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WILLIAM HILL PLC

PRELIMINARY ANNOUNCEMENT OF RESULTS FOR THE 52 WEEKS ENDED 31 DECEMBER 2002

William Hill PLC ('William Hill' or 'the Group') today announces its results for the 52 week period ended 31 December 2002 (53 week period ended 1 January 2002).

Highlights are as follows:

- Turnover up 37% to £3,365.3m (2001 - £2,452.2m) and gross win up 5% to £527.7m (2001 – £502.6m)
- Gross profit up 14% to £416.0m (2001 - £365.0m)
- Exceptional costs totalling £49.1m (2001 - £nil) relating to the flotation
- Profit on ordinary activities before finance charges, taxation and exceptional costs up 26% to £141.4m (2001 - £112.0m)
- Basic earnings per share (before exceptional costs) up 145% to 16.9 pence (2001 – 6.9 pence)
- Interim dividend of 2.9 pence per share and proposed final dividend of 5.8 pence per share (payable on 5 June 2003) giving a total dividend of 8.7 pence per share
- Product diversification driving growth and improving quality of earnings
- Strong start to the current trading year

Commenting on the results, John Brown, Chairman, said:

"I am delighted to be able to report a record level of profit for the year in which William Hill floated on the London Stock Exchange.

We begin 2003 with a strong brand, a strong market position, a strong management team and a strong balance sheet, and we face the future with justifiable confidence as we look forward to further deregulation of the UK gambling industry."

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There will be a presentation to analysts and investors at 9.00am today at The Lincoln Centre, 18 Lincoln's Inn Fields, London WC2A 3ED. Alternatively, it is possible to listen to the presentation by dialling 020 8901 6902 at 9.00am. The presentation will be recorded and can subsequently be accessed for a period of 7 days by dialling 020 8797 2499 (Pincode: 877363). The slide presentation will be available on the Corporate Relations section of the Group's website at www.williamhill.co.uk

CHIEF EXECUTIVE'S REVIEW

The UK gambling industry is going through a period of significant change. Fiscal and regulatory reforms are combining with technological advancements to create a wealth of opportunities for a strong and trusted brand such as William Hill to further develop its business.

Trading performance

The major change to the fiscal environment in 2002 was the full year effect of the new gross profit tax (GPT) introduced in October 2001, which directly taxes bookmakers' gross profit rather than customers' stakes, and which significantly reduces the amount of tax paid by bookmakers on business conducted in the UK.

The results for the period also benefited from the inclusion of the football World Cup that stimulated betting activity and account recruitment. The event generated £13m of gross win across all three channels although we estimate roughly two-thirds of this amount represented substitution of betting on other sports.

Licensed betting offices

The gross profit tax regime has been particularly beneficial for our retail channel, which had been disadvantaged against remote channels due to the relative size of the deduction from customers' spend.

From the day of the introduction of the new tax there has been clear evidence of customers recycling the money saved on deductions into more and bigger bets. Turnover on fixed odds betting (excluding AWPs) in the retail channel was up 44% and gross win was up 1%.

Tracking the benefit of tax free betting through the year has been difficult because of the distorting effect of the World Cup in the second quarter, and a run of unfavourable results in the third quarter. In the fourth quarter, we were able to compare like for like trading with the corresponding period in 2001, when the new tax was also in operation and the total gross win in the shops (from traditional products, AWPs and FOBTs) was up 7%. Whilst improved horseracing results will have impacted the performance, these figures suggest that the full benefit of the new tax regime is still working through as customers adjust their betting behaviour.

Our strategy of giving the customer increased betting opportunities through opening more shops on Sundays and offering new sports, betting events and innovative bet types facilitates recycling. Whilst there has been a staff cost associated with taking an increased volume of bets and extending opening hours, there is clear evidence that product diversification is helping to drive growth.

Virtual racing shown as part of the SIS programme and self-service fixed odds betting terminals (FOBTs) have been particularly successful innovations with the roll out of terminals starting in mid 2002 and progressing rapidly so that by the year end we operated 1,745 terminals in the estate. In the fourth quarter of 2002, numbers betting comprising traditional numbers products, virtual racing and FOBTs accounted for a significantly higher proportion of the Group's gross win compared to the corresponding period in 2001.

These changes have contributed towards a 20% increase in profitability for the retail channel.

Telephone

Telephone gross win grew by 6% to £50.9m and profit increased by 12% to £17.3m showing the resilience of the medium in the face of stiff competition from other remote channels and after recognising that the telephone channel no longer enjoys a pricing advantage over the retail channel following its repatriation.

Interactive

Interactive businesses include our online sportsbook and casino and fledgling mobile (WAP) and interactive TV businesses.

These businesses showed significant growth with profit up 123% to £20.5m over the corresponding period. The channel's principal market has always been the UK although it has managed to attract an international customer base. Developing the overseas business is proving more difficult due to legislation in certain jurisdictions prohibiting local citizens from betting with an offshore bookmaker or discouraging local banks from processing card transactions. We are, therefore, continuing to focus principally on the UK market in which we believe further growth is possible as well as targeting selected European markets.

In January 2003, we successfully launched an online poker product, and later this year we will introduce new functionality to allow customers to move funds easily between the online sportsbook and casino.

Cost of content

The new commercial agreement with the British Horseracing Board became effective on 1 May 2002 and represents an important step in providing both the bookmaking and horse racing industries with certainty regarding the use and price of data. We have also secured the necessary rights to screen pictures from individual race tracks for periods up until the end of 2004.

In August 2002, the bookmaking industry reached agreement with the Football League on the acceptance of football bets. The agreement in respect of LBOs runs until the end of the 2005/6 season, and in respect of the remote channels, runs until the end of the 2003/4 season.

At the time of writing, the bookmaking industry, via Bookmakers' Afternoon Greyhound Service (BAGS), is seeking to extend the terms of its agreement to purchase pictures from certain greyhound tracks. The current contract runs until the end of 2003 and BAGS is seeking a further two year extension. To date, 7 of the 16 BAGS tracks have signed. Separately, the greyhound industry is seeking a significant increase in the total amount derived from bookmakers via a licencing arrangement. The basis for this claim is disputed by bookmakers and as a result the industry is taking steps to mitigate the effects of this action.

Competition issues

The Group continues to compete effectively against other operators of high street outlets, comprising national chains as well as smaller independents, other providers of telephone betting services, and also domestic and overseas operators of online sportsbook and casino services. In addition, the bookmaking industry is responding to the competitive threat represented by betting exchanges by lobbying the Department of Culture, Media and Sport (DCMS) to examine the legality of persons laying bets on this platform, by trying to ensure a level playing field with the off course industry as regards the payment of levy and gross profit tax, and by encouraging the National Joint Pitch Council (NJPC) to enforce its rules so as to stop on course bookmakers betting into the exchanges.

In October 2002, the Levy Board adopted a new Levy scheme (effective 1 April 2003) that will require individual layers (bookmakers) on betting exchanges to pay levy on the same basis as traditional bookmakers. We are also hopeful that Customs & Excise, as part of their review of the gross profit tax regime, will follow the levy decision and impose the tax on layers on the exchanges.

Business development

During the period, the Group acquired H&K Commissions (Bookmakers) PLC, an independent chain of 35 shops, which improves our representation in North East London and Essex. In addition, the Group acquired Sunderland Greyhound stadium during the period, and Brough Park greyhound stadium after the period end, to help secure at reasonable cost the supply of betting opportunities on greyhound racing. All three acquired businesses are profitable, established operations.

Regulatory development

DCMS is currently engaged in developing legislation that reflects the recommendations contained in the Budd report published in July 2001 that will result in a de-regulation of gambling markets in the UK. The major opportunity for our industry will be the increased number of gaming machines in shops and introduction of jackpot machines offering £500 maximum prizes. We are lobbying DCMS regarding the content of the proposed legislation and do not expect it to be enacted by Parliament until the second half of 2004 at the earliest.

The Gaming Board, the regulatory body responsible for the gaming industry in the UK, is in the process of seeking a declaration from the High Court to establish whether FOBTs are gaming machines and are therefore unlawful in betting shops under current legislation. The bookmaking industry has received legal advice that supports its view that these terminals offer fixed odds bets but recognises that the issue can only be determined definitively in a court of law and therefore is co-operating with the Gaming Board. The matter is not expected to be heard by the High Court until the early summer.

Current trading

The good performance in the fourth quarter of 2002 has continued into the current financial year with gross win up 20% in the nine weeks ended 4 March 2003 compared to the corresponding period. Factors such as favourable sporting results, the introduction of FOBTs into the retail estate, and the growing popularity of football and numbers betting have all played their part in consolidating the growth in total customer spend.

The coming financial year will be no less demanding than the year just ended but the Group is well positioned to develop its business and take advantage of the very real opportunities that exist in its core market and the broader gambling sector.

Consolidated Profit and Loss Account

for the 52 weeks ended 31 December 2002

	Notes	Before exceptional items £m	Exceptional items (note 2) £m	52 weeks ended 31 December 2002 Total £m	53 weeks ended 1 January 2002 £m
Turnover	1	**3,365.3**	**-**	**3,365.3**	2,452.2
Cost of sales		**(2,949.3)**	**-**	**(2,949.3)**	(2,087.2)
Gross profit	1	**416.0**	**-**	**416.0**	365.0
Net operating expenses	2	**(277.0)**	**(20.1)**	**(297.1)**	(257.9)
Operating profit	1	**139.0**	**(20.1)**	**118.9**	107.1
Share of associates operating profit		**2.4**	**-**	**2.4**	4.9
Profit on ordinary activities before finance charges		**141.4**	**(20.1)**	**121.3**	112.0
Net interest payable	2,3	**(60.6)**	**(29.0)**	**(89.6)**	(87.7)
Other finance income		**0.7**	**-**	**0.7**	3.0
Profit on ordinary activities before tax		**81.5**	**(49.1)**	**32.4**	27.3
Tax on profit on ordinary activities	4	**(22.9)**	**11.7**	**(11.2)**	(8.9)
Profit on ordinary activities after tax		**58.6**	**(37.4)**	**21.2**	18.4
Dividends paid and proposed	5	**(36.3)**	**-**	**(36.3)**	-
Retained (loss)/profit for the period	7	**22.3**	**(37.4)**	**(15.1)**	18.4

Earnings per share (pence)					
Basic	6	**16.9**		**6.1**	6.9
Diluted	6	**16.8**		**6.1**	6.9

All amounts relate to continuing operations for the current and preceding financial periods.

Consolidated Statement of Total Recognised Gains and Losses

for the 52 weeks ended 31 December 2002

	52 weeks ended 31 December 2002 £m	53 weeks ended 1 January 2002 £m
Profit for the financial period	**21.2**	**18.4**
Actuarial loss recognised in the pension scheme	**(36.6)**	**(28.8)**
Deferred tax attributable to actuarial loss	**11.0**	**8.9**
Currency translation differences on foreign currency net investments	**0.1**	**(0.1)**
Total gains and losses relating to the period	**(4.3)**	**(1.6)**

Consolidated Balance Sheet

as at 31 December 2002

	Notes	**31 December 2002 £m**	1 January 2002 £m
Fixed assets			
Intangible assets		**728.9**	702.8
Tangible assets		**99.0**	90.8
Investments		**4.4**	10.5
		832.3	804.1
Current assets			
Stocks		**0.3**	0.3
Debtors: amounts recoverable within one year		**14.1**	11.0
Debtors: amounts recoverable after one year		**3.0**	3.6
Cash at bank and in hand		**44.6**	104.8
		62.0	119.7
Creditors: amounts falling due within one year		**(145.5)**	(111.1)
Net current (liabilities)/assets		**(83.5)**	8.6
Total assets less current liabilities		**748.8**	812.7
Creditors: amounts falling due after more than one year		**(470.3)**	(851.2)
Share of net liabilities of associate		**(1.2)**	-
Net assets/(liabilities) excluding pension liability		**277.3**	(38.5)
Pension liability		**(28.0)**	(2.2)
Net assets/(liabilities) including pension liability		**249.3**	(40.7)
Capital and reserves			
Called-up share capital	7	**42.2**	27.2
Share premium account	7	**311.3**	-
Merger reserve	7	**(26.1)**	(26.1)
Other reserves	7	**2.1**	-
Profit and loss account	7	**(80.2)**	(41.8)
Shareholders' funds/(deficit)	7	**249.3**	(40.7)
Equity interests		**249.3**	(41.7)
Non-equity interests		**-**	1.0
		249.3	(40.7)

Consolidated Cash Flow Statement
for the 52 weeks ended 31 December 2002

	Notes	**52 weeks ended 31 December 2002 £m**	53 weeks ended 1 January 2002 £m
Net cash inflow from operating activities	8	**137.3**	133.2
Dividend from associate		**5.7**	-
Returns on investments and servicing of finance	9	**(48.4)**	(47.1)
Taxation		**(9.5)**	(0.7)
Capital expenditure and financial investment	9	**(20.4)**	(28.0)
Acquisitions	9	**(20.8)**	-
Equity dividend paid		**(12.1)**	-
Net cash inflow before financing		**31.8**	57.4
Financing	9	**(92.0)**	(37.4)
(Decrease)/increase in cash in the period		**(60.2)**	20.0

Notes to the Financial Statements

for the 52 weeks ended 31 December 2002

1. Segmental information

The Group's turnover, profits and operating net assets arise primarily from customers in the United Kingdom with an immaterial amount generated from customers outside the United Kingdom and therefore segmental information by geographical location is not presented.

Analysis of net assets by product channel has not been presented as it is not considered practical to perform this allocation. The Group does not produce such information internally or make decisions based on this or similar information.

Segmental information by product channel is shown below:

	52 weeks ended 31 December 2002 £m	53 weeks ended 1 January 2002 £m
Turnover		
- Retail	**2,460.4**	1,721.6
- Telephone	**489.1**	419.5
- Interactive	**389.3**	273.7
- Other	**26.5**	37.4
	3,365.3	2,452.2
Gross win		
- Retail	**418.9**	416.7
- Telephone	**50.9**	48.0
- Interactive	**54.9**	35.4
- Other	**3.0**	2.5
	527.7	502.6
Operating profit		
- Retail	**111.9**	93.2
- Telephone	**17.3**	15.5
- Interactive	**20.5**	9.2
- Other	**0.8**	(0.6)
- Central costs	**(11.5)**	(10.2)
	139.0	107.1
- Exceptional costs	**(20.1)**	-
	118.9	107.1

Retail comprises all activities undertaken in LBOs including AWPs and FOBTs.

Turnover and operating profit amounting to £15.7m and £1.0m, respectively, have been consolidated into these results in respect of acquisitions.

Notes to the Financial Statements

for the 52 weeks ended 31 December 2002

1. Segmental information (continued)

The segmental analysis of gross win set out above is shown before deducting GPT, duty, levy, VAT and other cost of sales to arrive at gross profit. A reconciliation from gross win to gross profit as presented in the profit and loss account is set out below:

	52 weeks ended 31 December 2002 £m	53 weeks ended 1 January 2002 £m
Gross win	**527.7**	502.6
GPT, duty, levy, VAT and other cost of sales	**(111.7)**	(137.6)
Gross profit	**416.0**	365.0

2. Exceptional items

Exceptional operating costs are as follows:

	52 weeks ended 31 December 2002 £m	53 weeks ended 1 January 2002 £m
Management and staff bonuses crystallising on flotation	**13.4**	-
Professional fees	**3.0**	-
Advertising, printing and postage	**1.7**	-
Other costs	**2.0**	-
	20.1	-

All costs were incurred in respect of the flotation of the Company. In addition, further professional fees of £12.7m were charged directly to share premium in connection with the flotation.

Exceptional interest costs are as follows:

	52 weeks ended 31 December 2002 £m	53 weeks ended 1 January 2002 £m
High yield bond redemption costs	**14.2**	-
Unamortised finance fees written off on high yield bond redemption	**4.7**	-
Unamortised finance fees written off on refinancing of bank facilities	**3.7**	-
Unamortised finance fees written off on redemption of unsecured loan notes 2009	**6.3**	-
Other costs	**0.1**	-
	29.0	-

Exceptional interest costs were incurred in relation to the restructuring of the Group's finances, which was undertaken as part of the flotation process. This encompassed the redemption of 95% of the high yield bonds, the redemption of all of the unsecured loan notes 2009 and the negotiation of new bank facilities.

A tax credit of £11.7m has been recognised in respect of the operating costs and interest costs. This represents the reduction in corporation tax payable arising from the deductions which the Group expects to be able to make in respect of these exceptional items.

Notes to the Financial Statements
for the 52 weeks ended 31 December 2002

3. Net interest payable and similar charges

	52 weeks ended 31 December 2002 £m	53 weeks ended 1 January 2002 £m
Interest receivable:		
Interest receivable	**2.7**	4.6
Share of associate's net interest receivable	**0.2**	0.1
Interest payable and similar charges:		
Interest on bank loans and overdrafts	**(26.2)**	(23.1)
Interest on guaranteed unsecured loan notes 2005	**(0.1)**	-
Interest on high yield bonds	**(7.9)**	(16.2)
Interest on unsecured loan notes 2009	**(27.1)**	(50.5)
Amortisation of finance costs	**(2.2)**	(2.6)
	(60.6)	(87.7)
Exceptional interest (note 2)	**(29.0)**	-
	(89.6)	(87.7)

4. Tax on profit on ordinary activities

The tax charge comprises:

	52 weeks ended 31 December 2002 £m	53 weeks ended 1 January 2002 £m
UK corporation tax at 30%	**11.9**	6.4
Consortium relief receivable – prior periods	**(1.5)**	(0.4)
Overseas tax	**-**	0.1
Share of associated undertaking tax charge	**0.5**	1.5
Total current tax charge	**10.9**	7.6
Deferred tax – origination and reversal of timing differences	**0.3**	1.3
Total tax on profit on ordinary activities	**11.2**	8.9

Notes to the Financial Statements

for the 52 weeks ended 31 December 2002

5. Dividends paid and proposed

	52 weeks ended 31 December 2002 £m	53 weeks ended 1 January 2002 £m
Equity shares		
- interim paid of 2.9p paid on 4 December 2002 (53 weeks ended 1 January 2002 – nil) per ordinary share	**12.1**	-
- final proposed of 5.8p payable on 5 June 2003 (53 weeks ended 1 January 2002 – nil) per ordinary share	**24.2**	-
	36.3	-

Under an agreement signed in November 2002, The William Hill Holdings 2001 Employee Benefit Trust, which holds 4.4m ordinary shares representing 1% of the Company's called-up ordinary share capital, has agreed to waive all dividends due to it.

6. Earnings per share

The basic and diluted earnings per share are calculated based on the following data:

	52 weeks ended 31 December 2002 £m	53 weeks ended 1 January 2002 £m
Profit after tax for the financial period	**21.2**	18.4
Exceptional items	**37.4**	-
Profit after tax for the financial period before exceptional items	**58.6**	18.4

	Number (m)	Number (m)
Basic weighted average number of shares	**347.6**	267.9
Diluted potential ordinary shares:		
Employee share awards and options	**1.7**	-
Diluted weighted average number of shares	**349.3**	267.9

The basic weighted average number of shares excludes shares held by The William Hill Holdings 2001 Employee Benefit Trust, as required by FRS 14 "Earnings per share". The effect of this is to reduce the average number of shares in the 52 weeks ended 31 December 2002 by 5.4m (53 weeks ended 1 January 2002 – 2.8m).

An adjusted earnings per share based on profit for the financial period before exceptional items has been presented in order to highlight the underlying performance of the Group.

7. Reserves

	Share capital £m	Share premium account £m	Merger reserve £m	Other reserves £m	Profit and loss account £m	Total £m
Group						
At 2 January 2002	27.2	-	(26.1)	-	(41.8)	(40.7)
Shares issued	15.1	324.9	-	-	-	340.0
Redemption of preference shares	(0.1)	(0.9)	-	-	-	(1.0)
Share issue costs	-	(12.7)	-	-	-	(12.7)
Shares to be issued	-	-	-	2.1	-	2.1
Surplus on sale of shares realised by Employee Benefit Trust	-	-	-	-	2.2	2.2
Retained loss for the financial period	-	-	-	-	(15.1)	(15.1)
Actuarial loss recognised in the pension scheme	-	-	-	-	(36.6)	(36.6)
Deferred tax arising thereon	-	-	-	-	11.0	11.0
Currency translation differences on foreign currency net investments	-	-	-	-	0.1	0.1
At 31 December 2002	**42.2**	**311.3**	**(26.1)**	**2.1**	**(80.2)**	**249.3**

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

	52 weeks ended 31 December 2002 £m	53 weeks ended 1 January 2002 £m
Operating profit after exceptional items	**118.9**	107.1
Depreciation	**16.7**	16.6
Profit on sale of fixed assets	**(0.1)**	(0.8)
Amortisation of Executive Directors' Incentive Plan	**0.7**	-
(Increase)/decrease in debtors	**(2.6)**	2.6
Increase in creditors	**0.8**	3.4
Cost of shares to be issued	**2.1**	-
Defined benefit pension cost less cash contributions	**0.8**	4.3
Net cash inflow from operating activities	**137.3**	133.2

9. Analysis of cash flows

	52 weeks ended 31 December 2002 £m	53 weeks ended 1 January 2002 £m
Returns on investments and servicing of finance:		
Interest received	**2.7**	4.5
Interest paid	**(36.9)**	(51.6)
Exceptional interest cash outflow	**(14.2)**	-
Net cash outflow	**(48.4)**	(47.1)
Capital expenditure and financial investment:		
Purchase of fixed assets	**(20.8)**	(21.2)
Purchase of unlisted investments	**-**	(8.0)
Sale of tangible fixed assets	**0.4**	0.2
Sale of business operation	**-**	1.0
Net cash outflow	**(20.4)**	(28.0)
Acquisitions:		
Purchase of subsidiary undertakings	**(21.7)**	-
Net cash acquired with subsidiary undertakings	**0.9**	-
Net cash outflow	**(20.8)**	-
Financing:		
Issue of ordinary shares	**340.0**	-
Expenses of issue of ordinary shares	**(12.7)**	-
Redemption of preference shares	**(1.0)**	-
Sale proceeds of Employee Benefit Trust share sale	**5.2**	-
New borrowings net of finance costs	**519.0**	-
Loan facilities repaid	**(942.5)**	(37.4)
Net cash outflow	**(92.0)**	(37.4)

10. Basis of preparation

The financial information set out above does not constitute the Company's statutory accounts for the 52 week period ended 31 December 2002 or the 53 week period ended 1 January 2002, but is derived from those accounts. Statutory accounts for the 53 week period ended 1 January 2002 have been delivered to the Registrar of Companies and those for the 52 week period ended 31 December 2002 will be delivered following the Company's Annual General Meeting. The auditors have reported on those accounts and their reports were unqualified and did not contain statements under s237 (2) or (3) of the Companies Act 1985.

As William Hill PLC only acquired the William Hill group in the period to which the preliminary announcement relates, it has adopted the accounting policies applied in the financial statements of William Hill Holdings Limited (WHH) for the 53 weeks ended 1 January 2002. No changes have been made to the accounting policies set out in those statutory accounts. The preliminary results should therefore be read in conjunction with the 2001 report and accounts for WHH.