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INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2007

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Unaudited interim results for the six months ended 30 June 2007

	Half year to 30 June 2007 £m	Half year to 30 June 2006 £m	Year to 31 December 2006 £m
Continuing operations			
Gross win	**624.0**	**523.1**	**1,008.9**
Net revenue	600.9	502.1	970.0
Operating profit (1)	**195.0**	**151.3**	**268.1**
Net finance costs (1)	(34.4)	(19.9)	(45.6)
Interest income on hotels sale proceeds	-	24.0	24.0
Profit before tax and non-trading items (1)	**160.6**	**155.4**	**246.5**
Loss on disposal of non-current assets	(1.1)	-	-
Other non-trading items before tax	(3.5)	3.2	(3.5)
Profit before tax	**156.0**	**158.6**	**243.0**
Tax	(24.7)	(29.6)	(47.7)
Profit after tax – continuing operations	**131.3**	**129.0**	**195.3**
Profit for the period from discontinued operations	-	388.5	421.9
Profit after tax	**131.3**	**517.5**	**617.2**

EBITDA (1) – continuing	219.4	171.3	310.5
Earnings per share (1) (3) – continuing	21.5p	9.8p	22.0p
Earnings per share (3) – total Group	20.9p	43.0p	67.2p
Proposed dividend per share (2) (3)	4.85p	4.60p	8.60p

(1) Before non-trading items which are profits/losses on disposal of non-current assets, unrealised gains and losses on derivatives, litigation and transaction costs and profit on disposal of discontinued operations. Details on the non-trading items are given in note 4 to the financial statements.

(2) Half year to 30 June 2007 is the proposed interim dividend of 4.85p (30 June 2006: 4.60p). 2006 full year figure includes a proposed final dividend of 8.60 pence, which was paid on 1 June 2007.

(3) Total Group earnings per share in 2006 included the profit on disposal of the hotels business. A 6 for 17 share consolidation took place on 13 April 2006.

Highlights

- Operating profit increased 28.9% to £195.0 million (H1 2006: £151.3 million), with significant contribution from Telephone Betting High Rollers.

- Gross win increased by 19.3% to £624.0 million (H1 2006: £523.1 million).

- UK Retail operating profit fell 11.6% to £100.9 million (H1 2006: £114.1 million), with gross win growth of 1.1% but higher costs.

- Operating profit in Ireland increased by 83.8% to £12.5 million (H1 2006: £6.8 million).

- Retail business launched in Italy, with twelve shops currently trading.

- Cash generated by operations of £152.5 million with net debt of £968.8 million at 30 June 2007.

- Interim dividend up 5.4% to 4.85 pence (2006 interim dividend: 4.6 pence).

- Effective tax rate of 16% for 2007.

- Share buy back programme will commence in the second half.

Christopher Bell, Chief Executive, commented:

“The first half of 2007 has seen record operating profit of £195.0 million, including the benefit of a period of significantly increased activity amongst our Telephone Betting High Rollers. UK Retail profits fell, as a strong contribution from our new Fixed Odds Betting Terminals (FOBTs) was outweighed by lower Over the Counter (OTC) gross win and higher costs. The Irish shop estate is performing well and our eGaming division continues to grow.

“Italy represents the most progressed opportunity amongst our International development plans and our first acquired shops are now open. We have submitted our application to operate in Madrid, Spain and we are advanced in our preparations to bid for Taiwan’s new sports lottery.

“From 1 September, all gambling operators in the UK will be required to meet consistent standards established by the industry regulator - the Gambling Commission. Along with increased regulation will come opportunities which will include all year round evening opening of betting shops, £500 jackpot machines and the opportunity for broadcast advertising. We are fully prepared for these changes, which we believe will help to drive growth in our core business in 2008 and beyond.

“Recognising the strong cash flow generated from operations and our capital structure targets, Ladbrokes will commence a share buy back programme in the second half of the year, whilst continuing to invest in growth opportunities both in the UK and overseas.”

Board changes

During the period, the Board was pleased to welcome the appointment of Brian Wallace, who has replaced Rosemary Thorne as Group Finance Director. Nicholas Jones was appointed Senior Independent non-executive director following Pat Lupo’s departure from the Board during May.

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Notes to editors:

A live conference call of the analyst presentation will be available at 9:30am (UK time) by dialing +44 (0) 20 8817 9301 and asking for the ‘Ladbrokes plc Interim Results’. In addition, a live audiocast of the presentation with slides will be held within the ‘Investor Centre’ on www.ladbrokesplc.com and a recording will be available from 3pm (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.

Performance overview

Ladbrokes achieved its highest ever first half operating profit of £195.0 million and the business is ready for the opportunities offered by the Gambling Act, which will be implemented from 1 September 2007.

Our UK Retail business saw an encouraging performance from our new FOBTs, which were fully rolled out by 31 March 2007, with average gross win per week having increased by 19% to £651 for the period. We continue to see a positive response to the new dual screen machines.

OTC gross win saw a decline due in part to challenging comparatives without a World Cup and the substitution effect with the new FOBTs

Our Irish Retail estate has delivered strong growth, through the combination of a strong product offering and shop acquisitions.

Our eGaming business continues to perform well, with good growth again in Sportsbook, Casino and Games products. Poker continues to be impacted by the competitive environment in the Nordics and the UK.

Telephone Betting High Rollers contributed significantly to the first half performance with net revenue of £95.3 million.

International development remains focused on Italy, Spain and Asia. Italy is well progressed with the primary focus on the acquisition of existing shops, the identification of 'new licence' premises and the planned launch of *Ladbrokes.it* in the second half.

In Spain, we have submitted our application for an operating licence in Madrid and await news on deregulation amongst the remaining regions. In Asia, we are intent on participating in the tender for the sports lottery in Taiwan, our bid for the Vietnamese sports lottery continues and we continue to explore sports betting opportunities in China.

Dividends and capital structure

The Board announces the implementation of a share buy back programme, to start during the second half of 2007. It is intended that, over time, Ladbrokes will repurchase shares in order to move towards its stated target gearing range of 3.5 to 3.75 times historic EBITDA. The purchase of shares will be dependent on market conditions and will also take into account the cash generated in the business and other investment opportunities that may arise over time.

Ladbrokes will pay an interim dividend of 4.85 pence per share (2006: 4.6 pence per share) on 3 December to shareholders on the register on 17 August. This represents an increase of 5.4% over last year's interim dividend.

Outlook

Following consistent investment in our UK Retail estate, we look forward to the regulatory changes made possible by the 2005 Gambling Act next month. We expect to see benefits from year round evening opening and £500 jackpots in 2008 and will commence broadcast advertising later this year. We are actively interested in the proposed 17 new UK casinos and continue to monitor the progress of this regulation.

Internationally, we are establishing businesses in Italy and Spain and are involved in bidding for new sports lotteries in Taiwan and Vietnam and exploring opportunities in China.

Ladbrokes continues to seek an early resolution to the loss of pictures from the UK racecourses which have sold their betting shop broadcast rights to Turf TV. We have chosen not to sign up to Turf TV because it represents a four-fold increase in the costs of the broadcast rights to 31 of the 59 UK courses and is conditional on broadcasting a new channel into our shops, which will incur additional expense and integration issues.

For the one month period from 1 July, total gross win increased by 38%, mainly reflecting the benefit from continuing Telephone Betting High Rollers' activity, albeit at a lower level than experienced at the end of the first half. Excluding the benefit from the increased Telephone Betting High Rollers' activity, the rest of the business continues to trade in line with management's expectations.

Operating Results

Amount staked by business	Half year to 30 June 2007 £m	Half year to 30 June 2006 £m	Year to 31 December 2006 £m
European Retail	5,702.3	5,172.1	10,189.1
eGaming	607.5	587.4	1,216.9
Telephone Betting	585.9	578.8	939.9
Other (1)	40.3	21.2	37.9
Total	6,936.0	6,359.5	12,383.8

Gross win by business	Half year to 30 June 2007 £m	Half year to 30 June 2006 £m	Year to 31 December 2006 £m
European Retail	420.1	407.6	799.8
eGaming	78.1	72.6	144.4
Telephone Betting	112.2	33.6	46.1
Other (1)	13.6	9.3	18.6
Total	624.0	523.1	1,008.9

Net revenue by business	Half year to 30 June 2007 £m	Half year to 30 June 2006 £m	Year to 31 December 2006 £m
European Retail	403.3	392.7	771.5
eGaming	72.5	66.6	134.1
Telephone Betting	111.6	33.5	45.8
Other (1)	13.5	9.3	18.6
Total	600.9	502.1	970.0

Profit from operations by business (before non-trading items)	Half year to 30 June 2007 £m	Restated(2) Half Year to 30 June 2006 £m	Restated(2) Year to 31 December 2006 £m
European Retail	114.4	122.6	216.8
eGaming	26.3	18.5	44.3
Telephone Betting	63.3	16.4	17.3
Other (1)	(0.6)	1.8	4.3
Corporate costs	(8.4)	(8.0)	(14.6)
Total	195.0	151.3	268.1

(1) Vernons, casino and international development operations.

(2) Refer to note 13 of the financial statements for details of the restatement.

Business Review

European Retail

- Total gross win increased by 3.1% to £420.1 million (H1 2006: £407.6 million) and operating profit decreased by 6.7% to £114.4 million (H1 2006: £122.6 million).

European Retail - UK

- Total gross win increased by 1.1% to £370.3 million (H1 2006: £366.4 million). Our new FOBTs performed well, whilst OTC experienced a period of challenging comparatives. Like for like total gross win, excluding acquisitions and new licences, increased by 0.3%.

- OTC gross win decreased by 4.7% to £249.6 million (H1 2006: £261.8 million), with like for like OTC gross win down by 5.2%, partly due to tough comparatives and FOBT substitution.

- OTC gross win margin was 17.5% (H1 2006: 16.9%) with good margins achieved at the Cheltenham festival and Royal Ascot.

- Following the smoking ban introduction in Wales during April, there has been no significant impact in our Welsh shops. It is too early to establish the impact in England but we do not expect that there will be a substantial ongoing effect.

- The rollout of 6,700 new bespoke dual screen FOBTs was completed in March 2007 and the customer reaction to these terminals continues to be positive, with gross win per terminal up 18.8% in the first half, compared to the first half in 2006.

- Machine gross win increased by 15.4% to £120.7 million (H1 2006: £104.6 million), with average weekly FOBT gross win of £651, significantly above last year's £548 for the same period.

- Operating costs increased by 8.5% to £216.0 million (H1 2006: £199.0 million), including a full half year of the new FOBT licence duty (AMLD) of £6.8 million (H1 2006: nil). Like for like costs, excluding AMLD, new licences, acquisitions and relocations, increased by 4%.

- Operating profit of £100.9 million decreased by 11.6% (H1 2006: £114.1 million).

- At 30 June 2007, Ladbrokes had 2,130 shops in the UK (2,141 at 31 December 2006).

European Retail - Ireland

- Gross win in Ireland increased by 41.4% to £32.8 million (H1 2006: £23.2 million), including the benefit of a larger shop estate and good UK and Irish horse racing results. Like for like gross win, excluding acquisitions and new licences, increased by 16%.

Business Review (continued)

- Operating costs rose by 37.7% in Ireland due to the increase in shop numbers, with like for like costs up by 5%. Operating profit increased by 83.8% to £12.5 million (H1 2006: £6.8 million).

- Shop numbers in Ireland (Republic of Ireland and Northern Ireland) increased from 195 at 31 December 2006 to 206 at 30 June 2007, including 9 acquisitions, 4 new licences and 2 closures.

European Retail - Belgium

- Gross win in Belgium showed a decline of 5.6% due to the highly competitive marketplace. Operating profit decreased by 41.2% to £1.0 million (H1 2006: £1.7 million).

- At 30 June 2007, the number of shops in Belgium reduced to 279 from 286 at 31 December 2006.

eGaming

- eGaming net revenue increased by 8.9% to £72.5 million (H1 2006: £66.6 million), with 441,000 unique active players (up 5.0%).

- Excluding the impact of the World Cup, which delivered £3.4 million net revenue in the first half of 2006, net revenue grew 14.7%.

- Sportsbook (including Ladbrokes Financials) net revenue rose by 13.9% to £27.1 million (an increase of 32.8% excluding the impact of the World Cup), with gross win margin up 1.2 percentage points to 7.9%, benefiting from strong margins at the Cheltenham festival and Royal Ascot. Average monthly active player days were marginally down at 640,000 with no World Cup but yield per unique active player grew 14.7% to £86.

- Poker net revenue was £15.7 million, down £2.7 million, with increased competition affecting both player numbers and yield. Average monthly active player days fell by 14.9% to 422,000 and yield per unique active player fell 10.6% to £144. Localisation remains a focus and we have delivered new software for Swedish and Danish languages in the first half, with four further languages planned by the end of 2007.

- Casino net revenue of £22.2 million grew by 14.4%, with average monthly active player days up 6.9% at 77,000 and yield per unique active player up 8.0% at £363. The focus on localisation continues with '1-click' suites of games released in four new languages in the first half with another five to come in the second half. Our VIP programme now rewards players from over 30 countries.

- Games net revenue of £7.5 million was 50.0% higher (H1 2006: £5.0 million), with average monthly active player days up 88.6% to 132,000, driven particularly by our first TV advertising campaign for Bingo and 'Deal or No Deal', which was launched in July 2006. A second Bingo TV advertising campaign started at the beginning of July and second half plans include more new product launches and a greater focus on product and service localisation.

Business Review (continued)

- Operating costs of £42.1 million decreased by 5.0%, benefiting from the acquisition of Sponsio, our Nordic marketing partner, in January 2007. Excluding the impact of the Sponsio acquisition, like for like operating costs were up 1.9%, with savings in banking and chargebacks offset by higher staff costs as we have recruited to support the business expansion.

- Operating profit increased to £26.3 million (H1 2006: £18.5 million), with net revenue conversion of 36.3% (H1 2006: 27.8%) favourably impacted by the acquisition of Sponsio and low like for like cost increases.

Telephone Betting

- Net revenue excluding High Rollers was £16.3 million, down £3.9 million, with gross win margins of 7.4% compared to 8.8% in 2006, which also benefited by £0.9 million from the World Cup.

- Net revenue from High Rollers was £95.3 million (H1 2006: £13.3 million).

- Unique active players were 97,400 (H1 2006: 100,100), with average monthly active player days down by 6.8% and call volumes (excluding High Rollers) down by 4.1% as prior year comparatives all benefited from World Cup activity.

- Operating costs increased by £19.5 million, largely due to levy and provisions associated with High Rollers' business. Agent cost per call was up 14.5% to 63 pence, with efficiencies impacted by lost racing both at the beginning of the year and in the wet June.

- Including High Rollers, operating profit was £63.3 million (H1 2006: £16.4 million).

Other – Vernons, Casino and International development operations

- Vernons operating profit increased by 28.6% to £2.7 million (H1 2006 £2.1million) largely due to more effective marketing campaigns and improvements in customer handling productivity.

- Casino loss of £0.7 million includes development costs and a small loss from Ladbrokes Casino and Sports Bar during the first half.

- International development in Italy, Spain and Asia resulted in a £2.6 million loss.

Operating and Financial Review

Financial review

Revenue and profit before tax for continuing operations	Half Year to 30 June 2007		Restated Half Year to 30 June 2006		Restated Year to 31 December 2006	
	Net Revenue	Profit	Net Revenue	Profit	Net Revenue	Profit
	£m	£m	£m	£m	£m	£m
European Retail	403.3	114.4	392.7	122.6	771.5	216.8
eGaming	72.5	26.3	66.6	18.5	134.1	44.3
Telephone Betting	111.6	63.3	33.5	16.4	45.8	17.3
Other (1)	13.5	(0.6)	9.3	1.8	18.6	4.3
Corporate costs	-	(8.4)	-	(8.0)	-	(14.6)
	600.9	195.0	502.1	151.3	970.0	268.1
Net finance costs	-	(34.4)	-	(19.9)	-	(45.6)
Interest income on the hotels sales proceeds	-	-	-	24.0	-	24.0
Revenue and profit before tax	600.9	160.6	502.1	155.4	970.0	246.5

Profit for continuing operations is before non-trading items.

(1) Vernons, casino and international development operations.

Trading summary – Continuing operations

Revenue for continuing operations increased by £98.8 million (19.7%) to £600.9 million, mainly as a result of High Rollers' activity in Telephone Betting, the performance of the Irish shops in the European Retail estate, and growth in eGaming.

Profit before finance costs, tax and non-trading items increased 28.9% to £195.0 million (H1 2006: £151.3 million) reflecting increased profits in both Telephone Betting and eGaming offset by a decline in European Retail.

Finance costs

The net finance costs of £34.4 million were £38.5 million greater than last year (H1 2006: £4.1 million net income). 2006 benefited from interest income of £24.0 million earned on the proceeds of the Hilton International disposal. Excluding this income net finance costs increased by £14.5 million reflecting a full period of the increased leverage implemented following the Hilton International disposal.

Profit before tax

The increase in trading profits offset by the higher finance costs in the period has resulted in a 3.3% increase in first half profit for continuing operations before taxation and non-trading items to £160.6 million (H1 2006: £155.4 million).

Non-trading items before tax

£1.1 million of non-trading items before interest and tax include a £1.5 million profit recognised upon disposal of shares in SIS reducing our shareholding from 25.3% to 23.4%. This is offset by a £2.6 million loss on closure of 17 shops in the first half of 2007, and commitment to close a further 7 shops in July 2007 in the UK Retail estate. Other non-trading items of £(3.5) million (H1 2006: £3.2 million) relate to unrealised (losses) / gains on derivatives.

Taxation

The Group taxation charge for continuing operations before non-trading items of £25.7 million represents an effective tax rate of 16% (half year to 30 June 2006: 24%; year to 31 December 2006: 17.8%). The effective tax rate of 16% is a best estimate of the annual tax rate for 2007, which is lower than 2006 due mainly to a reduction in the rate of mainstream corporation tax rates.

Earnings per share (EPS) – Continuing operations

EPS (before non-trading items) was 21.5 pence (H1 2006: 9.8 pence). Comparison with the prior year is affected by the share consolidation and convertible bond conversion that took place in 2006. EPS (including the impact of non-trading items) was 20.9 pence (H1 2006: 10.7 pence). Fully diluted EPS was 20.7 pence (H1 2006: 10.1 pence) after adjustment for outstanding share options.

Earnings per share (EPS) – Group

EPS (before non-trading items) increased to 21.5 pence (H1 2006: 10.4 pence). EPS (including the impact of non-trading items) fell to 20.9 pence (H1 2006: 43.0 pence), reflecting the profit on disposal of Hilton International in 2006. Fully diluted EPS was 20.7 pence (H1 2006: 40.3 pence) after adjustment for outstanding share options.

Dividend

The Board has proposed an interim dividend of 4.85 pence per share (H1 2006: 4.6 pence). The dividend will be payable on 3 December 2007 to shareholders on the register on 17 August 2007.

Restatement of divisional operating profits and balance sheet reclassification

Following a review, the allocation of shared costs has been adjusted in 2007 to reflect more accurately each division's activity. For comparative purposes, the segmental operating profit statements for the year to 31 December 2006 and the half year to 30 June 2006 have been restated to reflect this change to reported profit and are shown in the table below:

Operating profit before non-trading items	Half year to 30 June 2006	Adj	Restated Half year to 30 June 2006	Year to 31 December 2006	Adj	Restated Year to 31 December 2006
	£m	£m	£m	£m	£m	£m
European Retail	120.1	2.5	122.6	212.7	4.1	216.8
eGaming	19.8	(1.3)	18.5	47.0	(2.7)	44.3
Telephone Betting	16.6	(0.2)	16.4	17.7	(0.4)	17.3
Other (1)	2.1	(0.3)	1.8	5.9	(1.6)	4.3
Corporate costs	(7.3)	(0.7)	(8.0)	(15.2)	0.6	(14.6)
Total	151.3	-	151.3	268.1	-	268.1

(1) Vernons, casino and international development operations.

In addition, the balance sheets for 30 June 2006 and 31 December 2006 have been restated for a reclassification of non-current liability provisions to current liability provisions.

These adjustments have no impact on reported Group profit, cash flows or net assets.

Cash flow, capital expenditure and borrowings

Cash generated by operations was £152.5 million. After net finance costs and income taxes paid of £32.2 million and £97.0 million on capital expenditure, intangible additions and acquisitions, cash inflow was £23.3 million.

Proceeds of £5.0 million were received on the exercise of share options and the issue of shares and £54.1 million was paid out in dividends.

At 30 June 2007, gross borrowings of £981.7 million and cash, deposits and short term investments of £12.4 million and derivatives of £0.5 million have resulted in a net debt of £968.8 million.

Unaudited financial statements

Interim consolidated income statement

	Half year to 30 June 2007		Half year to 30 June 2006		Year to 31 December 2006	
	Before non-trading items[1] £m	Total £m	Before Non-trading items[1] £m	Total £m	Before non-trading items[1] £m	Total £m
Continuing operations						
Amounts staked[2]	6,936.0	6,936.0	6,359.5	6,359.5	12,383.8	12,383.8
Revenue	599.3	599.3	500.5	500.5	966.0	966.0
Share of results from associated undertakings	1.6	1.6	1.6	1.6	4.0	4.0
Total revenue	600.9	600.9	502.1	502.1	970.0	970.0
Cost of sales before depreciation	(334.7)	(335.9)	(288.5)	(288.5)	(573.3)	(573.3)
Administrative expenses	(46.8)	(45.3)	(42.3)	(42.3)	(86.2)	(88.7)
EBITDA	219.4	219.7	171.3	171.3	310.5	308.0
Depreciation and amounts written off non – current assets	(24.4)	(25.8)	(20.0)	(20.0)	(42.4)	(42.4)
Profit before tax and finance costs	195.0	193.9	151.3	151.3	268.1	265.6
Finance costs	(34.7)	(47.3)	(32.2)	(41.8)	(62.3)	(80.6)
Finance income	0.3	9.4	36.3	49.1	40.7	58.0
Profit before taxation	160.6	156.0	155.4	158.6	246.5	243.0
Income tax expense	(25.7)	(24.7)	(37.3)	(29.6)	(43.9)	(47.7)
Profit for the period – continuing operations	134.9	131.3	118.1	129.0	202.6	195.3
Discontinued operations						
Profit for the period from discontinued operations	-	-	7.0	388.5	7.0	421.9
Profit for the period	134.9	131.3	125.1	517.5	209.6	617.2
Attributable to:						
Equity holders of the parent	134.9	131.3	125.1	517.5	209.6	617.2
Earnings per share from continuing operations:						
- basic	21.5p	20.9p	9.8p	10.7p	22.0p	21.2p
- diluted	21.3p	20.7p	9.3p	10.1p	21.5p	20.7p
Earnings per share on profit for the period:						
- basic	21.5p	20.9p	10.4p	43.0p	22.8p	67.2p
- diluted	21.3p	20.7p	9.8p	40.3p	22.2p	64.7p
Proposed dividends[3]	4.85p	4.85p	4.60p	4.60p	8.60p	8.60p

[1] Non-trading items are profits/losses on disposal of non-current assets, unrealised gains and losses on derivatives, litigation and transaction costs and profit on disposal of discontinued operations. Details on the non-trading items are given in note 4 to the financial statements.
[2] Amounts staked does not represent the Group's statutory revenue and comprises the total amount staked by customers on betting and gaming activities.
[3] The dividends paid in the half years to June 2007 and June 2006 were £54.1 million (8.60p per share) and £4,179.6 million (240.00p per share) respectively. An interim dividend of 4.85p per share (2006: 4.60p) was declared by the Directors on 9 August 2007. These financial statements do not reflect this dividend payable.

Interim consolidated balance sheet

	30 June 2007 £m	Restated 30 June 2006 £m	Restated 31 December 2006 £m
ASSETS			
Non-current assets			
Goodwill and intangible assets	496.4	394.3	427.5
Property, plant and equipment	255.2	218.5	243.1
Interests in associates and other investments	9.9	8.2	11.0
Other financial assets	8.2	8.2	8.5
Deferred tax assets	24.0	16.7	13.1
Derivatives	4.1	20.4	12.7
Retirement benefit asset	38.4	12.4	22.6
	836.2	678.7	738.5
Current assets			
Trade and other receivables	149.0	94.9	75.0
Assets classified as held for sale	2.2	2.2	2.2
Derivatives	-	12.9	0.8
Cash and short term deposits	35.2	26.6	36.4
	186.4	136.6	114.4
Total assets	**1,022.6**	**815.3**	**852.9**
LIABILITIES			
Current liabilities			
Interest-bearing loans and borrowings	(47.9)	(141.3)	(36.7)
Derivatives	(3.3)	(17.1)	(9.9)
Trade and other payables	(210.0)	(214.8)	(173.4)
Corporation tax liabilities	(190.2)	(191.8)	(161.6)
Provisions	(2.7)	(3.1)	(2.9)
	(454.1)	(568.1)	(384.5)
Non-current liabilities			
Interest-bearing loans and borrowings	(956.6)	(825.4)	(952.2)
Derivatives	(0.3)	(0.8)	-
Other financial liabilities	(19.7)	(14.2)	(16.3)
Deferred tax liabilities	(114.9)	(79.7)	(114.6)
Provisions	(10.5)	(21.2)	(12.2)
	(1,102.0)	(941.3)	(1,095.3)
Liabilities of disposal group classified as held for sale	-	(18.9)	-
Total liabilities	**(1,556.1)**	**(1,528.3)**	**(1,479.8)**
Net liabilities	**(533.5)**	**(713.0)**	**(626.9)**
EQUITY			
Issued share capital	178.6	177.2	177.9
Share premium account	2,131.9	2,131.0	2,126.8
Own shares	(5.3)	(5.5)	(5.4)
Foreign currency translation reserve	2.3	0.6	2.2
Retained earnings	(2,841.0)	(3,016.3)	(2,928.4)
Total equity	**(533.5)**	**(713.0)**	**(626.9)**

Interim consolidated cash flow statement

	Half year to 30 June 2007 £m	Half year to 30 June 2006 £m		Year to 31 December 2006 £m	
Net cash flows from operating activities	120.0	83.1		156.5	
Cash flows from investing activities					
Interest received	0.3	43.8		54.7	
Dividends received from associates	-	0.5		0.8	
Payments for intangible assets	(13.6)	(2.3)		(9.0)	
Purchase of property, plant and equipment	(32.7)	(45.5)	*	(91.9)	**
Purchase of subsidiaries	(50.7)	(6.2)		(26.0)	
Proceeds from the sale of property, plant and equipment	2.4	0.7		1.0	
Proceeds from disposal of hotels division	-	3,241.4		3,241.4	
Costs of disposal of the hotels division	-	(67.3)		(74.7)	
Cash disposed with discontinued operations	-	(54.2)		(54.2)	
Cash obtained through acquisition of subsidiaries	2.4	-		-	
Purchase of interests in associates and other investments	-	(0.5)		(0.5)	
Proceeds from disposal of interest in associates	2.2	-		1.0	
	(89.7)	3,110.4		3,042.6	
Cash flows from financing activities					
Proceeds from issue of shares	5.0	65.3		70.3	
Proceeds from borrowings	11.9	150.7		179.6	
Proceeds from repayment of loans by associate	-	-		7.8	
Purchase of ESOP shares	(1.1)	-		(5.0)	
Repayment of borrowings	(13.2)	(185.3)		(185.3)	
Payments of new loans to associates	-	(1.3)		(1.8)	
Decrease in deposits - maturity greater than three months	-	(0.1)		-	
Dividends paid	(54.1)	(4,179.6)		(4,208.4)	
	(51.5)	(4,150.3)		(4,142.8)	
Net decrease in cash and cash equivalents	(21.2)	(956.8)		(943.7)	
Net foreign exchange difference	(0.1)	(0.1)		1.3	
Cash and cash equivalents at beginning of the period	33.4	975.8		975.8	
Cash and cash equivalents at end of the period	**12.1**	**18.9**		**33.4**	
Cash and cash equivalents comprise:					
Cash at bank and in hand and current asset investments	34.9	26.2		36.1	
Bank overdraft	(22.8)	(7.3)		(2.7)	
	12.1	18.9		33.4	

** Continuing operations - £38.4 million, discontinued operations - £7.1 million*
*** Continuing operations - £84.8 million, discontinued operations - £7.1 million*

Interim consolidated statement of recognised income and expense

	Half year to 30 June 2007 £m	Half year to 30 June 2006 £m	Year to 31 December 2006 £m
Currency translation differences	0.1	(0.3)	1.3
Recycled foreign exchange	-	-	(3.8)
Actuarial gains on defined benefit pension scheme	13.0	4.5	9.6
Net gains on cashflow hedges	0.4	0.5	1.1
Tax on items directly taken to equity	(3.7)	(1.3)	(2.9)
Total income and expenses recognised directly in equity	9.8	3.4	5.3
Profit for the period	131.3	517.5	617.2
Total recognised income and expense for the period	141.1	520.9	622.5
Attributable to:			
Equity holders of the parent	141.1	520.9	622.5

Notes to the financial statements

1. Corporate information

The interim consolidated financial statements of the Group for the six months ended 30 June 2007 were authorised for issue in accordance with a resolution of the directors on 9 August 2007.

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.

2. Basis of preparation

(a) 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 2006. The interim financial information was approved by a duly appointed and authorised committee of the Board of Directors on 9 August 2007 and is unaudited. The auditors have carried out a review and their report is set out on page 27.

The financial information set out in this document in respect of the year ended 31 December 2006 does not constitute the Group's statutory accounts for the year ended 31 December 2006. The auditors' report on the statutory accounts for 2006 was unqualified and did not contain a statement under section 235 or 237 of the Companies Act 1985. Statutory accounts for 2006 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 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.

3. Segment information

The Group is organised and managed separately as three principal segments according to the nature of the services provided as outlined below.

The European Retail segment comprises all activities connected with the UK and other European shop estate.

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 Vernons, Casino and International development operations.

Half year to 30 June 2007	Revenue £m	Profit before taxation and non-trading items £m	Profit before taxation and after non-trading items £m
Continuing operations:			
European Retail	403.3	114.4	113.3
eGaming	72.5	26.3	26.3
Telephone Betting	111.6	63.3	63.3
Other [1]	13.5	(0.6)	(0.6)
Corporate costs	-	(8.4)	(8.4)
Total	600.9	195.0	193.9
Net finance costs	-	(34.4)	(37.9)
	600.9	160.6	156.0

Segment information (continued)

Half year to 30 June 2006	Revenue £m	Restated profit before taxation and non-trading items £m	Restated profit before taxation and after non-trading items £m
Continuing operations:			
European Retail	392.7	122.6	122.6
eGaming	66.6	18.5	18.5
Telephone Betting	33.5	16.4	16.4
Other (1)	9.3	1.8	1.8
Corporate costs	-	(8.0)	(8.0)
Total	502.1	151.3	151.3
Net finance costs	-	4.1	7.3
	502.1	155.4	158.6
Discontinued operations:	263.7	10.8	393.4
	765.8	166.2	552.0

Year to 31 December 2006	Revenue £m	Restated profit before taxation and non-trading items £m	Restated profit before taxation and after non-trading items £m
Continuing operations:			
European Retail	771.5	216.8	216.8
eGaming	134.1	44.3	44.3
Telephone Betting	45.8	17.3	17.3
Other (1)	18.6	4.3	4.3
Corporate costs	-	(14.6)	(17.1)
Total	970.0	268.1	265.6
Net finance costs	-	(21.6)	(22.6)
	970.0	246.5	243.0
Discontinued operations:	263.7	10.8	426.8
	1,233.7	257.3	669.8

Refer to note 13 for details of the restatement.

(1) Vernons, casino and international development operations.

4. Non-trading items

	Half year to 30 June 2007 £m	Half year to 30 June 2006 £m	Year to 31 December 2006 £m
Continuing operations:			
Profit on disposal of shares in associate	1.5	-	-
Loss on closure of UK Retail shops	(2.6)	-	-
Unrealised (losses)/gains on derivatives	(3.5)	3.2	(1.0)
Litigation and transaction costs	-	-	(2.5)
Total non-trading (loss)/profit before taxation	(4.6)	3.2	(3.5)
Non-trading tax credit/(charge)	1.0	7.7	(3.8)
Non-trading items after taxation	(3.6)	10.9	(7.3)

5. Taxation

The total tax charge on continuing operations was £24.7 million (Half year to 30 June 2006: £29.6 million; full year to 31 December 2006: £47.7 million). The taxation charge relates to £24.3 million of UK tax and £0.4 million of overseas tax.

6. Dividends paid and proposed

Pence per share – proposed	Half year to 30 June 2007 Pence	Half year to 30 June 2006 Pence	Year to 31 December 2006 Pence
Interim	4.85	4.60	4.60
Final	-	-	8.60
	4.85	4.60	13.20

The dividends paid in the half years to June 2007 and June 2006 were £54.1 million (8.60p per share) and £4,179.6 million (240.00p per share) respectively. An interim dividend of 4.85p per share (2006: 4.60p) was declared by the Directors at their meeting on 9 August 2007. These financial statements do not reflect this dividend payable.

7. 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 to 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

Half year to 30 June 2006	Earnings £m	Diluted earnings* £m	Basic EPS pence per Share	Diluted EPS pence per Share
Profit attributable to shareholders	129.0	130.8	10.7p	10.1p
Non-trading items net of tax	(10.9)	(10.9)	(0.9)p	(0.8)p
Adjusted profit attributable to shareholders	118.1	119.9	9.8p	9.3p

Year to 31 December 2006	Earnings £m	Diluted earnings* £m	Basic EPS pence per share	Diluted EPS pence per Share
Profit attributable to shareholders	195.3	198.4	21.2p	20.7p
Non-trading items net of tax	7.3	7.3	0.8p	0.8p
Adjusted profit attributable to shareholders	202.6	205.7	22.0p	21.5p

Total Group

Half year to 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

Half year to 30 June 2006	Earnings £m	Diluted earnings* £m	Basic EPS pence per share	Diluted EPS pence per share
Profit attributable to shareholders	517.5	519.3	43.0p	40.3p
Non-trading items net of tax	(392.4)	(392.4)	(32.6)p	(30.5)p
Adjusted profit attributable to shareholders	125.1	126.9	10.4p	9.8p

Year to 31 December 2006	Earnings £m	Diluted earnings* £m	Basic EPS pence per share	Diluted EPS pence per share
Profit attributable to shareholders	617.2	620.3	67.2p	64.7p
Non-trading items net of tax	(407.6)	(407.6)	(44.4)p	(42.5)p
Adjusted profit attributable to shareholders	209.6	212.7	22.8p	22.2p

** Diluted earnings included an adjustment to the attributable profit to reflect a reduction in the interest charge net of tax of £3.1 million in December 2006 and £1.8 million in June 2006 which would have resulted from the conversion of the convertible bond to equity.*

Earnings per share (continued)

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

	Half year to 30 June 2007 Millions	Half year to 30 June 2006 Millions	Year to 31 December 2006 Millions
Weighted average number of ordinary shares for the purposes of basic earnings per share	629.0	1,203.3	919.1
Share options	4.3	10.5	7.9
Convertible bond conversion to ordinary share capital	-	73.7	30.0
Issue of contingently issuable shares	1.4	1.2	1.2
Weighted average number of ordinary shares for the purposes of dilutive earnings per share	634.7	1,288.7	958.2

8. Property, plant and equipment

During the half year to 30 June 2007, the Group acquired assets with a cost of £33.7 million (Half year to 30 June 2006: £37.8 million, year to 31 December 2006: £84.7 million). In addition the Group acquired assets from business combinations at a cost of £4.4 million (Half year to 30 June 2006: £nil, year to 31 December 2006: £0.2 million).

Assets with a net book value of £4.0 million were disposed of by the Group during the half year to 30 June 2007 (Half year to 30 June 2006: £0.7 million, year to 31 December 2006: £2.4 million).

9. Net debt

The Group's net debt structure is as follows:

	30 June 2007 £m	30 June 2006 £m	31 December 2006 £m
Non current assets			
Derivatives	4.1	20.4	12.7
Current assets			
Derivatives	-	12.9	0.8
Cash and short term deposits	35.2	26.6	36.4
Current liabilities			
Bank overdrafts	(22.8)	(7.3)	(2.7)
Interest-bearing loans and borrowings	(25.1)	(134.0)	(34.0)
Derivatives	(3.3)	(17.1)	(9.9)
Non current liabilities			
Derivatives	(0.3)	(0.8)	-
Interest-bearing loans and borrowings	(956.6)	(825.4)	(952.2)
Net debt per balance sheet	(968.8)	(924.7)	(948.9)

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

	Half year to 30 June 2007 £m	Half year to 30 June 2006 £m	Year to 31 December 2006 £m
Profit before tax and finance costs – continuing	195.0	151.3	268.1
Profit before tax and finance costs - discontinuing	-	11.2	11.2
Profit before tax and finance costs	195.0	162.5	279.3
Depreciation	22.0	17.8	38.1
Amortisation of intangible assets	2.4	2.2	4.3
Costs of share based payments	1.3	1.4	2.3
Decrease in financial assets	0.2	-	-
Decrease in assets classified as held for sale	-	(6.3)	(6.3)
Increase in receivables	(62.9)	(3.3)	(1.8)
Increase in payables	7.9	16.6	3.2
(Decrease)/Increase in provisions	(1.9)	4.9	5.7
Contribution to retirement benefit schemes	(3.0)	(60.2)	(67.6)
Share of results from associates	(1.6)	(0.9)	(3.3)
Other items	(6.9)	(6.9)	10.8
Cash generated by operations	152.5	127.8	264.7
Income taxes paid	(11.5)	(33.3)	(48.9)
Finance costs paid	(21.0)	(11.4)	(59.3)
Net cash inflow from operating activities	120.0	83.1	156.5

Cash and short term deposits in the balance sheet comprise:

	30 June 2007 £m	30 June 2006 £m	31 December 2006 £m
Continuing operations			
Cash at bank and in hand	34.9	26.2	36.1
Short-term deposits and current asset investments	-	-	-
Deposits with maturity greater than three months	0.3	0.4	0.3
	35.2	26.6	36.4

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 2007 £m	30 June 2006 £m	31 December 2006 £m
Continuing operations			
Cash at bank and in hand	34.9	26.2	36.1
Bank overdrafts (included in current liabilities)	(22.8)	(7.3)	(2.7)
	12.1	18.9	33.4

11. Issued capital and reserves

	Share capital £m	Share premium £m	Convertible bond adjustment £m	Other Reserve £m	Own shares £m	Retained earnings £m	Foreign currency translation £m	**Total £m**	Minority interests £m	**Total equity £m**
At 1 January 2006	**160.6**	**1,767.7**	**34.3**	**158.2**	**(16.0)**	**483.2**	**4.7**	**2,592.7**	**3.0**	**2,595.7**
Total recognised income and expense for the year	-	-	-	-	-	625.0	(2.5)	**622.5**	-	**622.5**
Issue of shares for cash	4.3	66.0	-	-	-	-	-	**70.3**	-	**70.3**
Issue of shares on conversion of convertible bond	13.0	287.0	(25.8)	-	-	-	-	**274.2**	-	**274.2**
Share-based payment awards	-	6.1	-	-	-	(0.7)	-	**5.4**	-	**5.4**
Reserves transfer	-	-	(8.5)	(158.2)	-	166.7	-	**-**	-	**-**
Cost of share-based payments	-	-	-	-	-	5.8	-	**5.8**	-	**5.8**
Net increase due to shares held in ESOP trusts	-	-	-	-	10.6	-	-	**10.6**	-	**10.6**
Minority interests disposed	-	-	-	-	-	-	-	**-**	(3.0)	**(3.0)**
Equity dividends	-	-	-	-	-	(4,208.4)	-	**(4,208.4)**	-	**(4,208.4)**
At 31 December 2006	**177.9**	**2,126.8**	**-**	**-**	**(5.4)**	**(2,928.4)**	**2.2**	**(626.9)**	**-**	**(626.9)**
At 1 January 2007	**177.9**	**2,126.8**	**-**	**-**	**(5.4)**	**(2,928.4)**	**2.2**	**(626.9)**	**-**	**(626.9)**
Total recognised income and expense for the period	-	-	-	-	-	141.0	0.1	**141.1**	-	**141.1**
Issue of shares for cash	0.6	4.4	-	-	-	-	-	**5.0**	-	**5.0**
Share based payment awards	0.1	0.7	-	-	-	(0.8)	-	**-**	-	**-**
Cost of share based payments	-	-	-	-	-	1.3	-	**1.3**	-	**1.3**
Net increase due to shares held in ESOP trusts	-	-	-	-	0.1	-	-	**0.1**	-	**0.1**
Equity dividends	-	-	-	-	-	(54.1)	-	**(54.1)**	-	**(54.1)**
At 30 June 2007	**178.6**	**2,131.9**	**-**	**-**	**(5.3)**	**(2,841.0)**	**2.3**	**(533.5)**	**-**	**(533.5)**

12. Business combinations

In the first half of 2007, the Group acquired the following interests with net assets at fair value of £6.8 million for a consideration of £59.0 million resulting in goodwill on acquisition of £52.2 million.

	Interest	Date of acquisition
Paddington Casino Limited	100%	3 January 2007
Sponsio Limited	100%	18 January 2007
Keenan Sports and Leisure Limited	100%	28 February 2007
Micheletto SRL	100%	27 June 2007

In the year to 31 December 2006, the Group acquired the following interests with net assets at fair value of £19.3 million (including licences of £27.6 million), for a consideration of £28.6 million (cash paid of £26.0 million, with a deferred consideration of £2.6 million), resulting in goodwill on acquisition of £9.3 million:

	Interest	Date of acquisition
Harney Bookmakers Limited	100.0%	26 April 2006
MD Betting Limited	100.0%	15 September 2006
North West Bookmakers Limited	100.0%	29 September 2006
Nuova Pianeta Scommesse SRL	51.0%	18 October 2006
Mantovani SRL	100.0%	1 December 2006

13. Restatement of Segment information note and balance sheet reclassification for prior periods

The allocation of shared costs has been adjusted in 2007 to reflect more accurately each division's activity. The segmental information for the year to 31 December 2006 and the half year to 30 June 2006 have been restated to reflect this change to reported profit and are shown in the tables below:

Half year to 30 June 2006	Reported profit before taxation and non-trading items £m	Adjustment relating to allocation of central costs £m	Restated profit before taxation and non-trading items £m
Continuing operations:			
European Retail	120.1	2.5	122.6
eGaming	19.8	(1.3)	18.5
Telephone Betting	16.6	(0.2)	16.4
Other (1)	2.1	(0.3)	1.8
Corporate costs	(7.3)	(0.7)	(8.0)
Total	151.3	-	151.3
Net finance income	4.1	-	4.1
	155.4	-	155.4
Discontinued operations:	10.8	-	10.8
	166.2	-	166.2

Restatement of Segment information note and balance sheet reclassification for prior periods (continued)

Year to 31 December 2006	Reported profit before taxation and non-trading items £m	Adjustment relating to allocation of central costs £m	Restated profit before taxation and non-trading items £m
Continuing operations:			
European Retail	212.7	4.1	216.8
eGaming	47.0	(2.7)	44.3
Telephone Betting	17.7	(0.4)	17.3
Other [(1)]	5.9	(1.6)	4.3
Corporate costs	(15.2)	0.6	(14.6)
Total	268.1	-	268.1
Net finance costs	(21.6)	-	(21.6)
	246.5	-	246.5
Discontinued operations:	10.8	-	10.8
	257.3	-	257.3

(1) Reported profit was Vernons, restated is Vernons, Casino and International development operations.

In addition, the balance sheets for 30 June 2006 and 31 December 2006 have been restated for a reclassification of non-current liability provisions to current liability provisions.

Independent review report to Ladbrokes plc

Introduction

We have been instructed by the Company to review the financial information for the six months ended 30 June 2007 which comprises the Consolidated Income Statement, Consolidated Balance Sheet, Consolidated Cash Flow Statement, Consolidated Statement of Recognised Income and Expense and the related notes 1 to 13. We have read the other information contained in the interim report and considered whether it contains any apparent misstatements or material inconsistencies with the financial information.

This report is made solely to the Company in accordance with guidance contained in Bulletin 1999/4 'Review of interim financial information' 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, including the financial information contained therein, is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the interim report in accordance with the Listing Rules of the Financial Services Authority, which require that the accounting policies and presentation applied to the interim figures should be consistent with those applied in preparing the preceding annual accounts except where any changes, and the reasons for them, are disclosed.

Review work performed

We conducted our review in accordance with guidance contained in Bulletin 1999/4 'Review of interim financial information' issued by the Auditing Practices Board for use in the United Kingdom. A review consists principally of making enquiries of group management and applying analytical procedures to the financial information and underlying financial data, and based thereon, assessing whether the accounting policies and presentation have been consistently applied, unless otherwise disclosed. A review excludes audit procedures such as tests of controls and verification of assets, liabilities and transactions. It is substantially less in scope than an audit performed in accordance with International Standards on Auditing (UK and Ireland) and therefore provides a lower level of assurance than an audit. Accordingly we do not express an audit opinion on the financial information.

Review conclusion

On the basis of our review we are not aware of any material modifications that should be made to the financial information as presented for the six months ended 30 June 2007.

Ernst & Young LLP
London
9 August 2007