



## Restatement of Ladbrokes plc Income Statements for 2005

Ladbrokes plc results for the year to 31 December 2005 and the six months to 30 June 2005 are restated below to reflect a change in accounting policy for betting and gaming transactions together with a change in classification between continuing and discontinued operations.

A revised income statement segmental analysis for the year to 31 December 2005 and six months to 30 June 2005 is also presented.

### **IFRS treatment of Betting and Gaming Transactions**

Following industry wide clarification regarding the application of IAS 39 for betting and gaming transactions, Ladbrokes plc now accounts for such transactions as financial instruments. As a consequence the Group will now report the gains and losses arising on all betting and gaming activities as revenue, which is measured at the value of the consideration received or receivable from customers. Previously the Group had reported the total amounts staked by customers on betting activities as revenue. Total amounts staked will continue to be disclosed on the face of the Group's income statement for illustrative purposes.

The income statements for the year to 31 December 2005 and the six months to 30 June 2005 have been restated to reflect this change to reported revenue. This adjustment has no impact on reported profit, cash flows or net assets.

### **Discontinued operations**

In accordance with IFRS5, the income statement for the six months to 30 June 2005 has been restated to reflect the classification of results (including interest and tax) between the continuing and discontinued operations of the Group following the sale of the Hilton International business to Hilton Hotels Corporation (HHC) in February 2006.

The income statements for the year to 31 December 2005 and the six months to 30 June 2005 have also been restated to reflect the reclassification of a hotel associate from continuing operations to discontinued operations in 1H 2006.

This associate was not part of the sale to HHC and was therefore classified as continuing operations in the year to 31 December 2005 and the six months to 30 June 2005 and disclosed in Central Costs. The impact of this adjustment is to increase profit before finance costs and tax for the continuing operations by £0.5m for both the year to 31 December 2005 and the six months to 30 June 2005.

### **Segmental Analysis**

Following the disposal of Hilton International in February 2006, the Group is now organised and managed along three segments according to product distribution channels – European Retail, which comprises all activities undertaken in licensed betting offices, on course betting and greyhound stadia, Interactive and Telephone.

## Consolidated Income Statement

Year to 31 December 2005

	<i>Reported</i> Before Non-trading items	<i>Adjustment</i> Financial Instruments (IAS 39)	<i>Adjustment</i> Discontinued Operations	<i>Restated</i> Before non-trading items
	£m	£m	£m	£m
Amounts Staked	11,502.4	-	-	11,502.4
<b>Continuing Operations</b>				
Revenue	11,502.4	(10,588.9)	-	913.5
Share of results from associated undertakings	2.6	-	0.5	3.1
Total revenue	11,505.0	(10,588.9)	0.5	916.6
Cost of sales before depreciation	(11,139.7)	10,588.9	-	(550.8)
Administrative expenses	(79.6)	-	-	(79.6)
<b>EBITDA</b>	<b>285.7</b>	<b>-</b>	<b>0.5</b>	<b>286.2</b>
Depreciation and amounts written off non-current assets	(37.2)	-	-	(37.2)
Profit before tax and finance costs	248.5	-	0.5	249.0
Finance costs	(59.5)	-	-	(59.5)
Finance income	42.6	-	-	42.6
Profit before taxation	231.6	-	0.5	232.1
Income tax expense	(40.9)	-	-	(40.9)
Tax on non-trading items	-	-	-	-
Profit for the year – continuing operations	190.7	-	0.5	191.2
<b>Discontinued operations</b>				
Profit for the period from discontinued operations	161.1	-	(0.5)	160.6
<b>Profit for the year</b>	<b>351.8</b>	<b>-</b>	<b>-</b>	<b>351.8</b>
Attributable to:				
Minority interests	0.2	-	-	0.2
Equity holders of the parent	351.6	-	-	351.6
	351.8	-	-	351.8
<b>Earnings per share from continuing operations:</b>				
- basic	11.9p	-	0.1p	12.0p
- diluted	11.7p	-	-	11.7p
<b>Earnings per share on profit for the year:</b>				
- basic	22.0p	-	-	22.0p
- diluted	20.9p	-	-	20.9p

## Restated Consolidated Income Statement

Six Months to 30 June 2005

	<i>Reported</i> Before non-trading items	<i>Adjustment</i> Financial Instruments (IAS 39)	<i>Adjustment</i> Discontinued Operations	<i>Restated</i> Before non-trading items
	£m	£m	£m	£m
Amounts Staked	5,710.5	-	-	5,710.5
<b>Continuing Operations</b>				
Revenue	6,598.9	(5,244.7)	(888.4)	465.8
Share of results from associated undertakings	0.5	-	0.8	1.3
Total revenue	6,599.4	(5,244.7)	(887.6)	467.1
Cost of sales before depreciation	(6,271.1)	5,244.7	751.5	(274.9)
Administrative expenses	(53.0)	-	13.7	(39.3)
<b>EBITDA</b>	<b>275.3</b>	<b>-</b>	<b>(122.4)</b>	<b>152.9</b>
Depreciation and amounts written off non-current assets	(68.0)	-	49.8	(18.2)
Profit before tax and finance costs	207.3	-	(72.6)	134.7
Finance costs	(25.1)	-	3.1	(22.0)
Finance income	9.9	-	-	9.9
Profit before taxation	192.1	-	(69.5)	122.6
Income tax expense	(38.4)	-	6.5	(31.9)
Tax on non-trading items	-	-	-	-
Profit for the year – continuing operations	153.7	-	(63.0)	90.7
<b>Discontinued operations</b>				
Profit for the period from discontinued operations	-	-	63.0	63.0
<b>Profit for the year</b>	<b>153.7</b>	<b>-</b>	<b>-</b>	<b>153.7</b>
Attributable to:				
Minority interests	0.1	-	-	0.1
Equity holders of the parent	153.6	-	-	153.6
	153.7	-	-	153.7
<b>Earnings per share from continuing operations:</b>				
- basic	9.6p	-	(3.9)p	5.7p
- diluted	9.2p	-	(3.7)p	5.5p
<b>Earnings per share profit for the year:</b>				
- basic	9.6p	-	-	9.6p
- diluted	9.2p	-	-	9.2p

## Restated revenue and profit by activity

### Year to 31 December 2005

	Revenue £m	Profit before taxation and non-trading items £m
Continuing operations:		
European Retail	753.2	219.5
Interactive	123.1	41.4
Telephone	21.0	(0.1)
Other	19.3	5.8
Central costs and income	-	(17.6)
<b>Total</b>	<b>916.6</b>	<b>249.0</b>
Net finance costs	-	(16.9)
	<b>916.6</b>	<b>232.1</b>
Discontinued operations:		
Hotels	1,848.9	187.0
Net finance costs	-	(5.2)
	<b>1,848.9</b>	<b>181.8</b>
<b>Total</b>	<b>2,765.5</b>	<b>413.9</b>

### Half Year to 30 June 2005

	Revenue £m	Profit before taxation and non-trading items £m
Continuing operations:		
European Retail	377.6	114.5
Interactive	58.0	17.5
Telephone	21.6	8.5
Other	9.9	3.1
Central costs and income	-	(8.9)
<b>Total</b>	<b>467.1</b>	<b>134.7</b>
Net finance costs	-	(12.1)
	<b>467.1</b>	<b>122.6</b>
Discontinued operations:		
Hotels	887.6	72.6
Net finance costs	-	(3.1)
	<b>887.6</b>	<b>69.5</b>
<b>Total</b>	<b>1,354.7</b>	<b>192.1</b>