW	251.8	249.6	0.9	490.9
- Machine GW	142.5	120.7	18.1	248.4
Net revenue	371.1	352.1	5.4	701.8
Profit from operations*	98.3	100.9	(2.6)	187.8

** Before non trading items*

UK Retail gross win increased by 6.5% over the period to £394.3 million.

OTC gross win for the period grew 0.9% to £251.8 million. Following the strong start to 2008 we subsequently saw a decline in OTC gross win. Most notably, in June there were a number of poor sporting results which meant margins were unusually low across all products, particularly on Euro 2008 and Royal Ascot. OTC gross win margin for the half year was 16.7% compared to 17.5% in H1 2007.

Machine gross win grew 18.1% during the period to £142.5 million, benefiting from the completion of the rollout of our new machines (in March 2007), additional evening hours in the first quarter and the addition of new content. Average first half gross win per gaming machine per week was up 18.2% to £676.

Total costs rose 9.9% in the period to £237.3 million. Excluding the additional cost of extended evening opening and content costs of Turf TV, like for like costs rose 4% year on year.

We have implemented a number of initiatives to drive the business forward. The most notable is the introduction of our Odds-On! Loyalty card scheme. Launched in June and rolled out across our entire estate, it offers odds enhancement and free bets for various levels of points awarded on OTC spend. Thus far more than 400,000 customers have registered for a card with over £1 million free bets and bonuses being enjoyed by customers through points redemption.

Other European Retail

Amounts staked grew by 58.8% over the period. Total gross win increased by 51.3% to £77.0 million (H1 2007: £50.9 million) and operating profit increased by 11.4% to £14.7 million (H1 2007: £13.2 million) with increases in Ireland and Belgium outweighing start up losses in Italy.

Other European Retail – Ireland

Ireland	Half year ended 30 June 2008 £m	Half year ended 30 June 2007 £m	Yr on yr change %	Year ended 31 December 2007 £m
Gross win	47.6	32.8	45.1	61.8
Profit from operations*	15.5	12.5	24.0	20.1

** Before non trading items*

Ladbrokes is now the largest operator in both Northern Ireland and the Republic of Ireland. The acquisition of the 54 shop Eastwood chain in February and six McCartans shops in April increased our scale in Northern Ireland to 76 shops as at 30 June 2008. The acquisition of a further seven shops in the Republic of Ireland brings our total there at 30 June 2008 to 206 shops. These acquired shops are all rebranded and are trading in line with our expectations.

Overall gross win in Ireland increased by 45.1% to £47.6 million reflecting the benefit of the acquisitions and favourable exchange rates. Like for like constant currency gross win declined by 4.4%.

Operating costs in Ireland rose by 59.2% to £28.5 million (H1 2007: £17.9 million) principally due to the increase in shop numbers, with like for like costs, excluding Turf TV, up by 5.7%.

Other European Retail – Belgium

Belgium	Half year ended 30 June 2008 £m	Half year ended 30 June 2007 £m	Yr on yr change %	Year ended 31 December 2007 £m
Gross win	19.4	17.0	14.1	34.8
Profit from operations*	1.8	1.0	80.0	3.2

** Before non trading items*

Gross win in Belgium showed a rise of 14.1% aided by a 2.7 percentage point increase in the French horse racing margin. Operating profit rose by £0.8 million to £1.8 million.

Other European Retail - Italy

Italy	Half year ended 30 June 2008 £m	Half year ended 30 June 2007 £m	Yr on yr change %	Year ended 31 December 2007 £m
Gross win	10.0	1.1	809.1	6.5
Loss from operations*	(2.6)	(0.3)	n/a	(1.6)

** Before non trading items*

Gross win in Italy rose to £10.0 million following the acquisition of eight shops, the opening of 12 new Bersani shops and 34 corners during the period.

At 30 June 2008, the number of shops in Italy had increased to 38 from 18 at 31 December 2007. In addition the Group also had 37 corners trading.

With the roll-out of the new Bersani licences accelerating in the second half, the business is expected to be profitable in 2009.

eGaming

eGaming	Half year ended 30 June 2008 £m	Half year ended 30 June 2007 £m	Yr on yr change %	Year ended 31 December 2007 £m
Net revenue	86.6	72.5	19.4	143.5
- Sportsbook	32.1	27.1	18.5	52.2
- Casino	26.6	22.2	19.8	43.1
- Poker	14.7	15.7	(6.4)	31.0
- Games	13.2	7.5	76.0	17.2
Profit from operations*	26.2	26.3	(0.4)	55.0

** Before non trading items*

eGaming is growing in line with our expectations with net revenue increasing by 19.4% to £86.6 million, unique active players up 22.7% to 541,000 and new customer sign-ups growing by 30.2% in the period.

Sportsbook net revenue rose by 18.5% to £32.1 million with a gross win margin of 8.1%, 0.2 percentage points ahead of last year. Euro 2008 contributed £1.6 million gross win, a consequence of difficult results, particularly in the group stage of the tournament, but a 55% growth in amounts staked compared with Euro 2004. Betting in play has been a key growth area for the Sportsbook business with amounts staked up more than 50% compared to H1 2007. The Wimbledon Championships, for example, saw 68% of stakes arising in play, a reflection of both increased popularity of betting in play and the quality of the offering. Sportsbook active customers have grown 23.4% to 390,000 with the yield per unique active down 4.7% to £82. Our new Sportsbook is live with a number of new features, including significant live sports streaming to further support betting in play.

Casino net revenue increased 19.8% to £26.6 million with active customers growing by 62.3% to 99,000 on the back of successful television advertising campaigns in the UK and Scandinavia. As anticipated, the yield per unique active fell to £270 (H1 2007: £363) due to the flow of new players and the free chip advertising recruitment offer. Further website developments and new games have been introduced with significant customer recruitment and product development initiatives planned for the second half.

Poker net revenue fell 6.4% to £14.7 million with the continuing highly competitive environment affecting both player numbers and yield. Active customers fell by 4.6% to 104,000 and yield per unique active fell 2.1% to £141. Today we have announced that we have signed an agreement to merge our player liquidity with the Microgaming Prima network for certain tables from the beginning of 2009. We expect improved liquidity, together with further enhancements to the software and website to positively impact player numbers and yield. Importantly, this development ensures no disturbance for the customer but much higher network liquidity.

Games net revenue of £13.2 million represents a 76.0% increase over H1 2007 with active customers up 42.6% to 134,000 following good growth in Bingo, supported by TV advertising in the UK, and a number of new product releases and enhancements.

Operating costs of £55.5 million increased by £13.4 million (31.8%), with net revenue growth driving levy and software costs, increased staff costs to support business expansion and, most significantly, increased investment in player acquisition. Advertising and promotional costs were up £6.3 million to 21.8% of net revenue, with new customer sign ups totalling 237,000 and customer acquisition costs of £88 (H1 2007: £86).

We continue to fight protectionism in Europe and support the European Commission in its attempt to secure the free movement of betting services between member states. In June, after six years of actions in the Dutch court, we won referral to the European Court of Justice of the court judgment which prevents Ladbrokes accepting bets from Dutch residents. As a result the important issues of European law will be heard by the European Court of Justice, for a ruling likely to be issued in 2010.

As expected, operating profit of £26.2 million was broadly flat with a conversion rate of 30.3% reflecting the increased pace of customer acquisition.

Telephone Betting

Telephone	Half year ended 30 June 2008 £m	Half year ended 30 June 2007 £m	Yr on yr change %	Year ended 31 December 2007 £m
Net revenue				
- High Rollers	65.0	95.3	(31.8)	249.6
- Excluding High Rollers	15.5	16.3	(4.9)	30.2
- Total	80.5	111.6	(27.9)	279.8
Profit from operations*				
- High Rollers	40.0	60.0	(33.3)	179.0
- Excluding High Rollers	2.2	3.3	(33.3)	4.6
- Total	42.2	63.3	(33.3)	183.6

** Before non trading items*

Profit from High Rollers was down £20.0 million to £40.0 million.

The core telephone business remains difficult, particularly impacted by competition from businesses operating offshore and benefitting from favourable regulatory and tax regimes. Excluding High Rollers, net revenue was down 4.9% at £15.5 million (including £0.3 million from Euro 2008) with gross win margins of 8.4% compared to 7.4% in H1 2007. Unique active customers numbered 90,200 (H1 2007: 97,400), with average monthly active player days down by 8.9% and call volumes down by 11.8%.

Operating costs of £11.0 million increased 4.8% due partly to a transitional increase in establishment costs following the disposal of Vernons and also investment to deliver future efficiencies. Agent cost per call of 62 pence was down 1.6%, favourably impacted by efficiencies, despite managing reduced call volumes.

Other – International development operations

In April, Sportium, the Spanish Joint Venture with Cirsa, was awarded its licence to operate in the Madrid region and has since opened 18 shops in and around the city.

Our international team continues to pursue a number of opportunities and bids around the world.

Discontinued operations

At the preliminary results in February the Group announced its intention to exit from the Casino business by selling the Paddington Casino. A non-trading impairment charge of £7.5 million has been recognised against the carrying value of the Paddington Casino.

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 20 and 21 of the Group's Annual Report and Accounts 2007. These include:

- macro-level factors such as factors affecting customers disposable income, changes to customer trends, revenue and operating results variation, factors which impact the brand, industry competition, availability and cost of borrowing, entry into new markets, relationships with key suppliers and the retention of key personnel;
- changes to regulatory, legislative and fiscal regimes for betting and gaming in Ladbrokes' key markets around the world;
- bookmaking risks; and
- a failure in the infrastructure and operation of core technology systems.

A copy of the Group's Annual Report and Accounts 2007 is available on the Group's website at http://investors.ladbrokesplc.com/downloads/reports/AnnualReport2007.pdf

Financial Review

Revenue and profit before tax	Half year ended 30 June 2008		Restated[1] Half year ended 30 June 2007		Restated[1] Year ended 31 December 2007	
	Net revenue	Profit	Net revenue	Profit	Net revenue	Profit
Continuing operations:	£m	£m	£m	£m	£m	£m
UK Retail	371.1	98.3	352.1	100.9	701.8	187.8
Other European Retail	76.6	14.7	50.7	13.2	102.7	21.7
eGaming	86.6	26.2	72.5	26.3	143.5	55.0
Telephone Betting	80.5	42.2	111.6	63.3	279.8	183.6
Other [2]	-	(3.8)	-	(2.6)	-	(6.3)
Corporate costs	-	(7.6)	-	(8.4)	-	(21.1)
	614.8	170.0	586.9	192.7	1,227.8	420.7
Net finance costs	-	(36.0)	-	(33.7)	-	(67.7)
Revenue and profit before tax	614.8	134.0	586.9	159.0	1,227.8	353.0
Discontinued operations:						
Casino	3.7	(0.3)	3.4	(0.4)	7.2	(0.7)
Vernons	-	-	9.0	2.7	16.8	6.0
	3.7	(0.3)	12.4	2.3	24.0	5.3
Net finance costs	-	(0.3)	-	(0.7)	-	(1.5)
Revenue and (loss)/profit before tax	3.7	(0.6)	12.4	1.6	24.0	3.8
Group revenue and profit before tax	618.5	133.4	599.3	160.6	1,251.8	356.8

Profit is before non-trading items.

(1) Refer to notes 2 (c) and 16 of the financial statements for details of the restatement
(2) Other includes international development costs and start up costs associated with our Spanish joint venture

Trading summary – Continuing operations

Revenue for continuing operations increased by £27.9 million (4.8%) to £614.8 million. Excluding High Rollers' activity in Telephone Betting, revenue increased by £58.2 million (11.8%) to £549.8 million mainly as a result of improved machine performance in the UK Retail estate, the acquisition of the 67 Irish shops in 2008 and growth in eGaming.

Profit before finance costs, tax and non-trading items decreased 11.8% to £170.0 million (H1 2007: £192.7 million). Excluding High Rollers' activity, profit before finance costs, tax and non-trading items decreased 2.0% to £130.0 million (H1 2007: £132.7 million) reflecting decreased profits in UK Retail and Telephone Betting.

Finance costs
The net finance costs of £36.0 million were £2.3 million greater than last year (H1 2007: £33.7 million) reflecting higher average net debt largely due to the purchase of Eastwoods and use of cash on the share buyback programme.

Profit before tax
The decrease in trading profits and the higher finance costs in the period have resulted in a 15.7% decrease in first half profit for continuing operations before taxation and non-trading items to £134.0 million (H1 2007: £159.0 million).

Non-trading items before tax
£4.9 million of non-trading losses before interest and tax include a £3.0 million loss on the closure of 26 UK retail shops in the first half of 2008 and £1.9 million principally relating to litigation costs. Other non-trading losses of £2.4 million (H1 2007: £3.5 million) relate to net unrealised losses on derivatives and on retranslation of foreign currency borrowings.

Taxation
The Group taxation charge for continuing operations before non-trading items of £25.5 million represents an effective tax rate of 19.0% (H1 2007: 15.8%; year to 31 December 2007: 15.6%). The effective tax rate of 19.0% is a best estimate of the annual tax rate for 2008.

Discontinued operations
The £0.3 million trading loss in discontinued operations relates to the loss before interest and tax of the Paddington Casino business in the half year ended 30 June 2008 (H1 2007: £0.4 million loss). A non-trading impairment charge of £7.5 million has been recognised against the carrying value of the Paddington Casino.

Earnings per share (EPS) – Continuing operations
EPS (before non-trading items) decreased 15.5% to 18.0 pence (H1 2007: 21.3 pence), reflecting the decreased profit before tax. EPS (including the impact of non-trading items) was 16.9 pence (H1 2007: 20.7 pence). Fully diluted EPS was 16.8 pence (H1 2007: 20.5 pence) after adjustment for outstanding share options.

Earnings per share (EPS) – Group
EPS (before non-trading items) decreased 16.3% to 18.0 pence (H1 2007: 21.5 pence), reflecting the decreased profit before tax. EPS (including the impact of non-trading items) was 15.6 pence (H1 2007: 20.9 pence). Fully diluted EPS was 15.5 pence (H1 2007: 20.7 pence) after adjustment for outstanding share options.

Dividend and capital structure
The Board has proposed an interim dividend of 5.10 pence per share (H1 2007: 4.85 pence). The dividend will be payable on 1 December 2008 to shareholders on the register on 15 August 2008. In the half year ended 30 June 2008 the Group had purchased 11.8

million shares at a cost of £34.8 million. Cumulatively, since the Board announced the start of the share buyback programme in August 2007, the Group has purchased 31.8 million shares at a cost of £105.2 million. Ladbrokes' previously stated medium term target of net debt to EBITDA range of 3.5 to 3.75 times (excluding Telephone High Rollers) remains unchanged.

During the period the Group extended certain committed bank facilities and signed an additional £125 million of new committed bank facilities. The Group now has £350 million of committed bank facilities maturing in 2011 and £500 million maturing in 2013. Following the repayment of the £175 million 7.25% bond at the end of July, the Group has undrawn committed facilities of approximately £433 million. The bank facilities have a net debt / EBITDA financial covenant of less than 4.25 times and an EBITDA to net interest financial covenant of greater than 3.0 times.

Restatement of income statement and segment information note

The Group has restated its comparative year ended 31 December 2007 and half year ended 30 June 2007 income statements to reflect the casino as a discontinued operation and to reflect UK Retail and Other European Retail as separate segments following the acquisitions in Ireland and Italy.

The Group has also restated its comparative half year ended 30 June 2007 income statement to reflect Vernons as a discontinued operation; to exclude from total revenue the share of results from joint ventures and associates; to disclose the net impact of gains and losses arising from fair value hedges within finance costs; and the reallocation of its Italy Retail business between reporting segments.

Details of these restatements can be found in note 16 to the financial statements.

Cash flow, capital expenditure and borrowings

Cash generated by operations was £208.0 million. After net finance costs and income taxes paid of £74.0 million and £170.8 million on capital expenditure, intangible additions, purchase of businesses and acquisitions, cash outflow was £36.8 million.

Proceeds of £0.3 million were received on the exercise of share options and the issue of shares, £54.4 million was paid out in dividends and £34.8 million was spent on the share buyback programme.

At 30 June 2008, gross borrowings of £1,069.8 million and cash, deposits and short term investments of £6.3 million and derivatives of £24.2 million have resulted in a net debt of £1,039.3 million.

Unaudited financial statements
Interim consolidated income statement

	Half year ended 30 June 2008		Restated[1] half year ended 30 June 2007		Restated[1] year ended 31 December 2007	
	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]	8,785.8	8,785.8	6,903.1	6,903.1	14,879.5	14,879.5
Revenue	614.8	614.8	586.9	586.9	1,227.8	1,227.8
Cost of sales before depreciation	(377.6)	(378.4)	(329.5)	(330.7)	(677.2)	(678.4)
Administrative expenses	(39.8)	(41.7)	(42.1)	(40.6)	(83.6)	(82.1)
Share of results from joint venture and associate	0.4	0.4	1.6	1.6	3.8	3.8
EBITDA	197.8	195.1	216.9	217.2	470.8	471.1
Depreciation and amounts written off non-current assets	(27.8)	(30.0)	(24.2)	(25.6)	(50.1)	(51.5)
Profit before tax and finance costs	170.0	165.1	192.7	191.6	420.7	419.6
Finance costs	(36.3)	(67.8)	(34.0)	(38.3)	(69.2)	(108.2)
Finance income	0.3	29.4	0.3	1.1	1.5	33.8
Profit before taxation	134.0	126.7	159.0	154.4	353.0	345.2
Income tax expense	(25.5)	(24.8)	(25.2)	(24.2)	(55.1)	(53.1)
Profit for the period – continuing operations	108.5	101.9	133.8	130.2	297.9	292.1
Discontinued operations						
(Loss)/profit for the period from discontinued operations	(0.4)	(7.9)	1.1	1.1	2.7	48.7
Profit for the period	108.1	94.0	134.9	131.3	300.6	340.8
Attributable to:						
Equity holders of the parent	108.1	94.0	134.9	131.3	300.6	340.8
Earnings per share from continuing operations:						
- basic	18.0p	16.9p	21.3p	20.7p	47.6p	46.7p
- diluted	17.9p	16.8p	21.1p	20.5p	47.2p	46.3p
Earnings per share on profit for the period:						
- basic	18.0p	15.6p	21.5p	20.9p	48.0p	54.4p
- diluted	17.9p	15.5p	21.3p	20.7p	47.6p	54.0p
Proposed dividends[4]	5.10p	5.10p	4.85p	4.85p	9.05p	9.05p

[1] Details of restatement explained in notes 2(c) and 16 to the financial statements
[2] Non-trading items are profits/losses on disposal and impairment of non-current assets, unrealised gains and losses on derivatives and losses/gains on retranslation of foreign currency borrowings, litigation and transaction costs, profit on disposal of discontinued operations and impairment of discontinued business assets. Details on the non-trading items are given in note 4 and 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 June 2008 and June 2007 were £54.4 million (9.05p per share) and £54.1 million (8.60p per share) respectively. An interim dividend of 5.10p per share (2007: 4.85p) was declared by the Directors on 7 August 2008. These financial statements do not reflect this dividend payable

Interim consolidated balance sheet

	30 June 2008	30 June 2007	31 December 2007
ASSETS	£m	£m	£m
Non-current assets			
Goodwill and intangible assets	670.7	496.4	525.9
Property, plant and equipment	261.8	255.2	263.8
Interest in joint venture	0.1	-	0.4
Interests in associate and other investments	11.6	9.9	10.0
Other financial assets	11.4	8.2	7.4
Deferred tax assets	26.2	24.0	28.1
Derivatives	25.5	4.1	4.5
Retirement benefit asset	22.5	38.4	33.6
	1,029.8	836.2	873.7
Current assets			
Trade and other receivables	140.2	149.0	138.5
Assets classified as held for sale	-	2.2	-
Derivatives	-	-	29.0
Cash and short term deposits	28.3	35.2	37.8
	168.5	186.4	205.3
Assets of disposal group classified as held for sale	9.0	-	-
Total assets	**1,207.3**	**1,022.6**	**1,079.0**
LIABILITIES			
Current liabilities			
Interest-bearing loans and borrowings	(197.9)	(47.9)	(187.3)
Derivatives	(0.1)	(3.3)	-
Trade and other payables	(225.7)	(210.0)	(199.1)
Corporation tax liabilities	(138.9)	(190.2)	(142.4)
Other financial liabilities	-	-	(30.1)
Provisions	(2.1)	(2.7)	(2.6)
	(564.7)	(454.1)	(561.5)
Non-current liabilities			
Interest-bearing loans and borrowings	(888.1)	(956.6)	(800.0)
Derivatives	(1.2)	(0.3)	(1.0)
Other financial liabilities	(16.9)	(19.7)	(14.5)
Deferred tax liabilities	(128.5)	(114.9)	(142.3)
Provisions	(9.5)	(10.5)	(10.5)
	(1,044.2)	(1,102.0)	(968.3)
Liabilities of disposal group classified as held for sale	(7.2)	-	-
Total liabilities	**(1,616.1)**	**(1,556.1)**	**(1,529.8)**
Net liabilities	**(408.8)**	**(533.5)**	**(450.8)**
EQUITY			
Issued share capital	179.0	178.6	178.9
Share premium account	2,135.0	2,131.9	2,134.2
Treasury and own shares	(113.6)	(5.3)	(80.0)
Foreign currency translation reserve	16.6	2.3	9.4
Other reserves	-	-	(30.0)
Retained earnings	(2,625.8)	(2,841.0)	(2,663.3)
Total equity	**(408.8)**	**(533.5)**	**(450.8)**

Interim consolidated cash flow statement

	Half year ended 30 June 2008 £m	Half year ended 30 June 2007 £m	Year ended 31 December 2007 £m
Net cash flows from operating activities	133.7	120.0	285.5
Cash flows from investing activities			
Interest received	0.3	0.3	2.6
Dividends received from associate	-	-	2.3
Purchase of intangible assets	(7.4)	(13.6)	(31.8)
Purchase of property, plant and equipment	(24.1)	(32.7)	(62.4)
Purchase of subsidiaries	(14.4)	(50.7)	(60.9)
Purchase of businesses	(124.9)	-	-
Proceeds from the sale of property, plant and equipment	1.0	2.4	3.2
Proceeds from disposal of discontinued operations	-	-	40.8
Costs of disposal of discontinued operations	-	-	(0.7)
Cash disposed with discontinued operations	-	-	(1.4)
Cash obtained through acquisition of subsidiaries	1.7	2.4	3.7
Purchase of interests in joint venture	(0.8)	-	(0.6)
Purchase of interests in associate and other investments	-	-	(0.1)
Proceeds from disposal of interest in associate	-	2.2	2.2
	(168.6)	(89.7)	(103.1)
Cash flows from financing activities			
Proceeds from issue of shares	0.3	5.0	7.6
Proceeds from borrowings	106.8	-	-
Purchase of ESOP shares	(3.1)	(1.1)	(2.5)
Purchase of treasury shares	(34.8)	-	(70.4)
Repayment of borrowings	(0.3)	(1.3)	(40.4)
Decrease in deposits – maturity greater than three months	0.3	-	-
Dividends paid	(54.4)	(54.1)	(84.6)
	14.8	(51.5)	(190.3)
Net decrease in cash and cash equivalents	(20.1)	(21.2)	(7.9)
Net foreign exchange difference	0.5	(0.1)	0.4
Cash and cash equivalents at beginning of the period	25.9	33.4	33.4
Cash and cash equivalents at end of the period	**6.3**	**12.1**	**25.9**
Cash and cash equivalents comprise:			
Cash at bank and in hand and current asset investments	28.7	34.9	37.5
Bank overdraft	(22.4)	(22.8)	(11.6)
	6.3	12.1	25.9
Analysed as:			
Continuing operations	5.9	10.3	24.9
Discontinued operations	0.4	1.8	1.0
	6.3	12.1	25.9

Interim consolidated statement of recognised income and expense

	Half year ended 30 June 2008 £m	Half year ended 30 June 2007 £m	Year ended 31 December 2007 £m
Currency translation differences	7.2	0.1	7.2
Actuarial (losses)/gains on defined benefit pension scheme	(13.0)	13.0	5.1
Net gains/(losses) on cashflow hedges	6.8	0.4	(0.5)
Tax on items directly taken to equity	1.8	(3.7)	(1.3)
Total income and expenses recognised directly in equity	2.8	9.8	10.5
Profit for the period	94.0	131.3	340.8
Total recognised income and expense for the period	96.8	141.1	351.3
Attributable to:			
Equity holders of the parent	96.8	141.1	351.3

Notes to the financial statements

1. Corporate information

The interim consolidated financial statements of the Group for the half year ended 30 June 2008 were authorised for issue in accordance with a resolution of the directors on 7 August 2008.

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

2. Basis of preparation

(a) The Group's annual financial statements for the year ended 31 December 2007 were prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union.

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 2007 except for the adoption of new accounting standards as noted below:

- IFRIC 11 IFRS 2 – Group and Treasury Share Transactions

This interpretation provides guidance on applying IFRS 2 in three circumstances;
- share based payment involving an entity's own equity instruments in which the entity chooses or is required to buy its own equity instruments (treasury shares) to settle the share based payment obligation;
- where a parent grants rights to its equity instruments to employees of its subsidiary; and
- where a subsidiary grants rights to equity instruments of its parent to its employees.

The adoption of this interpretation did not have any effect on the financial position or performance of the Group.

- IAS 34 Interim Reporting

The Group has adopted the requirements of IAS 34 Interim Reporting, which has had no impact on the 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 7 August 2008 and is unaudited. The auditors have carried out a review and their report is set out on page 41.

The financial information set out in this document in respect of the year ended 31 December 2007 does not constitute the Group's statutory accounts for the year ended 31 December 2007. The auditors' report on the statutory accounts for 2007 was unqualified and did not contain a statement under section 235 or 237 of the Companies Act 1985. Statutory accounts for 2007 have been delivered to the Registrar of Companies.

2. Basis of preparation (continued)

(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

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

(c) The Group has restated its comparative year ended 31 December 2007 and half year ended 30 June 2007 income statements to reflect the casino as a discontinued operation and to reflect UK Retail and Other European Retail as separate segments following the acquisitions in Ireland and Italy.

The Group has also restated its comparative half year ended 30 June 2007 income statement to reflect Vernons as a discontinued operation; to exclude from total revenue the share of results from joint ventures and associates; to disclose the net impact of gains and losses arising from fair value hedges within finance costs; and the reallocation of its Italian Retail business between reporting segments.

3. Segment information

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 UK Retail segment comprises betting activities in the UK shop estate.

The Other European Retail segment comprises all activities connected with the Ireland, Belgium and Italy shop estates.

The eGaming segment comprises betting and gaming activities from online operations.

The Telephone Betting segment comprises activities relating to bets taken on the telephone.

The Other segment comprises International development operations and start up costs associated with our Spanish joint venture.

Half year ended 30 June 2008	Revenue £m	Profit before taxation and non-trading items £m	Profit before taxation and after non-trading items £m
Continuing operations:			
UK Retail	371.1	98.3	93.7
Other European Retail	76.6	14.7	14.4
eGaming	86.6	26.2	26.2
Telephone Betting	80.5	42.2	42.2
Other [(1)]	-	(3.8)	(3.8)
Corporate costs	-	(7.6)	(7.6)
Total	614.8	170.0	165.1
Net finance costs	-	(36.0)	(38.4)
	614.8	134.0	126.7
Discontinued operations:			
Casino	3.7	(0.3)	(7.8)
Net finance costs	-	(0.3)	(0.3)
	3.7	(0.6)	(8.1)
Group	618.5	133.4	118.6

(1) Other includes international development costs and start up costs associated with our Spanish joint venture

3. Segment information (continued)

Half year ended 30 June 2007

	Restated[1] Revenue £m	Restated[1] profit before taxation and non-trading items £m	Restated[1] profit before taxation and after non-trading items £m
Continuing operations:			
UK Retail[2]	352.1	100.9	99.8
Other European Retail[2]	50.7	13.2	13.2
eGaming	72.5	26.3	26.3
Telephone Betting	111.6	63.3	63.3
Other[3]	-	(2.6)	(2.6)
Corporate costs	-	(8.4)	(8.4)
Total	586.9	192.7	191.6
Net finance costs	-	(33.7)	(37.2)
	586.9	159.0	154.4
Discontinued operations:			
Casino	3.4	(0.4)	(0.4)
Vernons	9.0	2.7	2.7
Total	12.4	2.3	2.3
Net finance costs	-	(0.7)	(0.7)
	12.4	1.6	1.6
Total Group	599.3	160.6	156.0

Year ended 31 December 2007

	Restated[1] Revenue £m	Restated[1] profit before taxation and non-trading items £m	Restated[1] profit before taxation and after non-trading items £m
Continuing operations:			
UK Retail[2]	701.8	187.8	186.7
Other European Retail[2]	102.7	21.7	21.7
eGaming	143.5	55.0	55.0
Telephone Betting	279.8	183.6	183.6
Other[3]	-	(6.3)	(6.3)
Corporate costs	-	(21.1)	(21.1)
Total	1,227.8	420.7	419.6
Net finance costs	-	(67.7)	(74.4)
	1,227.8	353.0	345.2
Discontinued operations:			
Casino	7.2	(0.7)	(0.7)
Vernons	16.8	6.0	52.0
Total	24.0	5.3	51.3
Net finance costs	-	(1.5)	(1.5)
	24.0	3.8	49.8
Total Group	1,251.8	356.8	395.0

(1) Refer to note 16 for details of the restatement
(2) Classified as European Retail in 2007
(3) Other includes international development costs and start up costs associated with our Spanish joint venture

4. Non-trading items

	Half year ended 30 June 2008 £m	Half year ended 30 June 2007 £m	Year ended 31 December 2007 £m
Continuing operations:			
Loss on closure of UK Retail shops	(3.0)	(2.6)	(2.6)
Litigation and transaction costs	(1.9)	-	-
Net unrealised gains/(losses) on derivatives and (losses)/gains on retranslation of foreign currency borrowings	(2.4)	(3.5)	(6.7)
Profit on disposal of shares in associate	-	1.5	1.5
Total non-trading loss before taxation	(7.3)	(4.6)	(7.8)
Non-trading tax credit	0.7	1.0	2.0
Non-trading items after taxation	(6.6)	(3.6)	(5.8)

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

5. Taxation

The total tax charge on continuing operations was £24.8 million (half year ended 30 June 2007: £24.2 million; full year ended 31 December 2007: £53.1 million). The taxation charge relates to £23.2 million of UK tax and £1.6 million of overseas tax.

6. <u>Discontinued operations</u>

The Group is committed to a plan to sell the casino operation and an active programme to locate a buyer and complete the plan has been initiated. The casino operation has been treated as discontinued.

On 3 December 2007 the Group completed the sale of the Vernons pools business to Sportech plc and this operation is treated as discontinued.

Profit for discontinued operations comprises the following:

	Half year ended 30 June 2008	Half year ended 30 June 2007			Year ended 31 December 2007		
	Casino £m	Casino £m	Vernons £m	**Total £m**	Casino £m	Vernons £m	**Total £m**
Revenue	**3.7**	3.4	9.0	**12.4**	7.2	16.8	**24.0**
Expenses	**(4.0)**	(3.8)	(6.3)	**(10.1)**	(7.9)	(10.8)	**(18.7)**
(Loss)/Profit from discontinued operations	**(0.3)**	(0.4)	2.7	**2.3**	(0.7)	6.0	**5.3**
Net finance costs	**(0.3)**	(0.2)	(0.5)	**(0.7)**	(0.3)	(1.2)	**(1.5)**
(Loss)/Profit from discontinued operations after finance costs before non-trading items	**(0.6)**	(0.6)	2.2	**1.6**	(1.0)	4.8	**3.8**
Profit on disposal of Vernons to Sportech plc	-	-	-	**-**	-	46.0	**46.0**
(Loss)/Profit before tax and non-trading finance costs	**(0.6)**	(0.6)	2.2	**1.6**	(1.0)	50.8	**49.8**
Provision for impairment	**(7.5)**	-	-	-	-	-	-
(Loss)/Profit before tax from discontinued operations	**(8.1)**	(0.6)	2.2	**1.6**	(1.0)	50.8	**49.8**
Taxation	**0.2**	0.2	(0.7)	**(0.5)**	0.3	(1.4)	**(1.1)**
(Loss)/Profit for the period from discontinued operations	**(7.9)**	(0.4)	1.5	**1.1**	(0.7)	49.4	**48.7**
(Loss)/Profit for the period from discontinued operations before non-trading items	**(0.4)**	(0.4)	1.5	**1.1**	(0.7)	3.4	**2.7**

As the Casino has not been sold as at 30 June 2008, the assets and liabilities of the disposal group are classified as held for sale in the consolidated balance sheet.

7. Dividends paid and proposed

Pence per share – proposed	Half year ended 30 June 2008 Pence	Half year ended 30 June 2007 Pence	Year ended 31 December 2007 Pence
Interim	5.10	4.85	4.85
Final	-	-	9.05
	5.10	4.85	13.90

The dividends paid in the half years ended June 2008 and June 2007 were £54.4 million (9.05p per share) and £54.1 million (8.60p per share) respectively. An interim dividend of 5.10p per share (2007: 4.85p) was declared by the directors at their meeting on 7 August 2008. 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 2008	Earnings £m	Diluted earnings £m	Basic EPS pence per share	Diluted EPS pence per share
Profit attributable to shareholders	101.9	101.9	16.9p	16.8p
Non-trading items net of tax	6.6	6.6	1.1p	1.1p
Adjusted profit attributable to shareholders	108.5	108.5	18.0p	17.9p

Half year ended 30 June 2007	Earnings £m	Diluted earnings £m	Basic EPS pence per share	Diluted EPS pence per share
Profit attributable to shareholders	130.2	130.2	20.7p	20.5p
Non-trading items net of tax	3.6	3.6	0.6p	0.6p
Adjusted profit attributable to shareholders	133.8	133.8	21.3p	21.1p

Year ended 31 December 2007	Earnings £m	Diluted earnings £m	Basic EPS pence per share	Diluted EPS pence per share
Profit attributable to shareholders	292.1	292.1	46.7p	46.3p
Non-trading items net of tax	5.8	5.8	0.9p	0.9p
Adjusted profit attributable to shareholders	297.9	297.9	47.6p	47.2p

8. Earnings per share (continued)

Total Group

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

Half year ended 30 June 2007	Earnings £m	Diluted earnings £m	Basic EPS pence per share	Diluted EPS pence per share
Profit attributable to shareholders	131.3	131.3	20.9p	20.7p
Non-trading items net of tax	3.6	3.6	0.6p	0.6p
Adjusted profit attributable to shareholders	134.9	134.9	21.5p	21.3p

Year ended 31 December 2007	Earnings £m	Diluted earnings £m	Basic EPS pence per share	Diluted EPS pence per share
Profit attributable to shareholders	340.8	340.8	54.4p	54.0p
Non-trading items net of tax	(40.2)	(40.2)	(6.4)p	(6.4)p
Adjusted profit attributable to shareholders	300.6	300.6	48.0p	47.6p

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

	Half year ended 30 June 2008 Millions	Half year ended 30 June 2007 Millions	Year ended 31 December 2007 Millions
Weighted average number of ordinary shares for the purposes of basic earnings per share	602.1	629.0	626.5
Share options	1.4	4.3	3.6
Issue of contingently issuable shares	1.2	1.4	1.4
Weighted average number of ordinary shares for the purposes of dilutive earnings per share	604.7	634.7	631.5

At 30 June 2008, excluding Treasury shares, there were 600.1 million $28^1/_3$p ordinary shares in issue. Including Treasury shares there were 631.8 million $28^1/_3$p ordinary shares in issue.

At 30 June 2007 there were 630.3 million $28^1/_3$p ordinary shares in issue.

At 31 December 2007, excluding Treasury shares, there were 611.5 million $28^1/_3$p ordinary shares in issue. Including Treasury shares there were 631.4 million $28^1/_3$p ordinary shares in issue.

9. Property, plant and equipment

During the half year ended 30 June 2008, the Group acquired assets with a cost of £24.9 million (half year ended 30 June 2007: £33.7 million, year ended 31 December 2007: £63.6 million). In addition the Group acquired assets from business combinations at a cost of £1.2 million (half year ended 30 June 2007: £4.4 million, year ended 31 December 2007: £4.3 million).

Assets with a net book value of £1.8 million were disposed of by the Group during the half year ended 30 June 2007 (half year ended 30 June 2007: £4.0 million, year ended 31 December 2007: £5.9 million).

At 30 June 2008 the Group had entered into contractual commitments for the acquisition of property, plant and equipment amounting to £1.3 million (half year ended 30 June 2007: £0.5 million, year ended 31 December 2007: £1.2 million).

10. Net debt

The Group's net debt structure is as follows:

			30 June 2008			**30 June 2007**			**31 December 2007**
	Continuing	Discontinued	**Total**	Continuing	Discontinued	**Total**	Continuing	Discontinued	**Total**
	£m	£m	**£m**	£m	£m	**£m**	£m	£m	**£m**
Non current assets									
Derivatives	25.5	-	**25.5**	4.1	-	**4.1**	4.5	-	**4.5**
Current assets									
Derivatives	-	-	**-**	-	-	**-**	29.0	-	**29.0**
Cash and short term deposits	28.3	0.4	**28.7**	33.3	1.9	**35.2**	36.8	1.0	**37.8**
Current liabilities									
Bank overdrafts	(22.4)	-	**(22.4)**	(22.7)	(0.1)	**(22.8)**	(11.6)	-	**(11.6)**
Interest-bearing loans and borrowings	(175.5)	-	**(175.5)**	(25.1)	-	**(25.1)**	(175.7)	-	**(175.7)**
Derivatives	(0.1)	-	**(0.1)**	(3.3)	-	**(3.3)**	-	**-**	**-**
Non current liabilities									
Derivatives	(1.2)	-	**(1.2)**	(0.3)	-	**(0.3)**	(1.0)	-	**(1.0)**
Interest-bearing loans and borrowings	(888.1)	(6.2)	**(894.3)**	(931.4)	(25.2)	**(956.6)**	(793.7)	(6.3)	**(800.0)**
Net debt per balance sheet	(1,033.5)	(5.8)	**(1,039.3)**	(945.4)	(23.4)	**(968.8)**	(911.7)	(5.3)	**(917.0)**

11. Reconciliation of profit to net cash inflow from operating activities

	Half year ended 30 June 2008 £m	Half year ended 30 June 2007 £m	Year ended 31 December 2007 £m
Profit before tax and finance costs – continuing	170.0	192.7	420.7
(Loss)/Profit before tax and finance costs - discontinued	(0.3)	2.3	5.3
Profit before tax and finance costs	169.7	195.0	426.0
Depreciation	24.0	22.0	45.5
Amortisation of intangible assets	3.8	2.4	5.0
Costs of share based payments	2.9	1.3	6.4
(Increase)/Decrease in other financial assets	(5.0)	0.2	(0.2)
Decrease/(Increase) in trade and other receivables	25.5	(62.9)	(63.2)
Increase/(Decrease) in other financial liabilities	1.2	-	(1.7)
(Decrease)/Increase in trade and other payables	(6.4)	7.9	15.7
Decrease in provisions	(1.5)	(1.9)	(3.0)
Contribution to retirement benefit schemes	(3.0)	(3.0)	(6.1)
Share of results from joint ventures	1.1	-	0.2
Share of results from associates	(1.5)	(1.6)	(4.0)
Other items	(2.8)	(6.9)	0.5
Cash generated by operations	208.0	152.5	421.1
Income taxes paid	(43.4)	(11.5)	(65.8)
Finance costs paid	(30.9)	(21.0)	(69.8)
Net cash inflow from operating activities	**133.7**	**120.0**	**285.5**

Cash and short term deposits in the balance sheet comprise:

	30 June 2008 £m	30 June 2007 £m	31 December 2007 £m
Continuing operations			
Cash at bank and in hand	28.3	33.0	36.5
Deposits with maturity greater than three months	-	0.3	0.3
	28.3	33.3	36.8
Discontinued operations			
Cash at bank and in hand	0.4	1.9	1.0
	0.4	1.9	1.0
Total	**28.7**	**35.2**	**37.8**

11. Reconciliation of profit to net cash inflow from operating activities (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 2008 £m	30 June 2007 £m	31 December 2007 £m
Continuing operations			
Cash at bank and in hand	28.3	33.0	36.5
Bank overdrafts (included in current liabilities)	(22.4)	(22.7)	(11.6)
	5.9	10.3	24.9
Discontinued operations			
Cash at bank and in hand	0.4	1.9	1.0
Bank overdrafts (included in current liabilities)	-	(0.1)	-
	0.4	1.8	1.0
Total	**6.3**	**12.1**	**25.9**

12. Issued capital and reserves

	Share capital £m	Share premium £m	Other Reserve £m	Treasury and own shares £m	Retained earnings £m	Foreign currency translation £m	**Total equity £m**
At 1 January 2007	**177.9**	**2,126.8**	**-**	**(5.4)**	**(2,928.4)**	**2.2**	**(626.9)**
Total recognised income and expense for the year	-	-	-	-	344.1	7.2	**351.3**
Issue of shares for cash	0.9	6.7	-	-	-	-	**7.6**
Share-based payment awards	0.1	0.7	-	-	(0.8)	-	**-**
Cost of share-based payments	-	-	-	-	6.4	-	**6.4**
Own shares purchased	-	-	-	(70.4)	-	-	**(70.4)**
Provision for share buybacks	-	-	(30.0)	-	-	-	**(30.0)**
Net increase in shares held in ESOP trusts	-	-	-	(4.2)	-	-	**(4.2)**
Equity dividends	-	-	-	-	(84.6)	-	**(84.6)**
At 31 December 2007	**178.9**	**2,134.2**	**(30.0)**	**(80.0)**	**(2,663.3)**	**9.4**	**(450.8)**
At 1 January 2008	**178.9**	**2,134.2**	**(30.0)**	**(80.0)**	**(2,663.3)**	**9.4**	**(450.8)**
Total recognised income and expense for the period	-	-	-	-	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)**
Release of 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)**

13. Business combinations

Agenzie Scommesse SRL

On 4 February 2008, the Group acquired 100 per cent of the ordinary share capital of Agenzie Scommesse SRL, a betting company in Italy, for a cash consideration of £14.2 million, deferred consideration of £3.2 million and costs of acquisition of £0.2 million.

The acquisition and fair value balance sheet of Agenzie Scommesse SRL is as follows:

	Acquiree's carrying amount before combination £m	Fair value adjustments £m	Total £m
Non-current assets			
Intangible assets - licences	5.5	12.0	17.5
Tangible assets	0.7	-	0.7
Current assets			
Trade and other receivables	0.1	-	0.1
Cash and cash equivalents	1.7	-	1.7
Total assets	8.0	12.0	20.0
Current liabilities			
Trade and other payables	(2.4)	-	(2.4)
Deferred income tax liability	-	(4.9)	(4.9)
Total liabilities	(2.4)	(4.9)	(7.3)
Fair value of net assets acquired	5.6	7.1	12.7
Goodwill arising on acquisition			4.9
Consideration			
Cash consideration			14.2
Acquisition costs			0.2
Deferred consideration			3.2
Total consideration			17.6
The cash outflow on acquisition is as follows:			
Net cash acquired with subsidiaries			(1.7)
Cash paid (including costs)			14.4
Net cash outflow			12.7

From the date of acquisition, Agenzie Scommesse SRL has contributed £3.6 million revenue and £0.8 million operating profit to the Group. If the acquisition of Agenzie Scommesse SRL had been completed on the first day of the financial year, Group revenues for the half year ended 30 June 2008 would have been £0.7 million higher and Group profit attributable to equity holders of the parent Company would have been £0.2 million higher than disclosed in the income statement.

13. Business combinations (continued)

Eastwood Bookmakers

On 6 February 2008, the Group acquired the trade and assets of Eastwood Bookmakers, in Northern Ireland, for a cash consideration of £117.5 million and costs of acquisition of £0.6 million.

The acquisition and fair value balance sheet of Eastwood Bookmakers is as follows:

	Acquiree's carrying amount before combination £m	Fair value adjustments £m	Total £m
Non-current assets			
Intangible assets - licences	-	117.6	117.6
Tangible assets	2.2	(1.7)	0.5
Total assets	2.2	115.9	118.1
Fair value of net assets acquired	2.2	115.9	118.1
Consideration			
Cash consideration			117.5
Acquisition costs			0.6
Total consideration			118.1
The cash outflow on acquisition is as follows:			
Net cash acquired			-
Cash paid (including costs)			118.1
Net cash outflow			118.1

From the date of acquisition, Eastwood Bookmakers has contributed £9.3 million revenue and £3.8 million operating profit to the Group. If the acquisition of Eastwood Bookmakers had been completed on the first day of the financial year, Group revenues for the half year ended 30 June 2008 would have been £2.3 million higher and Group profit attributable to equity holders of the parent Company would have been £1.1 million higher than disclosed in the income statement.

13. Business combinations (continued)

McCartan Bookmakers

On 1 April 2008, the Group acquired the trade and assets of McCartan Bookmakers, in Northern Ireland, for a cash consideration of £6.7 million and costs of acquisition of £0.1 million.

The acquisition and fair value balance sheet of McCartan Bookmakers is as follows:

	Acquiree's carrying amount before combination	Fair value adjustments	Total
	£m	£m	£m
Non-current assets			
Intangible assets – licences	-	6.8	6.8
Total assets	-	6.8	6.8
Fair value of net assets acquired	-	6.8	6.8
Consideration			
Cash consideration			6.7
Acquisition costs			0.1
Total consideration			6.8
The cash outflow on acquisition is as follows:			
Net cash acquired			-
Cash paid (including costs)			6.8
Net cash outflow			6.8

From the date of acquisition, McCartan Bookmakers has contributed £0.4 million revenue and £0.1 million operating profit to the Group. If the acquisition of McCartan Bookmakers had been completed on the first day of the financial year, Group revenues for the half year ended 30 June 2008 would have been £0.7 million higher and Group profit attributable to equity holders of the parent Company would have been £0.3 million higher than disclosed in the income statement.

The fair value adjustments for all acquisitions during the period are provisional at 30 June 2008.

13. Business combinations (continued)

In the year ended 31 December 2007, the Group acquired the following interests with net assets at fair value of £50.7 million (including customer relationships of £40.5 million), for a consideration of £64.9 million (cash paid of £60.9 million, with a deferred consideration of £4.0 million), resulting in goodwill on acquisition of £14.2 million:

	Consideration £m	Interest %	Date of acquisition
Paddington Casino Limited	10.7	65%*	3 January 2007
Sponsio Limited	41.8	100%	18 January 2007
European Retail acquisitions			
Keenan Sports and Leisure Limited	3.1	100%	28 February 2007
Micheletto Agenzia Ippica Cuneo SRL	1.4	100%	27 June 2007
Parco Del Lido SRL	4.3	100%	7 August 2007
Montecarlo SRL	1.5	100%	10 August 2007
Laura Bassi SRL	1.5	100%	29 August 2007
Ace Racing Limited	0.6	100%	30 November 2007

* The acquisition of 65% of Paddington Casino Limited during 2007 took the Group's shareholding to 100%.

For the year ended 31 December 2007, from the date of acquisition, Sponsio Limited contributed £nil to revenue and £2.3 million of operating profit to the Group. Paddington Casino Limited contributed £7.2 million to revenue and £0.7 million of operating loss to the Group. The European Retail acquisitions contributed £2.5 million to revenue and £0.6 million of operating profit to the Group.

If the acquisitions had been completed on the first day of the financial year ended 31 December 2007, Group revenues for the year ended 31 December 2007 would have been £5.4 million higher and the Group profit attributable to the equity holders of the parent company would have been £1.3 million higher than that disclosed in the Income Statement.

14. 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 2008 £m	Half year ended 30 June 2007 £m	Year ended 31 December 2007 £m
Equity investment			
- Joint venture	0.8	-	0.6
Additional loans provided			
- Joint venture partner	0.8	-	0.5
Dividends received			
- Associate	-	-	2.3
Sundry expenditures			
- Associate	15.5	16.3	33.1

14. Related party transactions (continued)

The following table provides the related party outstanding balances.

	Half year ended 30 June 2008 £m	Half year ended 30 June 2007 £m	Year ended 31 December 2007 £m
Loan balances outstanding			
- Joint venture partner	1.3	-	0.5
Other payables outstanding			
- Associate	2.3	-	-
Other receivables outstanding			
- Associate	0.2	0.2	3.0

15. Contingent liabilities

The following contingent liabilities exist at 30 June 2008:

Guarantees have been given in the ordinary course of business in respect of loans granted to subsidiaries amounting to £1,065.5 million (31 December 2007: £974.9 million, 30 June 2007: £980.4 million). In addition, subsidiaries have guaranteed loans of £0.4 million (31 December 2007: £0.8 million, 30 June 2007: £0.8 million) given in the normal course of business to subsidiary companies.

Bank guarantees have been issued on behalf of subsidiaries and joint ventures with a value of £22.1 million (31 December 2007: £17.7 million, 30 June 2007: £17.4 million).

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

Half year ended 30 June 2007

		Discontinued				
	Reported Revenue £m	Vernons £m	Casino £m	Italy reclass £m	Associate Revenue restatement £m	Restated Revenue £m
Continuing operations:						
UK Retail(1)	353.7	-	-	-	(1.6)	352.1
Other European Retail(1)	49.6	-	-	1.1	-	50.7
eGaming	72.5	-	-	-	-	72.5
Telephone Betting	111.6	-	-	-	-	111.6
Other	13.5	(9.0)	(3.4)	(1.1)	-	-
Total	600.9	(9.0)	(3.4)	-	(1.6)	586.9
Discontinued operations:						
Casino	-	-	3.4	-	-	3.4
Vernons	-	9.0	-	-	-	9.0
Total	-	9.0	3.4	-	-	12.4
Total Group	600.9	-	-	-	(1.6)	599.3

(1) Classified as European Retail in 2007

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

Half year ended 30 June 2007

	Reported profit before taxation and non-trading items	Discontinued Vernons	Discontinued Casino	Italy reclass	Restated profit before taxation and non-trading items
	£m	£m	£m	£m	£m
Continuing operations:					
UK Retail[1]	100.9	-	-	-	100.9
Other European Retail[1]	13.5	-	-	(0.3)	13.2
eGaming	26.3	-	-	-	26.3
Telephone Betting	63.3	-	-	-	63.3
Other [2]	(0.6)	(2.7)	0.4	0.3	(2.6)
Corporate costs	(8.4)	-	-	-	(8.4)
Total	195.0	(2.7)	0.4	-	192.7
Net finance costs	(34.4)	0.5	0.2	-	(33.7)
	160.6	(2.2)	0.6	-	159.0
Discontinued operations:					
Casino	-		(0.4)	-	(0.4)
Vernons	-	2.7	-	-	2.7
Total	-	2.7	(0.4)	-	2.3
Net finance costs	-	(0.5)	(0.2)	-	(0.7)
	-	2.2	(0.6)	-	1.6
Total Group	160.6	-	-	-	160.6

(1) Classified as European Retail in 2007
(2) Other includes international development costs and start up costs associated with our Spanish joint venture

Year ended 31 December 2007

	Reported Revenue	Discontinued Casino	Restated Revenue
	£m	£m	£m
Continuing operations:			
UK Retail[1]	701.8	-	701.8
Other European Retail[1]	102.7	-	102.7
eGaming	143.5	-	143.5
Telephone Betting	279.8	-	279.8
Other	7.2	(7.2)	-
Total	1,235.0	(7.2)	1,227.8
Discontinued operations:			
Casino	-	7.2	7.2
Vernons	16.8	-	16.8
Total	16.8	7.2	24.0
Total Group	1,251.8	-	1,251.8

(1) Classified as European Retail in 2007

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

Year ended 31 December 2007

	Reported profit before taxation and non-trading items £m	Discontinued Casino £m	Restated profit before taxation and non-trading items £m
Continuing operations:			
UK Retail[1]	187.8	-	187.8
Other European Retail[1]	21.7	-	21.7
eGaming	55.0	-	55.0
Telephone Betting	183.6	-	183.6
Other [2]	(7.0)	0.7	(6.3)
Corporate costs	(21.1)	-	(21.1)
Total	420.0	0.7	420.7
Net finance costs	(68.0)	0.3	(67.7)
	352.0	1.0	353.0
Discontinued operations:			
Casino	-	(0.7)	(0.7)
Vernons	6.0	-	6.0
Total	6.0	(0.7)	5.3
Net finance costs	(1.2)	(0.3)	(1.5)
	4.8	(1.0)	3.8
Total Group	356.8	-	356.8

(1) Classified as European Retail in 2007

(2) Other includes international development costs and start up costs associated with our Spanish joint venture

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

Half year ended 30 June 2007

	Reported Before non-trading items	*Adjustment* Discontinued operations - Vernons	*Adjustment* Discontinued operations - Casino	*Adjustment* Associate revenue restatement	*Restated* Before non-trading items
Continuing operations	£m	£m	£m	£m	£m
Amounts staked[(1)]	6,936.0	(17.2)	(15.7)	-	(6,903.1)
Revenue	599.3	(9.0)	(3.4)	-	586.9
Share of results from associated undertakings	1.6	-	-	(1.6)	-
Total revenue	600.9	(9.0)	(3.4)	(1.6)	586.9
Cost of sales before depreciation	(334.7)	2.0	3.2	-	(329.5)
Administrative expenses	(46.8)	4.2	0.5	-	(42.1)
Share of results from associated undertakings	-	-	-	1.6	1.6
EBITDA	219.4	(2.8)	0.3	-	216.9
Depreciation and amounts written off non-current assets	(24.4)	0.1	0.1	-	(24.2)
Profit before tax and finance costs	195.0	(2.7)	0.4	-	192.7
Finance costs	(34.7)	0.5	0.2	-	(34.0)
Finance income	0.3	-	-	-	0.3
Profit before taxation	160.6	(2.2)	0.6	-	159.0
Income tax expense	(25.7)	0.7	(0.2)	-	(25.2)
Profit for the period – continuing operations	134.9	(1.5)	0.4	-	133.8
Discontinued operations					
Profit for the period from discontinued operations	-	1.5	(0.4)	-	1.1
Profit for the period	134.9	-	-	-	134.9
Attributable to:					
Equity holders of the parent	134.9	-	-	-	134.9
Earnings per share from continuing operations:					
- basic	21.5p	(0.2)p	-	-	21.3p
- diluted	21.3p	(0.2)p	-	-	21.1p
Earnings per share on profit for the period:					
- basic	21.5p	-	-	-	21.5p
- diluted	21.3p	-	-	-	21.3p

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

Non-trading finance costs and finance income has been restated to disclose the net impact of gains and losses arising from fair value hedges within finance costs.

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

Year ended 31 December 2007

	Reported Before non-trading items £m	*Adjustment* Discontinued operations - Casino £m	*Restated* Before non-trading items £m
Continuing operations			
Amounts staked[1]	14,908.5	(29.0)	14,879.5
Revenue	1,235.0	(7.2)	1,227.8
Cost of sales before depreciation	(684.5)	7.3	(677.2)
Administrative expenses	(83.9)	0.3	(83.6)
Share of results from joint venture and associates	3.8	-	3.8
EBITDA	470.4	0.4	470.8
Depreciation and amounts written off non-current assets	(50.4)	0.3	(50.1)
Profit before tax and finance costs	420.0	0.7	420.7
Finance costs	(69.5)	0.3	(69.2)
Finance income	1.5	-	1.5
Profit before taxation	352.0	1.0	353.0
Income tax expense	(54.8)	(0.3)	(55.1)
Profit for the year – continuing operations	297.2	0.7	297.9
Discontinued operations			
Profit for the year from discontinued operations	3.4	(0.7)	2.7
Profit for the year	300.6	-	300.6
Attributable to:			
Equity holders of the parent	300.6	-	300.6
Earnings per share from continuing operations:			
- basic	47.4p	0.2p	47.6p
- diluted	47.0p	0.2p	47.2p
Earnings per share on profit for the year:			
- basic	48.0p	-	48.0p
- diluted	47.6p	-	47.6p

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

17. Post Balance Sheet events

The £175 million 7.25% bond was repaid on 29 July 2008.

Statement of Directors' Responsibilities

The directors confirm that this set of unaudited financial statements 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.

The directors of Ladbrokes plc are listed in the Group’s annual report and accounts for the year ended 31 December 2007.

By order of the Board

C Bell
B G Wallace

7 August 2008

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 2008 which comprises the Interim consolidated income statement, Interim consolidated balance sheet, Interim consolidated cash flow statement, Interim consolidated statement of recognised income and expense and the related notes 1 to 17. 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 2008 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
7 August 2008