William Hill PLC

5 August 2011

Strong first half performance with profit growth in Retail and Online

William Hill PLC (LSE: WMH) (William Hill or the Group) announces its interim results for the 26 weeks ended 28 June 2011 (the period). The comparator period is the 26 weeks ended 29 June 2010.

	26 weeks ended 28 June 2011 (£m)	26 weeks ended 29 June 2010 (£m)	Change vs 2010 (%)
Net revenue	£567.8m	£529.9m	+7%
- Online net revenue	£152.7m	£124.2m	+23%
- Retail net revenue	£398.8m	£389.8m	+2%
Operating profit(1)	£147.7m	£135.6m	+9%
Profit before tax	£126.9m	£103.0m	+23%
Profit after tax	£102.7m	£77.4m	+33%
Earnings per share – basic, adjusted(2)(3)	12.8p	9.8p	+31%
Earnings per share – basic(2)	12.3p	9.2p	+34%
Dividend per share	2.9p	2.5p	+16%

(1) Operating profit is defined as pre-exceptional profit including associates and excluding interest, tax and £1.8m (2010: £1.8m) of Online amortisation relating to trade names, affiliate relationships and non-competition agreements.
(2) Basic EPS is based on an average of 698.3 million shares for 2011 and an average of 697.8 million shares for 2010.
(3) Adjusted EPS is stated before exceptional items and £1.8m (2010: £1.8m) of Online amortisation related to intangible assets.

Highlights:

- Strong first half performance at the top end of market expectations
- Sportsbook performance driving robust Online growth
- Doubling of in-play amounts staked
- Innovations in mobile betting deliver over 600% net revenue growth
- Slips and stakes growth in Retail OTC allied to strong gaming machine growth with gross win per machine per week now over £900 across an estate of more than 2,350 shops
- International growth progresses with impending US acquisitions and launch of regulated website in Italy
- Good cash generation reducing net debt (for covenant purposes) by £39.3m since 2010 year-end
- 16% increase in dividend, ahead of Operating profit(1) growth

Ralph Topping, Chief Executive of William Hill, commented:

"This is an especially strong set of results for William Hill in challenging economic conditions. The comparator period also included part of a World Cup that delivered a record result for us last year. I am pleased with both our Online performance, which has been driven by outstanding Sportsbook growth and innovations in our in-play and mobile offerings, and the strength of our Retail business, which continues to benefit from the popularity of machines and the resilience of over-the-counter betting. We have also made progress on our international growth strategy, both in Europe and through the three impending land-based sports-betting acquisitions we are currently pursuing in the US.

"Looking ahead, although the economic environment continues to be challenging, our offering is very strong and competitive. Our multi-channel business targets the widest possible audience, and our positioning on pricing and trading, together with our extensive product range and effective use of new technologies, including mobile, combine to present customers with a highly attractive experience. We are performing well and, given our market-leading position, international developments and a pipeline of innovations, we look to the second half of the year and beyond with confidence."

Analyst and investor presentation			
Meeting: 9.00 a.m. BST The Lincoln Centre 18 Lincoln's Inn Fields London WC2A 3ED	Live conference call: Tel: +44 (0) 20 8817 9301 Passcode: 5285700	Archive conference call (until 19 August 2011) Tel: +44 (0) 20 7769 6425 Passcode: 5285700#	Video webcast: www.williamhillplc.com Available live and, until 5 August 2012, as an archive

A separate conference call will be held at 11.00 am BST **for debt analysts and investors**. Dial-in details are:

Telephone: +44 (0) 20 8817 9301
Passcode: 5285708

Archive of the debt call:
Telephone: +44 (0)20 7769 6425
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Enquiries		
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Notes to editors

William Hill is one of the UK's leading betting and gaming companies and employs more than 15,000 people. It is the UK's largest bookmaker by number of licensed betting offices (LBOs) and also operates in the Republic of Ireland. The Group has over 2,350 LBOs that provide betting opportunities on a wide range of sporting and non-sporting events and, in the UK, offer gaming machines. The Group's online business, William Hill Online, is one of the leading European online betting and gaming businesses by profitability, providing sports betting, casino games, poker, bingo, numbers betting and skill games.

Cautionary note regarding forward-looking statements

These results include statements that are, or may be deemed to be, "forward-looking statements". These forward-looking statements can be identified by the use of forward-looking terminology, including the terms "believes", "estimates", "anticipates", "expects", "intends", "plans", "goal", "target", "aim", "may", "will", "would", "could" or "should" or, in each case, their negative or other variations or comparable terminology. These forward-looking statements include all matters that are not historical facts. They appear in a number of places throughout these results and the information incorporated by reference into these results and include statements regarding the intentions, beliefs or current expectations of the directors, William Hill or the Group concerning, amongst other things, the results of operations, financial condition, liquidity, prospects, growth, strategies and dividend policy of William Hill and the industry in which it operates. By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future and may be beyond William Hill's ability to control or predict. Forward-looking statements are not guarantees of future performance. The Group's actual results of operations, financial condition, liquidity, dividend policy and the development of the industry in which it operates may differ materially from the impression created by the forward-looking statements contained in these results and/or the information incorporated by reference into these results. In addition, even if the results of operations, financial condition, liquidity and dividend policy of the Group and the development of the industry in which it operates, are consistent with the forward-looking statements contained in these results and/or the information incorporated by reference into these results, those results or developments may not be indicative of results or developments in subsequent periods. Other than in accordance with its legal or regulatory obligations (including under the Listing Rules, the Disclosure and Transparency Rules and the Prospectus Rules), William Hill does not undertake any obligation to update or revise publicly any forward-looking statement, whether as a result of new information, future events or otherwise.

Overview

The Group has delivered a strong result in the first half of 2011 with good net revenue and Operating profit(1) growth, despite the challenging consumer backdrop. The performance of William Hill Online continues to be excellent, led by Sportsbook; the benefit of which is further seen through cross-sell of sports-betting customers into gaming products, which also saw good growth. Retail has seen growth in transactions, amounts wagered and Operating profit(1) during the half. Group net revenue grew 7% to £567.8m (2010: £529.9m) and Operating profit(1) was around the top end of market expectations at £147.7m (2010: £135.6m).

William Hill Online delivered strong Sportsbook growth, benefitting from an innovative mobile offering and from further expansion in both pre-match and in-play markets, all of which were supported by marketing investment. William Hill Online is now offering more markets and better pricing on football product than our leading competitors and our focus is on achieving an equivalent position in other sports. Net revenue for the first half of 2011 grew 23% to £152.7m (2010: £124.2m) and Operating profit(1) was 24% higher at £55.9m (2010: £44.9m).

Retail saw 7% growth in total amounts wagered in spite of rolling over the first part of an exceptional World Cup performance in the comparator period, with a continuation of its recent strong performance in gaming machines and with 2% growth in over-the-counter (OTC) amounts staked. Whilst the OTC gross win margin at 16.8% was slightly below the normal trading range, total net revenue was 2% ahead and Operating profit(1) was 1% higher at £104.0m (2010: £102.6m).

The Group's international growth strategy progressed with the announcement of the binding agreement to acquire three land-based sports-betting businesses in the US for approximately $55m (c£33m). The Group is in the process of applying for a Nevada Gaming Commission licence, with completion of these acquisitions being conditional on the grant of local regulatory licences. That process is expected to complete in 2012. In addition, William Hill Online has now launched its localised and regulated site in Italy, which is being supported by investment in a high-profile advertising programme.

The Group generated net cash inflow from operating activities of £128.9m (2010: £133.3m), which after taking account of financing costs, investments in the US and capital expenditure resulted in a further reduction in net debt for covenant purposes to £460.1m (2010: £530.4m). The Board has declared an interim dividend of 2.9p per share (2010: 2.5p per share), an increase of 16% over the prior year.

Looking ahead, although the economic environment continues to be challenging, our offering is very strong and competitive. Our multi-channel business targets the widest possible audience, and our positioning on pricing and trading, together with our extensive product range and effective use of new technologies, including mobile, combine to present customers with a highly attractive experience. We are performing well and, given our market-leading position, international developments and a pipeline of innovations, we look to the second half of the year and beyond with confidence.

Summary of financial results

	2011 £m	**2010 £m**	**% change**
- Online net revenue	152.7	124.2	+23%
- Retail net revenue	398.8	389.8	+2%
- Telephone net revenue	12.5	12.5	+0%
- Other net revenue	3.8	3.4	12%
Group net revenue	**567.8**	**529.9**	**+7%**
- Online operating profit	55.9	44.9	+24%
- Retail operating profit	104.0	102.6	+1%
- Telephone operating profit	0.2	(2.3)	
- Other operating profit	0.4	-	
- Corporate expenses (including associate income)	(12.8)	(9.6)	+33%
Operating profit(1)	**147.7**	**135.6**	**+9%**
Amortisation(2)	(1.8)	(1.8)	0%
Profit before interest, tax and exceptional items	**145.9**	**133.8**	**+9%**
Exceptional items	(2.6)	(2.7)	-4%
Net interest cost	(16.4)	(28.1)	-42%
Profit before tax	**126.9**	**103.0**	**+23%**

(1) Operating profit is defined as pre-exceptional profit including associates and excluding interest, tax and £1.8m (2010: £1.8m) of Online amortisation relating to trade names, affiliate relationships and non-competition agreements
(2) Online amortisation relating to trade names, affiliate relationships and non-competition agreements

William Hill Online

Following an outstanding performance in 2010, William Hill Online has continued to deliver excellent results in the first half of 2011, with strong growth in net revenue and Operating profit(1).

Sportsbook continues to lead the growth of this channel. Amounts staked increased 51% year-on-year, with substantial growth in betting on all three major products: football, horseracing and tennis. Sportsbook is now consistently achieving turnover of more than £30m a week.

Mobile betting accounted for 7% of Sportsbook net revenues, having grown by more than 600% to £3.7m in the period. The business is on track to hit its amounts wagered target of £5m a week having grown from £1.3m a week in January to £2.3m by the end of the period, by which time the UK football season had already concluded. Mobile betting is benefitting from a series of innovations, including our exclusive relationship as the betting partner for the Racing Post app. This relationship was established in December 2010 and saw its millionth bet during the period. Since the period end, the business has launched an improved Sportsbook mobile betting product, which we consider to be market-leading in terms of the richness of its content and ease of use. Further mobile launches are planned for the second half relating both to betting and gaming products.

In-play amounts staked grew 95% year-on-year fuelled by continuous expansion. Recent examples include being the only bookmaker to offer point-by-point betting on every Wimbledon match and the launch of an expanded in-play basketball product. In-play betting accounted for 43% of Sportsbook amounts staked in the period, 63% excluding horseracing. Pre-match betting also grew 29%, helped by William Hill Online's extensive pre-match football offering. The gross win margin at 6.8% (2010: 7.7%) was slightly below the normalised 7-8% trading range, contributed to by below average horseracing festival results in the second quarter and by an increase in the mix from the lower margin in-play category. Sportsbook net revenue grew 41% in the period.

Gaming net revenue grew 15% in the first half in spite of the comparator period including revenues from France, which we withdrew from in June 2010. Casino net revenue grew 14%, benefitting from further enhancements in the Flash-based product range which supports cross-sell of Sportsbook customers into gaming. Underlying casino net revenue, excluding the effect of the France withdrawal, grew 29%. Bingo and Poker also grew, up 25% and 11%, respectively.

Online costs increased 23%, reflecting an expansion in product development, and increased resources in operations, IT and international together with an uplift in marketing expenditure. For the half, Online saw a marketing to net revenue ratio of 26%. This is expected to be approximately two percentage points higher for the full year, reflecting marketing costs associated with the entry into the regulated market in Italy.

Operating profit(1) at £55.9m was 24% higher than in the prior year (2010: £44.9m). This resulted in a non-controlling interest for Playtech of £16.5m (2010: £12.9m).

Retail

Retail has delivered a good performance in a UK retail market faced with ongoing consumer uncertainty.

Amounts wagered grew by a total of 7% year-on-year driven by growth in both OTC betting and gaming machines. This growth was in spite of the comparator year including a very strong World Cup performance, which contributed £31.5m of OTC amounts staked and gross win of £10.5m to Retail in the first half of 2010.

Reported OTC amounts staked grew year-on-year by 2%. Underlying OTC amounts staked, adjusted for the impact of the World Cup trading periods and the period of poor weather in January 2010, grew 1%. This comprised a 1% increase in bet volumes with the average bet size holding steady year-on-year.

Year-on-year gross win growth in machines for the period was 10%. Gross win per machine per week was 8% higher at £902 (2010: £836). Since the completion of the first full anniversary of the roll-out of the 'Storm' cabinets at the end of March, machines have continued to deliver good year-over-year growth rates at 9% for the second quarter.

Retail net revenue grew 2% with OTC declining 2% as a result of a slightly lower than expected 16.8% gross win margin (2010: 17.4%), which is below the historic average trading range of 17-18%. This was, however, offset by good machine growth with net revenue up 8% (the difference against the gross win machines growth of 10% being the increase in VAT from 17.5% to 20% in January 2011). The main factors in the lower year-on-year OTC gross win margin are the inclusion in the prior year of the very strong World Cup (OTC gross win margin of 33%) and weakness in horseracing margins.

The Group continues to invest selectively in the estate, opening 11 new shops in the period. However, 25 shops were closed, including 20 under-performing shops in the Republic of Ireland, resulting in a net reduction in the size of the estate by 14 shops to 2,363 since the end of 2010. A further seven shops were re-sited. The estate, on average, was c1% larger in the period.

Costs increased by 3%, partly driven by the growth in the average estate. This is in line with the Group's 3-4% Retail cost guidance for 2011.

Overall, this performance resulted in a 1% increase in Operating profit[(1)] year-on-year to £104.0m (2010: £102.6m).

Telephone

In February, the UK Telephone Betting business was closed, and a new operation within William Hill Online was established. Amounts wagered have continued to decline during the period, down 37%, but this was offset by a 2.8 percentage point improvement in the gross win margin, resulting in flat net revenue year-on-year. Costs reduced by 13%, primarily as a result of the move to Gibraltar. However, this could not fully mitigate the impact of declining turnover in terms of the Group's internal expectations of the business. The channel made a small Operating profit[(1)] of £0.2m (2010: operating loss of £2.3m).

Reacting to this turnover performance, the Group launched 'best odds guaranteed' in Telephone in July 2011. Notwithstanding this commercial development, there remains a risk that Telephone volumes could deteriorate further. Accordingly, the carrying value of goodwill in this segment is being monitored closely.

Financial review

Pre-exceptional income statement

Group net revenue in 2011 was £567.8m, up 7% on the prior year (2010: £529.9m), driven by strong growth from William Hill Online and from growth in Retail.

Pre-exceptional cost of sales for the Group rose by 3% from £77.8m in 2010 to £80.4m in 2011. This line includes taxes, levies and royalties relating to the operation of a betting and gaming company. The rise was largely driven by the increase in revenue, offset by reduced gross profits tax relating to the Telephone Betting business.

Other operating income was £2.5m in 2011 (2010: £2.4m). Pre-exceptional net operating expenses grew by 7% from £322.1m in 2010 to £345.4m in 2011. Pre-exceptional Retail net operating expenses grew by 3%, partly reflecting the increase in size of the estate but also the impact of pay rises, repairs and maintenance and content cost increases. Online operating expenses grew by 23% due to increased marketing, employment costs and other operating costs supporting the strong current growth and development of this channel.

The Group saw a £1.4m contribution from its associate SIS during the period (2010: £1.4m).

Operating profit[(1)] was £147.7m, up 9% on the comparator period (2010: £135.6m). This is before amortisation of £1.8m (2010: £1.8m) relating to Online trade names, affiliate relationships and non-competition agreements. After amortisation, pre-exceptional Group profit before interest and tax (PBIT) was £145.9m, a 9% increase on the comparator period (2010: £133.8m).

Pre-exceptional net finance costs reduced by 42% over the comparator period, to £16.4m (2010: £28.1m). This reflects the benefit of the Group's new bank deal entered into in November 2010 together with the de-designation at that time of the Group's remaining previously effective interest rate hedges and lower absolute levels of debt.

Pre-exceptional pre-tax profit for the year was £129.5m, up 23% on the comparator period (2010: £105.7m).

Exceptional items

The Group recorded pre-tax exceptional costs of £2.6m (2010: £2.7m). This comprised an exceptional finance cost of £1.8m relating to an adverse change in the fair value of ineffective interest rate hedges and £0.8m of exceptional operating expenses relating to transaction costs for the corporate activity undertaken in the US.

Taxation

Pre-exceptional tax on profit was £24.7m (2010: £25.9m) at an effective tax rate of 19.1% (2010: 24.5%). This benefited from a reduction in deferred tax liabilities arising from the scheduled reduction of the UK corporation tax rate from 27% to 26%. There will be a further one-off credit in the second half, as the move to 25% is enacted. This latter benefit is expected to recur over 2012 and 2013 as the UK statutory corporation tax rate is reduced from 25% to 23%. The Group's effective tax rate expectations for 2011 as a whole are now around 19%.

Tax on exceptional items was a credit of £0.5m (2010: £0.3m credit), resulting in the total tax for the Group for the first half of 2011 of £24.2m (2010: £25.6m).

Earnings per share

Profit after tax for the period was £102.7m (2010: £77.4m), which included £16.5m relating to non-controlling interests (2010: £12.9m). Basic adjusted earnings per share stood at 12.8p versus 9.8p in 2010, reflecting the improvement in Operating profit[1], reduced interest costs and the reduction in the effective tax rate. Basic earnings per share stood at 12.3p versus 9.2p in the comparator period.

Cash flow and balance sheet

The Group generated net cash inflow from operating activities of £128.9m (2010: £133.3m), demonstrating the cash-generative nature of the Group's business model. £24.4m of capital investment was made in the period and a higher level of activity is expected in the second half of 2011, particularly in the Retail estate. The current full-year estimate for capital expenditure is around £60m.

As at 28 June 2011, drawn debt was £515.0m (2010: £659.0m) and net debt for covenant purposes decreased to £460.1m (28 December 2010: £499.4m; 28 June 2010: £530.4m), reflecting the positive cash inflow seen in the period. This reflects a net debt over EBITDA ratio of 1.5 times.

On an accounting basis, the pension scheme deficit has reduced substantially in the first half of 2011, falling from £30.9m at the start of the year to £15.6m at the balance sheet date, and arising largely from a favourable actuarial gain.

Fiscal and regulatory update

Across Europe, governments are continuing to develop the regulation of online gambling. In Germany and Greece, draft legislation has been rejected by the European Commission as inconsistent with European Union law. In Spain, the Government is preparing to launch its licensing system in January 2012. William Hill supports the view that a proportionately regulated and taxed regime which enables growth will be the foundation for a true competitive market with sustainable tax yields.

On 14 July 2011, the Department of Culture, Media and Sport in the UK announced its intention to establish a new licensing regime for offshore online operators in order to provide enhanced protection for UK consumers. In the Group’s view, there is no public protection risk in the current regime and, therefore, no real justification for the proposed dual regulation. However, if DCMS is determined to pursue this route, the Group is well placed as it already operates to UK standards. We intend to be fully involved in shaping a proportionate and effective regime, including appropriate enforcement measures.

Arising from this announcement, HM Treasury announced on 18 July 2011 that they would review the current legislation and framework of taxation as it relates to offshore companies targeting UK consumers. The Group’s Online and Telephone businesses are currently based in Gibraltar and, as such, the Group could be affected by any changes but it is too early to assess the impact as HM Treasury has not yet advocated any specific proposal.

HM Treasury has reviewed taking gaming machines outside the scope of VAT and replacing the current VAT and Amusement Machine Licence Duty (AMLD) regime with a Gaming Machine Duty regime based on taxation of gross profits derived from machines. The Government is in the process of consulting with the industry on draft legislation with a view to implementing the change as part of the Finance Bill in 2012. HM Treasury has previously committed to effect this change on a tax-neutral basis for the gaming industry as a whole.

In July, the Government increased the maximum stake on category B3 gaming products from £1 to £2. The Group is already making use of this change on the gaming machines in its Retail estate.

DCMS has recently completed pre-consultation discussions on the future funding of Racing. A full consultation is expected to start in the second half of 2011. The betting industry contends that, instead of the current levy, there should be a commercial solution unencumbered by any statutory mechanism based on the purchase of a core product and the ability to purchase extra fixtures direct from racecourses. Any major changes will require primary legislation and options other than a free market commercial solution or minor alterations to the current scheme are fraught with legal difficulties which could lock up the change process for months if not years. DCMS may proceed to a three month consultation in the autumn and we expect, as a minimum, that the Minister's quasi-judicial role in the process will be replaced by the creation of an independent tribunal to settle disputes.

Dividend

The Board has approved an interim dividend of 2.9p per share (2010: 2.5p per share). The dividend is payable on 8 December 2011, the ex-dividend date is 26 October and the record date is 28 October. The dividend is calculated on the number of shares in issue at 28 June 2011, which, excluding shares held in Treasury and shares held under the Employee Benefit Trust, totalled 699.4 million.

Current trading

In the five weeks from 29 June 2011 to 2 August 2011, Group net revenue was down 2%, with the comparator period including two weeks of trading on the 2010 World Cup, a period which included the final.

In Retail, amounts wagered was up 6%, with a continuing good gaming machine performance. The underlying OTC stakes performance, adjusting for the World Cup comparison period, showed modest growth. The OTC gross win margin was below the normal trading range at 15.6%, which resulted in an overall Retail net revenue fall of 6%.

Online continues to perform well. Net revenue was up 21%, benefiting from a continuing strong Sportsbook performance, with amounts staked up 36%.

Given that the comparator period included a strong World Cup result, performance during this five-week period was in line with the Board's expectations.

Principal risks and uncertainties

The key risk areas are described below.

(a) Changes in UK and overseas taxation, duties and levies. There are ongoing discussions, outlined above, in regards to gaming machine taxation, licensing and taxation of offshore online operators and the funding of racing. We are involved with various industry bodies in making representations to Government, including about the risk to jobs of significant tax changes and the risk of creating an unlevel playing field from an inadequately enforced online regime.
(b) Disaster recovery and business continuity. As the business expands and becomes more complex, we are looking to strengthen our systems to provide a continuous operational capability in the event of a disaster or systems failure.
(c) Changing regulation in online gambling. Governments across the world are reviewing and implementing new regulatory regimes. Whilst we believe this is a positive move in the medium and long term, it can present a short term risk to existing online revenues. We continually monitor the changing landscape and focus on investing in regulated markets.
(d) Licence applications in international territories. As regulations develop, William Hill and William Hill Online will apply for licences in key territories. Applications have been submitted by William Hill for licences in Nevada in relation to the US acquisition.
(e) Reliance on third parties. We have key relationships with a range of companies and commit significant management time to developing those relationships and considering how to optimise the relationship over time.
(f) Failure to maximise opportunities for online UK and international growth. These are key elements of our strategy for the growth of William Hill Online. An extensive product development programme is ongoing and expert teams have been developed in areas such as international market expansion.
(g) Impact of the challenging economic climate. As an operator in an area of discretionary spend, we recognise the economic climate remains challenging for our customers. We aim to mitigate these effects by being competitive, enhancing our market-leading position and managing our costs.

Directors' responsibility statement

We confirm to the best of our knowledge that, this condensed consolidated interim financial information 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 4.2.7R and DTR 4.2.8R, namely:

— an indication of important events that have occurred during the first 26 weeks of the financial year and their impact on the condensed set of financial statements and a description of the principal risks and uncertainties for the remaining 26 weeks of the financial year; and

— material related-party transactions in the first 26 weeks and any material changes in the related-party transactions described in the last annual report.

By order of the Board,

R.J. Topping	N. Cooper
Chief Executive	Group Finance Director
5 August 2011	5 August 2011

Reference notes
(1) Operating profit/loss is defined as pre-exceptional profit/loss including associates and excluding interest, tax and £1.8m (2010: £1.8m) of Online amortisation relating to trade names, affiliate relationships and non-competition agreements.

William Hill PLC
Interim Consolidated Income Statement (unaudited)
for the 26 weeks ended 28 June 2011

	Notes	Before exceptional items £m	Exceptional items (note 3) £m	26 weeks ended 28 June 2011 Total £m	Before exceptional items £m	Exceptional items (note 3) £m	26 weeks ended 29 June 2010 Total £m	52 weeks ended 28 December 2010 Total £m
Continuing Operations								
Amounts wagered*	2	**8,981.6**	-	**8,981.6**	8,296.6	-	8,296.6	16,519.8
Revenue	2	**567.8**	-	**567.8**	529.9	-	529.9	1,071.8
Cost of sales	2	**(80.4)**	-	**(80.4)**	(77.8)	5.6	(72.2)	(148.7)
Gross profit	2	**487.4**	-	**487.4**	452.1	5.6	457.7	923.1
Other operating income		**2.5**	-	**2.5**	2.4	-	2.4	5.3
Other operating expenses	3	**(345.4)**	(0.8)	**(346.2)**	(322.1)	(4.2)	(326.3)	(659.0)
Share of results of associates and joint ventures		**1.4**	-	**1.4**	1.4	-	1.4	3.3
Profit before interest and tax	2	**145.9**	(0.8)	**145.1**	133.8	1.4	135.2	272.7
Investment income	2,4	**7.6**	-	**7.6**	6.7	-	6.7	14.0
Finance costs	3,5	**(24.0)**	(1.8)	**(25.8)**	(34.8)	(4.1)	(38.9)	(93.4)
Profit before tax	2	**129.5**	(2.6)	**126.9**	105.7	(2.7)	103.0	193.3
Tax	3,6	**(24.7)**	0.5	**(24.2)**	(25.9)	0.3	(25.6)	(37.3)
Profit for the period		**104.8**	(2.1)	**102.7**	79.8	(2.4)	77.4	156.0
Attributable to:								
Equity holders of the parent		**88.3**	(2.1)	**86.2**	66.9	(2.4)	64.5	129.7
Non-controlling interest		**16.5**	-	**16.5**	12.9	-	12.9	26.3
		104.8	(2.1)	**102.7**	79.8	(2.4)	77.4	156.0
Earnings per share (pence)								
Basic	8			**12.3**			9.2	18.6
Diluted	8			**12.2**			9.1	18.4

**Our definition of Amounts Wagered has been reviewed and updated since the prior interim report and consequently the prior period figure has been restated. This change has had no impact on the Income Statement, Statement of Financial Position, Reserves or Earnings per Share and is set out in the Accounting Policy note included in the Annual Report and Accounts 2010.*

William Hill PLC
Interim Consolidated Statement of Comprehensive Income (unaudited)
for the 26 weeks ended 28 June 2011

	26 weeks ended 28 June 2011 £m	26 weeks ended 29 June 2010 £m	52 weeks ended 28 December 2010 £m
Profit for the period	**102.7**	77.4	156.0
Loss on cash flow hedges	**(0.1)**	(7.2)	(8.4)
Hedging losses transferred to income statement	**-**	6.4	11.8
Charged to income statement on de-designation	**-**	-	14.2
Actuarial gains/(losses) on defined benefit pension scheme	**15.0**	(12.1)	6.1
Exchange differences on translation of foreign operations	**(0.6)**	0.7	0.6
Tax on items taken to statement of comprehensive income	**(4.7)**	3.7	(7.4)
Other comprehensive income/(loss) for the period	**9.6**	(8.5)	16.9
Total comprehensive income for the period	**112.3**	68.9	172.9
Attributable to:			
Equity holders of the parent	**95.8**	56.0	146.6
Non-controlling interest	**16.5**	12.9	26.3
	112.3	68.9	172.9

William Hill PLC
Interim Consolidated Statement of Changes in Equity (unaudited)
for the 26 weeks ended 28 June 2011

	Called-up share capital £m	Premium on ordinary shares £m	Capital redemption reserve £m	Merger reserve	Own shares held £m	Hedging and translation reserve £m	Retained Earnings £m	Total £m	Non-controlling interests £m	Total Equity £m
At 29 December 2010	**70.2**	**317.3**	**6.8**	**(26.1)**	**(18.6)**	**0.5**	**493.1**	**843.2**	**11.5**	**854.7**
Retained profit for the financial period	-	-	-	-	-	-	86.2	86.2	16.5	102.7
Other comprehensive income/(loss) for the period	-	-	-	-	-	(0.7)	10.3	9.6	-	9.6
Total comprehensive income/(loss) for the period	-	-	-	-	-	**(0.7)**	**96.5**	**95.8**	**16.5**	**112.3**
Transfer of own shares to recipients	-	-	-	-	4.6	-	(4.5)	0.1	-	0.1
Credit recognised in respect of share remuneration	-	-	-	-	-	-	3.4	3.4	-	3.4
Tax charge in respect of share remuneration	-	-	-	-	-	-	(0.2)	(0.2)	-	(0.2)
Dividends paid (note 7)	-	-	-	-	-	-	(40.6)	(40.6)	-	(40.6)
Acquisition of non-controlling interests (note 11)	-	-	-	-	-	-	(8.8)	(8.8)	-	(8.8)
Distributions to non-controlling interests	-	-	-	-	-	-	-	-	(15.3)	(15.3)
At 28 June 2011	**70.2**	**317.3**	**6.8**	**(26.1)**	**(14.0)**	**(0.2)**	**538.9**	**892.9**	**12.7**	**905.6**

	Called-up share capital £m	Premium on ordinary shares £m	Capital redemption reserve £m	Merger reserve	Own shares held £m	Hedging and translation reserve £m	Retained Earnings £m	Total £m	Non-controlling interests £m	Total Equity £m
At 30 December 2009	**70.2**	**317.3**	**6.8**	**(26.1)**	**(23.9)**	**(12.8)**	**412.6**	**744.1**	**12.2**	**756.3**
Retained profit for the financial period	-	-	-	-	-	-	64.5	64.5	12.9	77.4
Other comprehensive income/(loss) for the period	-	-	-	-	-	0.2	(8.7)	(8.5)	-	(8.5)
Total comprehensive income for the period	-	-	-	-	-	**0.2**	**55.8**	**56.0**	**12.9**	**68.9**
Transfer of own shares to recipients	-	-	-	-	4.6	-	(4.6)	-	-	-
Credit recognised in respect of share remuneration	-	-	-	-	-	-	2.7	2.7	-	2.7
Dividends paid (note 7)	-	-	-	-	-	-	(35.5)	(35.5)	-	(35.5)
Distributions to non-controlling interests	-	-	-	-	-	-	-	-	(12.7)	(12.7)
At 29 June 2010	**70.2**	**317.3**	**6.8**	**(26.1)**	**(19.3)**	**(12.6)**	**431.0**	**767.3**	**12.4**	**779.7**

William Hill PLC
Interim Consolidated Statement of Changes in Equity (unaudited)
for the 26 weeks ended 28 June 2011

	Called-up share capital £m	Premium on ordinary shares £m	Capital redemption reserve £m	Merger reserve	Own shares held £m	Hedging and translation reserve £m	Retained Earnings £m	Total £m	Non-controlling interests £m	Total Equity £m
At 29 December 2009	**70.2**	**317.3**	**6.8**	**(26.1)**	**(23.9)**	**(12.8)**	**412.6**	**744.1**	**12.2**	**756.3**
Retained profit for the financial period	-	-	-	-	-	-	129.7	129.7	26.3	156.0
Other comprehensive income for the period	-	-	-	-	-	13.3	3.6	16.9	-	16.9
Total comprehensive income for the period	**-**	**-**	**-**	**-**	**-**	**13.3**	**133.3**	**146.6**	**26.3**	**172.9**
Transfer of own shares to recipients	-	-	-	-	5.3	-	(5.0)	0.3	-	0.3
Credit recognised in respect of share remuneration	-	-	-	-	-	-	4.7	4.7	-	4.7
Tax charge in respect of share remuneration	-	-	-	-	-	-	(0.2)	(0.2)	-	(0.2)
Dividends paid (note 7)	-	-	-	-	-	-	(52.3)	(52.3)	-	(52.3)
Distributions to non-controlling interests	-	-	-	-	-	-	-	-	(27.0)	(27.0)
At 28 December 2010	**70.2**	**317.3**	**6.8**	**(26.1)**	**(18.6)**	**0.5**	**493.1**	**843.2**	**11.5**	**854.7**

William Hill PLC
Interim Consolidated Statement of Financial Position (unaudited)
as at 28 June 2011

	Notes	**28 June 2011 £m**	29 June 2010 £m	28 December 2010 £m
Non-current assets				
Intangible assets		**1,440.4**	1,446.4	1,446.2
Property, plant and equipment		**202.6**	188.8	198.3
Interest in associates		**11.3**	7.9	9.9
Investments	9	**3.4**	-	-
Deferred tax asset		**10.6**	27.1	16.2
		1,668.3	1,670.2	1,670.6
Current assets				
Inventories		**0.3**	0.3	0.3
Trade and other receivables		**32.5**	32.9	47.0
Cash and cash equivalents		**110.4**	176.4	109.4
Derivative financial instruments		**-**	0.5	-
		143.2	210.1	156.7
Total assets		**1,811.5**	1,880.3	1,827.3
Current liabilities				
Trade and other payables		**(139.7)**	(123.4)	(148.9)
Current tax liabilities		**(62.7)**	(63.0)	(52.6)
Borrowings	10	**(0.1)**	(0.1)	(0.1)
Derivative financial instruments		**(16.7)**	(16.1)	(23.3)
		(219.2)	(202.6)	(224.9)
Non-current liabilities				
Borrowings	10	**(504.5)**	(644.3)	(548.4)
Retirement benefit obligations	13	**(15.6)**	(56.5)	(30.9)
Amounts owed to non-controlling interest	11	**(7.8)**	-	-
Derivative financial instruments		**(5.2)**	(31.2)	(9.4)
Deferred tax liabilities		**(153.6)**	(166.0)	(159.0)
		(686.7)	(898.0)	(747.7)
Total liabilities		**(905.9)**	(1,100.6)	(972.6)
Net assets		**905.6**	779.7	854.7
Equity				
Called-up share capital		**70.2**	70.2	70.2
Share premium account		**317.3**	317.3	317.3
Capital redemption reserve		**6.8**	6.8	6.8
Merger reserve		**(26.1)**	(26.1)	(26.1)
Own shares held		**(14.0)**	(19.3)	(18.6)
Hedging and translation reserves		**(0.2)**	(12.6)	0.5
Retained earnings		**538.9**	431.0	493.1
Equity attributable to equity holders of the parent		**892.9**	767.3	843.2
Non-controlling interest	11	**12.7**	12.4	11.5
Total equity		**905.6**	779.7	854.7

William Hill PLC
Interim Consolidated Cash Flow Statement (unaudited)
for the 26 weeks ended 28 June 2011

	Notes	**26 weeks ended 28 June 2011 £m**	26 weeks ended 29 June 2010 £m	52 weeks ended 28 December 2010 £m
Net cash from operating activities	12	**128.9**	133.3	223.9
Investing activities				
Interest received		**0.2**	0.1	0.6
Proceeds on disposal of property, plant and equipment		**0.5**	1.3	2.1
Purchases of property, plant and equipment		**(16.4)**	(7.0)	(22.4)
Expenditure on computer software		**(8.0)**	(7.0)	(14.3)
Investments made	9	**(3.4)**	-	-
Net cash used in investing activities		**(27.1)**	(12.6)	(34.0)
Financing activities				
SAYE share option redemptions		**0.1**	0.2	0.3
Dividends paid	7	**(40.6)**	(35.5)	(52.3)
Distributions paid to non-controlling interests	11	**(15.3)**	(12.7)	(27.0)
Repayments of borrowings		**(45.0)**	(375.1)	(734.1)
Amounts drawn down from new facilities		**-**	359.0	619.0
New debt facility issue costs		**-**	-	(6.2)
Net cash used in financing activities		**(100.8)**	(64.1)	(200.3)
Net increase/(decrease) in cash and cash equivalents in the period		**1.0**	56.6	(10.4)
Cash and cash equivalents at start of period		**109.4**	119.8	119.8
Cash and cash equivalents at end of period		**110.4**	176.4	109.4

William Hill PLC
Notes to the Group Financial Statements
for the 26 weeks ended 28 June 2011

1. Basis of accounting

General Information

William Hill PLC is a Company incorporated in the United Kingdom under the Companies Act 2006. The address of the registered office is Greenside House, 50 Station Road, London, N22 7TP. The condensed consolidated financial information for the 26 weeks ended 28 June 2011, which has been approved by a committee of the Board of Directors on 5 Aug 2011, has been prepared on the basis of the accounting policies set out in the Group's 2010 Annual Report and Accounts on pages 62 to 69, which can be found on the Group's website www.williamhillplc.co.uk. This condensed consolidated financial information for the 26 weeks ended 28 June 2011 has been prepared in accordance with the Disclosure and Transparency Rules of the Financial Services Authority and with IAS 34, "Interim Financial Reporting" as adopted by the European Union. The condensed consolidated financial information for the 26 weeks ended 28 June 2011 should be read in conjunction with the annual financial statements for the 52 weeks ended 28 December 2010, which have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union. The accounting policies used in the preparation of the interim financial information have been consistently applied to all periods presented.

The condensed consolidated financial information for the 26 weeks ended 28 June 2011 is unaudited and does not constitute statutory accounts within the meaning of section 435 of the Companies Act 2006, but has been reviewed by the auditors and their report is set out at the end of this financial information. The results for the 52 week period ended 28 December 2010 shown in this report do not constitute the Company's statutory accounts for that period but have been extracted from those accounts, which have been filed with the Registrar of Companies. The auditors have reported on those accounts. Their report was unqualified and did not contain a statement under section 498 (2) or (3) of the Companies Act 2006.

The directors consider that the 'adjusted' earnings per share measure, as disclosed in note 8, provides additional useful information for shareholders on the underlying performance of the business. It is not a recognised measure under IFRS and may not be directly comparable with 'adjusted' measures used by other companies.

Adoption of new and revised standards

In the current financial year the Group has adopted IFRIC 19 'Extinguishing Financial Liabilities with Equity Instruments'. There are no material changes to the amounts or disclosures in the financial statements as a result of this standard's adoption.

Basis of accounting

The interim condensed consolidated financial information has been prepared in accordance with IFRS adopted by the European Union and therefore complies with Article 4 of the EU IAS Regulation.

The interim financial information has been prepared on the historical cost basis, except for the revaluation of certain financial instruments.

The prior year figures for other operating income and other operating expenses have been revised, both being reduced by £4m. This reclassifies our partial VAT recovery as a reduction in expenses rather than as other income. The revised presentation is consistent with the presentation and policy adopted in the 2010 Annual Report and Accounts. There is no impact on gross profit or on profit before interest and tax as a result of this revision.

Basis of consolidation

The financial information incorporates the financial statements of the Company and entities controlled by the Company (its subsidiaries) made up to 28 June 2011. Control is achieved where the Company has the power to govern the financial and operating policies of an investee entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the period are included in the interim consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by the Group. All intra-Group transactions, balances, income and expenses are eliminated on consolidation.

Business combinations and investments

On acquisition, the assets, liabilities and contingent liabilities of a subsidiary are measured at their fair values at the date of acquisition. Any excess of the cost of acquisition over the fair values of the identifiable net assets acquired is recognised as goodwill. Any deficiency of the cost of acquisition below the fair values of the identifiable net assets acquired (i.e. discount on acquisition) is credited to profit and loss in the period of acquisition.

Convertible loans made to businesses within the framework of a binding acquisition agreement are presented as non-current investments provided that their conversion is deemed probable. They are accounted for at cost less provision for any diminution in value.

1. Basis of accounting (continued)

Going concern

The Group meets its day to day working capital requirements through its cash resources on hand supplemented by £300m of 7.125% Guaranteed Notes due 2016 and available bank facilities of £550m, which expire in 2015. Whilst current economic conditions create uncertainty over the level of demand for the Group's products, the Group's forecasts and projections show that the Group should be able to operate within the level of its new borrowing facilities.

Therefore, after making these enquiries, the directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the interim financial information.

Seasonality

The Group's overall profitability is primarily sensitive to sporting results, largely in terms of outcome but also in terms of the timing and presence of significant events that attract a large amount of stakes. For example, the comparative results in 2010 include the effect of the World Cup that year. In addition, adverse winter weather conditions can disrupt the sporting calendar and limit betting opportunities. However, as the gaming element of revenue relating to FOBT machines and William Hill Online increases, then this sensitivity is reduced.

2. Segment information

The Board reviews its reportable operating segments in line with guidance provided by IFRS 8 'Operating Segments'. The segments are aligned with the reports the Board and the Group's Chief Executive review to make strategic decisions.

The Retail distribution channel comprises all activity undertaken in LBOs including gaming machines. The Online segment comprises all activity undertaken on-line including an online sportsbook, online casino, online poker sites and other gaming products. The Telephone segment comprises the Group's telephone betting services including telephone bet capture positions at its call centres. Other activities include on-course betting and greyhound stadia operations.

Business segment information for the 26 weeks ended 28 June 2011:

	Retail £m	Online £m	Telephone £m	Other £m	Corporate £m	Group £m
Amounts wagered	7,871.9	926.8	169.7	13.2	-	8,981.6
Payout	(7,473.1)	(774.1)	(157.2)	(9.4)	-	(8,413.8)
Revenue	**398.8**	**152.7**	**12.5**	**3.8**	**-**	**567.8**
GPT, duty, levies and other cost of sales	(66.1)	(11.6)	(2.2)	(0.5)	-	(80.4)
Gross profit	332.7	141.1	10.3	3.3	-	487.4
Depreciation	(11.6)	(0.3)	-	(0.1)	(1.4)	(13.4)
Amortisation(1)	(1.3)	(5.7)	(0.1)	-	-	(7.1)
Other administrative expenses	(215.8)	(81.0)	(10.0)	(2.8)	(12.8)	(322.4)
Share of result of associate, joint ventures, and impairment charges	-	-	-	-	1.4	1.4
Exceptional operating items	-	-	-	-	(0.8)	(0.8)
Segment profit/(loss) before interest and tax	**104.0**	**54.1**	**0.2**	**0.4**	**(13.6)**	**145.1**
Non-operating exceptional items					(1.8)	(1.8)
Investment income					7.6	7.6
Finance costs					(24.0)	(24.0)
(Loss)/profit before tax					**(31.8)**	**126.9**

(1) Included within amortisation for the Online segment is £1.8m on intangible assets relating to trade names and affiliate relationships arising from the acquisition of Playtech assets

2. Segment information (continued)

Business segment information for the 26 weeks ended 29 June 2010:

	Retail £m	Online £m	Telephone £m	Other £m	Corporate £m	Group £m
Amounts wagered	7,379.5	634.7	269.1	13.3	-	8,296.6
Payout	(6,989.7)	(510.5)	(256.6)	(9.9)	-	(7,766.7)
Revenue	**389.8**	**124.2**	**12.5**	**3.4**	**-**	**529.9**
GPT, duty, levies and other cost of sales	(64.4)	(9.8)	(3.2)	(0.4)	-	(77.8)
Gross profit	325.4	114.4	9.3	3.0	-	452.1
Depreciation	(11.9)	(0.2)	(0.4)	(0.1)	(1.0)	(13.6)
Amortisation(1)	(0.9)	(5.0)	(0.3)	-	-	(6.2)
Other administrative expenses	(210.0)	(66.1)	(10.9)	(2.9)	(10.0)	(299.9)
Share of result of associate, joint ventures, and impairment charges	-	-	-	-	1.4	1.4
Exceptional operating items	5.6	-	(4.2)	-	-	1.4
Segment profit/(loss) before interest and tax	**108.2**	**43.1**	**(6.5)**	**-**	**(9.6)**	**135.2**
Non-operating exceptional items					(4.1)	(4.1)
Investment income					6.7	6.7
Finance costs					(34.8)	(34.8)
(Loss)/profit before tax					**(41.8)**	**103.0**

(1) Included within amortisation for the Online segment is £1.8m on intangible assets relating to trade names and affiliate relationships arising from the acquisition of Playtech assets

Business segment information for the 52 weeks ended 28 December 2010:

	Retail £m	Online £m	Telephone £m	Other £m	Corporate £m	Group £m
Amounts wagered	14,763.0	1,272.7	457.6	26.5	-	16,519.8
Payout	(13,979.9)	(1,021.2)	(427.3)	(19.6)	-	(15,448.0)
Revenue	**783.1**	**251.5**	**30.3**	**6.9**	**-**	**1,071.8**
GPT, duty, levies and other cost of sales	(127.0)	(18.7)	(7.7)	(0.9)	-	(154.3)
Gross profit	656.1	232.8	22.6	6.0	-	917.5
Depreciation	(24.1)	(0.6)	-	(0.3)	(1.9)	(26.9)
Amortisation(1)	(3.2)	(10.3)	(0.7)	-	-	(14.2)
Other administrative expenses	(424.3)	(134.4)	(21.0)	(5.6)	(21.2)	(606.5)
Share of result of associate	-	-	-	-	3.3	3.3
Exceptional operating items	5.6	-	(6.1)	-	-	(0.5)
Segment profit/(loss) before interest and tax	**210.1**	**87.5**	**(5.2)**	**0.1**	**(19.8)**	**272.7**
Non-operating exceptional items					(25.5)	(25.5)
Investment income					14.0	14.0
Finance costs					(67.9)	(67.9)
(Loss)/profit before tax					**(99.2)**	**193.3**

(1) Included within amortisation for the Online segment is £3.6m on intangible assets relating to trade names and affiliate relationships arising from the acquisition of Playtech assets

3. Exceptional items

Exceptional items are those items the Group considers to be one-off or material in nature that should be brought to the reader's attention in understanding the Group's financial performance. Exceptional items are as follows:

	26 weeks ended 28 June 2011 £m	26 weeks ended 29 June 2010 £m	52 weeks ended 28 December 2010 £m
Operating			
US acquisition costs [1]	**(0.8)**	-	-
Amounts received in respect of VAT reclaim [2]	**-**	5.6	5.6
Telephone business restructuring costs [3]	**-**	(4.2)	(6.1)
	(0.8)	1.4	(0.5)
Non-operating			
Fair value loss on hedging arrangements [4]	**(1.8)**	(4.1)	(4.1)
Transfer to income statement on de-designation of hedges [5]	**-**	-	(14.2)
Cost in respect of re-financing [6]	**-**	-	(7.2)
	(1.8)	(4.1)	(25.5)
Total exceptional items	**(2.6)**	(2.7)	(26.0)

The tax impact of exceptional items is as follows:

	26 weeks ended 28 June 2011 £m	26 weeks ended 29 June 2010 £m	52 weeks ended 28 December 2010 £m
Tax charge on VAT reclaim [2]	**-**	(1.5)	(1.6)
Tax credit in respect of telephone restructuring [3]	**-**	0.7	1.1
Tax credit in respect of fair value loss on hedging arrangements [4]	**0.5**	1.1	1.1
Tax credit in respect of transfer to income statement on de-designation [5]	**-**	-	4.0
Tax credit in respect of finance costs [6]	**-**	-	2.1
	0.5	0.3	6.7

1 During the 26 weeks to 28 June 2011, the Group signed binding agreements to acquire three USA-based businesses. Costs relating to those agreements and related transactions have been expensed.

2 During 2010, the Group recognised £5.6m in respect of a VAT reclaim received in the period; this arose following a favourable High Court judgement. The reclaim concerned overpaid VAT on the Group's gaming machines during previous periods. Due to the size and nature of the amount, it was decided to disclose the item as exceptional. Whilst this refund has been received from HMRC, it remains subject to an appeal by HMRC, which if successful, could result in full repayment of these amounts, although the directors consider this unlikely.

3 Costs related to the restructuring of the telephone business that was completed in February 2011.

4 During the 26 weeks to 28 June 2011, the Group incurred £1.8m of valuation losses on ineffective swaps and collars, following adverse movements in the forward interest rate curve during the period.

5 On 2 December 2010, the Group settled its existing loan facility in favour of a new facility (see note 10) and as a result none of the pre-existing collars and swaps were deemed effective. Hedge accounting was therefore discontinued and the deferred portion of gains and losses in reserves were reclassified to the income statement as an exceptional expense.

6 On 2 December 2010, the Group settled its existing loan facility early and, as a result, wrote off £7.2m in finance fees.

4. Investment income

	26 weeks ended 28 June 2011 £m	26 weeks ended 29 June 2010 £m	52 weeks ended 28 December 2010 £m
Interest on bank deposits	**0.3**	0.1	0.6
Expected return on pension scheme assets (note 13)	**7.3**	6.6	13.4
	7.6	6.7	14.0

5. Finance costs

	26 weeks ended 28 June 2011 £m	26 weeks ended 29 June 2010 £m	52 weeks ended 28 December 2010 £m
Interest payable and similar charges:			
Bank loans, bond interest and overdrafts	**14.9**	17.7	35.1
Amortisation of finance costs	**1.1**	3.0	5.7
Interest on pension scheme liabilities (note 13)	**8.0**	7.7	15.3
Interest charge transferred from hedge reserve on effective hedges	**-**	6.4	11.8
Net interest payable	**24.0**	34.8	67.9
Exceptional finance costs (note 3)	**1.8**	4.1	25.5
	25.8	38.9	93.4

6. Tax on profit on ordinary activities

The effective rate in respect of ordinary activities is 19.1% (26 weeks ended 29 June 2010: 24.9%; 52 weeks ended 28 December 2010: 19.3%). This is lower than the 2011 statutory rate of 26.5% due to a £6.1m deferred tax credit arising from the fall in the UK corporation tax rate to 26% and a lower effective tax rate on the income of William Hill Online.

The effective rate in respect of ordinary activities before exceptional items and excluding the deferred tax credit is 23.8% (26 weeks ended 29 June 2010: 24.5%; 52 weeks ended 28 December 2010: 22.8%).

No account has been taken in these interim financial statements of the 2011 Finance (No. 3) Bill that was substantially enacted in July 2011, after the balance sheet date. It is estimated that the further reduction in the corporation tax rate from 26% to 25% from April 2012 would have resulted in a £5.5m reduction in the net deferred tax liability held on the balance sheet at 28 June 2011, if the change had been applied in the interim statements.

7. Dividends proposed and paid

	28 June 2011 Per share	29 June 2010 Per share	28 December 2010 Per share	28 June 2011 £m	29 June 2010 £m	28 December 2010 £m
Equity shares:						
– Interim dividend paid	**-**	-	2.5p	**-**	-	17.5
– Second interim dividend paid	**5.8p**	5.0p	5.0p	**40.6**	35.5	34.8
	5.8p	5.0p	7.5p	**40.6**	35.5	52.3
Interim dividend proposed	**2.9p**	2.5p	5.8p	**20.3**	17.5	40.5

The directors have approved an interim dividend of 2.9 pence per share on to be paid on 8 December 2011 to ordinary shareholders on the Register of Members on 28 October 2011. In line with the requirements of IAS 12 – 'Events after the Balance Sheet Date', this dividend has not been recognised within these interim results.

By agreement, the William Hill holdings 2001 Employee Benefit Trust agreed to waive all dividends. The Company estimates that 699.4m shares will qualify for the interim dividend.

8. Earnings per share

The earnings per share figures for the respective periods are as follows:

	26 weeks ended 28 June 2011			26 weeks ended 29 June 2010		
	Basic	**Potentially dilutive share options**	**Diluted**	Basic	Potentially dilutive share options	Diluted
Profit after tax attributable to equity holders of the parent for the financial period £m	**86.2**	**-**	**86.2**	64.5	-	64.5
Exceptional items (note 3) £m	**2.6**	**-**	**2.6**	2.7	-	2.7
Exceptional items – tax credit (note 3) £m	**(0.5)**	**-**	**(0.5)**	(0.3)	-	(0.3)
Amortisation of intangibles £m	**1.3**	**-**	**1.3**	1.3	-	1.3
Adjusted profit after tax before exceptional items	**89.6**	**-**	**89.6**	68.2	-	68.2
Weighted average number of shares (million)	**698.3**	**8.2**	**706.5**	697.8	8.3	706.1
Earnings per share (pence)	**12.3**	**(0.1)**	**12.2**	9.2	(0.1)	9.1
Exceptional adjustment £m	**0.3**	**-**	**0.3**	0.4	-	0.4
Amortisation adjustment £m	**0.2**	**-**	**0.2**	0.2	-	0.2
Earnings per share – adjusted	**12.8**	**(0.1)**	**12.7**	9.8	(0.1)	9.7
Earnings per share – before exceptional items (pence)	**12.6**	**(0.1)**	**12.5**	9.6	(0.1)	9.5

	52 weeks ended 28 December 2010		
	Basic	**Potentially dilutive share options**	**Diluted**
Profit after tax attributable to equity holders of the parent for the financial period £m	**129.7**	**-**	**129.7**
Exceptional items (note 3) £m	**26.0**	**-**	**26.0**
Exceptional items – tax credit (note 3) £m	**(6.7)**	**-**	**(6.7)**
Amortisation of intangibles £m	**2.6**	**-**	**2.6**
Adjusted profit after tax before exceptional items	**151.6**	**-**	**151.6**
Weighted average number of shares (million)	**697.9**	**6.5**	**704.4**
Earnings per share (pence)	**18.6**	**(0.2)**	**18.4**
Exceptional adjustment £m	**2.7**	**-**	**2.7**
Amortisation adjustment £m	**0.4**	**-**	**0.4**
Earnings per share – adjusted	**21.7**	**(0.2)**	**21.5**
Earnings per share – before exceptional items (pence)	**21.3**	**(0.2)**	**21.1**

An adjusted earnings per share, based on profit for the period before exceptional items and amortisation (relating to the intangible assets relating to trade names and affiliate relationships arising from the acquisition of Playtech assets), has been presented in order to highlight the underlying performance of the Group.

The basic weighted average number of shares excludes shares held by The William Hill Holdings 2001 Employee Benefit Trust and those shares held in treasury as such shares do not qualify for dividends. The effect of this is to reduce the average number of shares by 3.3m in the 26 weeks ended 28 June 2011 (29 June 2010: 3.6m, 28 December 2010: 3.8m).

9. Investments

During the period, the Group signed binding agreements to acquire three businesses operating in the USA. Convertible loans advanced to those businesses of £3.4m have been presented as investments in accordance with our Group accounting policy, notwithstanding that the loans do not legally entitle the Group to voting rights over any shares, equity distributions or a share of net assets until conversion. The loans are expected to convert and capitalise in 2012, when the Group expects to complete the licensing process in Nevada and acquire the businesses.

Upon acquisition, the Group will pay further cash consideration of up to US$46.2m (of which US$1.5m is contingent upon the future results of one of the businesses acquired), along with the settlement of US$4m of debt and preference shares.

The acquisition of the three businesses is contingent on the Group and certain Group senior managers obtaining gaming licences in Nevada. Should the Group's licence applications not be successful, break fees will be payable to the businesses of US$4.9m.

10. Bank loans and other borrowings

	28 June 2011 £m	29 June 2010 £m	28 December 2010 £m
Borrowings at amortised cost			
Bank loans	**215.0**	359.0	260.0
£300m 7.125% Guaranteed Notes due 2016	**300.0**	300.0	300.0
Finance leases	**0.4**	0.4	0.4
	515.4	659.4	560.4
The borrowings are repayable as follows:			
Amounts due for settlement within one year	**0.1**	0.1	0.1
In the second year	**0.3**	359.3	0.3
In the third to fifth years inclusive	**215.0**	-	260.0
After more than five years	**300.0**	300.0	300.0
	515.4	659.4	560.4
Less expenses related to loan	**(5.9)**	(9.3)	(6.5)
Less discount on £300m 7.125% Guaranteed Notes due 2016 issued for £297.9m	**(1.6)**	(1.9)	(1.8)
Less: expenses relating to £300m 7.125% Guaranteed Notes due 2016	**(3.3)**	(3.8)	(3.6)
	504.6	644.4	548.5
Less: amount due for settlement in 12 months (shown under current liabilities)	**(0.1)**	(0.1)	(0.1)
Amount due for settlement after 12 months	**504.5**	644.3	548.4

Bank facilities

As at 28 June 2011, the Group had a committed bank loan facility of £550m provided by a syndicate of banks. This facility is a Revolving Credit Facility ("RCF"), expiring in November 2015.

Borrowings under the RCF are unsecured but are guaranteed by the Company and by William Hill Organization Limited, one of the principal operating subsidiaries of the Company.

Borrowings under the Facility incur interest at LIBOR plus a margin of between 2.00% and 2.75%, determined by the Group's consolidated Net Debt to EBITDA ratio as defined in the loan agreement. A commitment fee, equivalent to 40% of the margin, is also payable in respect of available but undrawn borrowings under the RCF.

Overdraft facility

At 28 June 2011, the Group had an overdraft facility with National Westminster Bank PLC of £5m (29 June 2010: £5m). The balance on this facility at 28 June 2011 was £nil (29 June 2010 – £nil).

11. Non-controlling interest

	28 June 2011 £m	29 June 2010 £m	28 December 2010 £m
Opening non-controlling Interest	**11.5**	12.2	12.2
Playtech share of profit for the period	**16.5**	12.9	26.3
Amounts paid to Playtech	**(15.3)**	(12.7)	(27.0)
Closing non-controlling Interest	**12.7**	12.4	11.5

The non-controlling interest relates to the 29% share in William Hill Online owned by Playtech Limited.

During the period William Hill Online opened a telebetting operation in Gibraltar. The Group agreed with Playtech that they would not take a share in the profits of the new telephone business but would receive a £1m annual payment as compensation for use of shared services. This transaction effectively restricts Playtech's interest in the new telephone business to £1m annually. This annual fee has been recognised as a liability, in addition to the equity element set out in the table above. The liability has been valued at £8.8m, of which £7.8m is non-current. This transaction has been taken through reserves in accordance with IAS 27.

There are circumstances under which this annual fee would be forfeited by Playtech, in which case this liability will reverse.

12. Notes to the cash flow statement

	26 weeks ended 28 June 2011 £m	26 weeks ended 29 June 2010 £m	52 weeks ended 28 December 2010 £m
Profit before interest and tax, before exceptional items	**145.9**	133.8	273.2
Adjustments for:			
Share of result of associates and joint ventures	**(1.4)**	(1.4)	(3.3)
Depreciation of property, plant and equipment	**13.4**	13.6	26.9
Amortisation of computer software	**5.3**	4.4	10.6
Amortisation of Trade Names, affiliates and NCA	**1.8**	1.8	3.6
(Gain)/loss on disposal of property, plant and equipment	**(0.1)**	0.3	0.9
Gain on disposal of land and buildings	**-**	(0.9)	(1.5)
Cost charged in respect of share remuneration	**3.4**	2.7	4.7
Defined benefit pension cost less cash contributions	**(1.0)**	0.1	(8.2)
Foreign exchange reserve movement	**(0.6)**	0.7	0.6
Exceptional operating (expense)/income	**(0.8)**	5.6	3.2
Movement on financial derivatives	**(2.3)**	3.3	0.8
Operating cash flows before movements in working capital:	**163.6**	164.0	311.5
Decrease in inventories	**-**	-	-
Decrease/(increase) in receivables	**14.5**	11.8	(2.2)
(Decrease)/increase in payables	**(2.9)**	14.4	32.0
Cash generated by operations	**175.2**	190.2	341.3
Income taxes paid	**(21.4)**	(24.4)	(51.7)
Interest paid	**(24.9)**	(32.5)	(65.7)
Net cash from operating activities	**128.9**	133.3	223.9

Cash and cash equivalents (which are presented as a single class of assets on the face of the statement of financial position) comprise cash at bank and overnight deposits.

13. Retirement benefit schemes

The Group operates a number of defined contribution and defined benefit pension schemes in the United Kingdom and Republic of Ireland. The UK schemes are operated under a single trust and the assets of all the schemes held separately from those of the Group in funds under the control of trustees. The respective costs of these schemes are as follows:

	26 weeks ended 28 June 2011 £m	26 weeks ended 29 June 2010 £m	52 weeks ended 28 December 2010 £m
Defined contribution scheme (charged to profit before interest and tax)	**2.6**	1.4	2.4
Defined benefit scheme (charged to profit before interest and tax)	**1.6**	2.5	6.0
Defined benefit scheme (charged to finance costs)	**0.7**	1.1	1.9
Defined benefit scheme ((credited)/charged to statement of comprehensive income)	**(15.0)**	12.1	(6.1)
	(10.1)	17.1	4.2

Defined contribution schemes

The defined contribution schemes, to which both the Group and employees contribute to fund the benefits, are available for all eligible employees. The only obligation of the Group with respect to these schemes is to make the specified contributions.

Defined benefit scheme

The Group operates a defined benefit scheme in the UK for eligible employees which closed to new members in 2002. Under the scheme, employees are entitled to retirement benefits varying between 1.67% and 3.33% of final pensionable pay for each year of service on attainment of a retirement age of 63. The scheme is a funded scheme and the rate of Company contributions paid during the period for future service benefits was 25.0% of members' pensionable pay. The general principles adopted by the Trustees for the purposes of this funding valuation are that the assumptions used, taken as a whole, will be sufficiently prudent for pensions already in payment to continue to be paid, and to reflect the commitments which will arise from members' accrued pensions right.

For the purposes of preparing the information disclosed in these accounts, a full actuarial valuation of the scheme was carried out at 30 September 2007 and updated to 28 June 2011 by a qualified independent actuary. The present value of the defined benefit obligation, the related current service cost and past service cost were measured using the projected unit credit method.

With effect from 31 March 2011, the defined benefit scheme was closed to future accrual. Employed members of this scheme were transferred into the defined contribution scheme.

During the period, the Government announced its intention to change the basis for the statutory revaluation and indexation of occupational pension schemes in the private sector, which are expected to be linked to the rise in CPI in future rather than the rise in RPI. The impact of this change was to reduce the scheme deficit by £3m.

Disclosure of principal assumptions

The financial assumptions used by the actuary in determining the present value of the defined benefit scheme's liabilities were:

	28 June 2011	29June 2010	28 December 2010
Rate of increase of salaries	4.60%	4.30%	4.50%
Rate of increase of pensions in payment	3.60%	3.30%	3.50%
Discount rate	5.50%	5.40%	5.50%
Rate of increase in inflation (RPI)	3.60%	3.30%	3.50%
Rate of increase in inflation (CPI)	3.10%	n/a	n/a

In accordance with the accounting standard, the discount rate has been determined by reference to market yields at the balance sheet date on high quality fixed income investments at a term consistent with the expected duration of the liabilities. Price inflation is determined by the difference between the yields on fixed and index-linked government bonds with an adjustment to allow for differences in the demand for these bonds, which can distort this figure. The Bank of England target inflation rate has also been considered in setting this assumption. The expected rate of salary growth and pension increases are set with reference to the expected rate of inflation.

13. Retirement benefit schemes (continued)

The mortality assumption is kept under review and has been updated. The current life expectancies for a male member underlying the value of the accrued liabilities are:

Life expectancy at age 63	**28 June 2011**	29 June 2010	28 December 2010
Member currently aged 63	**24 years**	25 years	24 years
Member currently aged 45	**25 years**	25 years	25 years

The assets in the scheme and their expected rate of return are set out in the table below. The expected rate of return is determined by taking the long term rates of return available on government and corporate bonds at the balance sheet date. The expected return on equities is calculated by applying a suitable "risk premium" to the return on government bonds having regard to historic returns and long-term future expectations.

	28 June 2011		29 June 2010		28 December 2010	
	Expected return %	**value £m**	**Expected return %**	**value £m**	**Expected return %**	**value £m**
Equities	6.3	152.8	6.5	125.8	6.3	149.9
Corporate Bonds	5.5	38.7	5.7	35.4	5.5	37.4
Gilts and Cash	4.3	75.9	4.5	63.8	4.3	74.5
Total market value of assets		267.4		225.0		261.8
Present value of scheme liabilities		(283.0)		(281.5)		(292.7)
Deficit in scheme		(15.6)		(56.5)		(30.9)

Movements in the present value of defined benefit obligations in the current period were as follows:

	26 weeks ended 28 June 2011 £m	26 weeks ended 29 June 2010 £m	52 weeks ended 28 December 2010 £m
At beginning of period	**292.7**	273.4	273.4
Movement in period:			
Service cost	**1.5**	2.4	5.7
Interest cost	**8.0**	7.7	15.3
Contributions from scheme members	**0.2**	0.5	0.8
Actuarial (gains)/losses	**(15.3)**	2.4	6.4
Benefits paid	**(4.2)**	(5.0)	(9.2)
Past service cost	**0.1**	0.1	0.3
At end of period	**283.0**	281.5	292.7

Movements in the present value of fair value of scheme assets in the current period were as follows:

	26 weeks ended 28 June 2011 £m	26 weeks ended 29 June 2010 £m	52 weeks ended 28 December 2010 £m
At beginning of period	**261.8**	230.2	230.2
Movement in period:			
Expected return on scheme assets	**7.3**	6.6	13.4
Actuarial (losses)/gains	**(0.3)**	(9.7)	12.5
Contributions from the sponsoring companies	**2.6**	2.4	14.1
Contributions from scheme members	**0.2**	0.5	0.8
Benefits paid	**(4.2)**	(5.0)	(9.2)
At end of period	**267.4**	225.0	261.8

14. Related party transactions

Transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note. Transactions between the Group and its associate and joint ventures are disclosed below.

Trading transactions

Associate

The Group holds an investment of 19.5% of the ordinary share capital of Satellite Information Services (Holdings) Limited (SIS). During the period the Group made purchases of £17.8m (26 weeks ended 29 June 2010: £16.6m; 52 weeks ended 28 December 2010: £34.8m) from Satellite Information Services Limited, a subsidiary of the Group's associated undertaking, SIS. At 28 June 2011 the amount payable to Satellite Information Services Limited by the Group was £0.1m (29 June 2010 – £nil; 28 December 2010 - £nil). Purchases were made at market price. The amounts outstanding are unsecured and will be settled in cash. No guarantees have been given or received.

Transactions between the Group and key management personnel in the first half of 2011 were limited to those relating to remuneration, previously disclosed as part of the Director's Remuneration Report within the Group's Annual report and Accounts 2010, the Performance Share Plan approved by the shareholders at the Annual General Meeting on 12 May 2011 and the Board Update announcement relating to the Chief Executive's retention package announced on 13 June 2011. There have been no other material changes to the arrangements between the Group and key management personnel.

15. Contingent Liabilities

In June 2010, the Group recognised a £5.6m credit following a refund of overpaid VAT from HMRC. The VAT repayment relates to our claim that the application of VAT to income from AWP machines contravened the European Union's principle of fiscal neutrality. HMRC have challenged a similar claim made by Rank plc and our claim will not be determined until the Rank case is resolved. Rank plc received a favourable judgement at the High Court in March 2009 and in April 2010 HMRC's appeal was heard at the Court of Appeal. The Court of Appeal did not make a judgement but referred the case to the European Court of Justice, which is due to hear the case in 2011. Should HMRC ultimately be successful in their appeal then the Group would have to repay the monies received, although the directors consider this unlikely.

During the first half, the Group announced three separate binding agreements to acquire companies in the USA, being American Wagering Inc., Cal Neva Sportsbook and Brandywine Bookmaking. The Group expects these acquisitions to complete in 2012. In the event that these acquisitions do not complete the Group would incur US$4.9m in break fees.

16. Reconciliation of profit before interest and tax to operating profit

	Retail £m	Online £m	Telephone £m	Other £m	Corporate £m	**26 weeks ended 28 June 2011 Total £m**	Retail £m	Online £m	Telephone £m	Other £m	Corporate £m	26 weeks ended 29 June 2010 Total £m
Profit/(loss) before interest and tax	104.0	54.1	0.2	0.4	(13.6)	**145.1**	108.2	43.1	(6.5)	-	(9.6)	135.2
Amortisation*	-	1.8	-	-	-	**1.8**	-	1.8	-	-	-	1.8
Exceptional operating items (note 3)	-	-	-	-	0.8	**0.8**	(5.6)	-	4.2	-	-	(1.4)
Operating profit	104.0	55.9	0.2	0.4	(12.8)	**147.7**	102.6	44.9	(2.3)	-	(9.6)	135.6

	Retail £m	Online £m	Telephone £m	Other £m	Corporate £m	52 weeks ended 28 December 2010 £m
Profit/(loss) before interest and tax	210.1	87.5	(5.2)	0.1	(19.8)	272.7
Amortisation*	-	3.6	-	-	-	3.6
Exceptional operating items (note 3)	(5.6)	-	6.1	-	-	0.5
Operating profit	204.5	91.1	0.9	0.1	(19.8)	276.8

*Amortisation for this purpose refers only to the amortisation of trade names, affiliate relationships and non-competition agreements as set out in note 12 to the 2010 Group financial statements.

Independent review report to William Hill PLC

We have been engaged by the company to review the condensed set of financial statements in the interim financial report for the 26 weeks ended 28 June 2011 which comprises the income statement, the statement of financial position, the statement of comprehensive income, the statement of changes in equity, the cash flow statement and related notes 1 to 16. We have read the other information contained in the interim financial 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 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. Our work has been undertaken so that we might state to the company those matters we are required to state to it in an independent review report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company, for our review work, for this report, or for the conclusions we have formed.

Directors' responsibilities

The interim financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the interim financial report in accordance with the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority.

As disclosed in note 1, 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 financial 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 financial 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 inquiries, 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 financial report for the 26 weeks ended 28 June 2011 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.

Deloitte LLP
Chartered Accountants and Statutory Auditor
London, United Kingdom
5 August 2011

Glossary and abbreviations

Amortisation	Where Operating profit and EPS are adjusted for amortisation, this pertains to £1.8m (2010: £1.8m) of William Hill Online amortisation relating to trade names, affiliate relationships and non-competition agreements.
Amounts wagered (also described elsewhere as turnover or amounts staked)	This comprises the gross takings receivable from customers in respect of individual bets placed in the period for LBO (including machines), Telephone and Online sports businesses and net revenue for the period for online Casino, Poker and Bingo products. As it includes customers' recycling of winnings, it does not reflect the actual cash spent with the Group, which is reflected in the gross win/net revenue line. In the case of the greyhound stadia, revenue represents income arising from the operation of the greyhound stadia in the period, including sales of refreshments and tote income.
Basic, adjusted EPS	Basic, adjusted earnings per share (EPS) is stated before exceptional items and the post-tax £1.3m (2010: £1.3m) of William Hill Online amortisation relating to trade names, affiliate relationships and non-competition agreements.
Gross win and net revenue	Gross win and net revenue are used internally as key performance indicators of the Group's business. The Board believes presentation of gross win/net revenue enhances an investor's understanding of the Group's underlying financial condition and results of operations. Gross win is calculated as the total amount that the Group retains from customers after paying out any winnings but before deducting VAT payable on income from gaming machines. Gross win is being used as the primary top-line reporting measure for machines as the net revenue number is distorted by the changes in the VAT rate. Net revenue is the primary measure for Retail, Telephone and William Hill Online. This is defined as gross win less fair-value adjustments for free bets, promotions and bonuses, which are used extensively in online operations but less so in Retail. In Retail, net revenue is relevant to machines and represents gross win less VAT. All other betting tax charges in the Group are recorded in cost of sales.
Gross win margin / net revenue margin	This is a measure, inter alia, of the effect of sporting results on the business. The margin is defined as gross win/net revenue divided by amounts wagered. The margin is also affected by the mix of products with different margins and the amount of concessions or free bets offered to customers.
Operating profit	Profit before interest, tax and amortisation relating to trade names, affiliate relationships and non-competition agreements as described in note 12 to the 2010 Group Financial Statements, excluding exceptional items.
PBIT	Profit before interest and tax.
William Hill Online	William Hill Online is a joint venture between William Hill PLC and Playtech Limited (Playtech). William Hill owns 71% and Playtech 29%.