

## Directors' report

A review of the Group's activities and future developments, which fulfils the requirements of the business review, including the financial performance during the year, key performance indicators and a description of the principal risks and uncertainties facing the Group is given on page 11 and pages 16 to 27 and forms part of this report. The description of the Group's corporate governance arrangements on pages 30 to 36 also forms part of this report. A description of the Group's financial risk management objectives and policies and its exposure to price, credit liquidity and cash flow risk is contained in note 23 to the consolidated financial statements and forms part of this report. Events after the balance sheet date are described in note 33 to the consolidated financial statements and forms part of this report. Other matters material to the appreciation of the Group's position are contained in the Chairman's statement and the Chief Executive's review.

### Results

The results for the year are shown in the consolidated income statement.

### Dividends

The directors recommend the payment of a final dividend of 4.6 pence on each of the ordinary shares entitled thereto, making a total of 8.9 pence for the year. Subject to shareholders' approval at the Annual General Meeting to be held on 1 May 2013, the final dividend is expected to be paid on 9 May 2013 to shareholders registered on 22 March 2013.

### Annual General Meeting

This year's Annual General Meeting will be held at Deutsche Bank AG, Winchester House, 1 Great Winchester Street, London, EC2N 2DB on 1 May 2013 at 11.00am.

### Directors

The directors during the year were those listed on pages 28 and 29 together with C P Wicks who resigned on 19 April 2012 and R J Ames who resigned on 1 August 2012. Biographical details of the directors at 21 February 2013 are on pages 28 and 29. On 21 February 2013 the Company announced that C J Rodrigues would not be standing for re-appointment at this year's Annual General Meeting.

Details of directors' service contracts, their share interests and other details of their remuneration by the Company are contained in the Directors' remuneration report. Pursuant to section 175 of the Companies Act 2006 and the Company's articles of association, the Board has authorised situations of potential conflict arising out of J F Jarvis being a non-executive director of Sandown Park until 31 December 2012 and also a member of The Jockey Club and S Bailey being a director of Trinity Mirror plc until 15 June 2012.

### Auditor and disclosure of information to the auditor

Each of the directors in office as of the date of approval of this report confirms that, so far as he or she is aware, there is no relevant audit information (being information needed by the auditor in connection with preparing its report) of which the auditor is unaware and that he or she has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the auditor is aware of that information.

### Share capital

At 19 February 2013, the Company had been notified of the following holdings of voting rights attaching to the Company's shares in accordance with the Disclosure and Transparency Rules: BlackRock, Inc – 5.08%; Deutsche Bank AG – 3.74%; FIL Limited – 5.04%; Schroders plc – 14.01%; and The Capital Group Companies, Inc – 4.04%.

The Trustee of the Ladbrokes Share Ownership Trust, which is used in connection with certain of the Company's employee share ownership plans, waives dividends on shares in the Trust not allocated to plan members.

Further details in respect of the share capital are shown in note 26 to the consolidated financial statements which forms part of this report.

### Corporate responsibility

The 2012 Corporate Responsibility (CR) report is available at [www.ladbrokesplc.com](http://www.ladbrokesplc.com) and highlights, with which the following should be considered in conjunction, are given on pages 25 to 27.

The processes described in the section "Internal control and risk management systems" on pages 34 and 35 applied to CR, as did the practices described on page 30 for ensuring the Board is supplied with appropriate and timely information and training and for assisting the directors to update their knowledge. In addition to business presentations regularly made to the Board at which CR was considered as appropriate, the Board conducts an annual CR review and Board members regularly receive CR updates. CR performance is included in business unit accountability systems and remuneration arrangements. The Remuneration Committee in determining executive remuneration takes into account CR matters as described in the Directors' remuneration report.

The risks and opportunities relating to CR in 2012 and going forward primarily revolve around the reputation of the Group and the quality of its brands.

## Directors' report continued

Of particular importance was the promotion of responsible gambling and the protection of children and the vulnerable. CR also impacted (i) the performance of the Group's employees on whom the Group relies for the provision of high quality services to customers and (ii) the health and safety of these employees and the customers they serve.

Performance indicators continued to be developed in accordance with Group-wide CR. No breaches of CR policies and procedures material to the Group were identified by the Board in 2012.

The identification and management of CR issues, the CR reporting framework and any associated data has been reviewed by the Company's CR adviser, Carnstone Partners LLP.

### Employee policies

The Board values two-way communication between senior management and employees on all aspects of the Company's strategy, Company performance, management effectiveness and approach to wellbeing.

There is a rolling three year internal communications strategy and delivery plan which includes interventions such as regular management roadshows, virtual strategy briefings, visits to operating units, responses to the annual colleague opinion survey and updates on performance against the Company's Vision & Values.

The internal communications channels include a mobile device platform, face to face events, a corporate intranet, phone broadcasting, SMS alerts, a Company magazine, leadership and line manager briefing packs.

The UK Retail Colleague Forum, which was launched in 2012 as an evolution of our Staff Council, provides a further mechanism for employee dialogue and engagement.

In addition, those employees who are eligible are also encouraged to become involved in the Group's performance through participation in share schemes.

Throughout the Group, the principles of equal opportunities are recognised in the formulation and development of employment policies.

It is the Company's policy to give full and fair consideration to applications from people with disabilities, having regard to their particular aptitudes and abilities. If an employee becomes disabled, the Company's objective is the continued provision of suitable employment, either in the same or an alternative position, with appropriate adjustments being made if necessary. Employees with disabilities share equally in the opportunities for training, career development and promotion.

### Directors' indemnities and insurance

The Company continues to maintain directors' and officers' liability insurance. In accordance with the Company's articles of association, the Company has entered into a deed of indemnity to the extent permitted by law with each of the directors.

### Charitable donations

During 2012, in addition to donations made to overseas charities, Group companies donated £945,305 to UK charitable organisations for charitable purposes.

### Supplier payment policy

The Company does not follow any code or standard on payment practice. However, the Company agrees payment terms for its business transactions when goods and services are ordered. It ensures that suppliers are aware of the terms of payment and the relevant terms are included in contracts where appropriate. Subject to satisfactory performance by the supplier, arrangements are adhered to when making payments. At the year end, the Company had no trade creditors.

### Going concern

In assessing the going concern basis, the directors considered the Group's business activities, the financial position of the Group as described in pages 10 to 27 and the Group's financial risk management objectives and policies as included in note 23 to the consolidated financial statements.

The directors consider that the Group has adequate resources to continue in operational existence for the foreseeable future and that it is therefore appropriate to adopt the going concern basis in preparing its financial statements.

By order of the Board

### J Adelman

Company Secretary  
21 February 2013