William Hill PLC

1 March 2013

Strong performance and good strategic progress in 2012

William Hill PLC (LSE: WMH) (William Hill or the Group) announces its final results for the 53 weeks ended 1 January 2013 (full year 2012 or the period). The comparator period is the 52 weeks ended 27 December 2011 (full year 2011). For underlying comparison purposes, 52 week data are provided in the table on page 5 for which the results relating to the specific week ending 1 January 2013 have been removed.

	53 wks ended 1 Jan 13	**52 wks ended 27 Dec 11**	**53 wk change vs 2011**	**52 wks ended 25 Dec 12 (4) (unaudited)**	**52 wk change vs 2011**
Net revenue	£1,276.9m	£1,136.7m	+12%	£1,254.9m	+10%
- Retail net revenue	£837.9m	£789.7m	+6%	£825.0m	+4%
- Online net revenue	£406.7m	£321.3m	+27%	£398.5m	+24%
Operating profit(1)	£330.6m	£275.7m	+20%	£326.4m	+18%
Pre-exceptional profit before tax	£292.7m	£239.4m	+22%	£289.2m	+21%
Profit before tax	£277.7m	£187.4m	+48%	£274.2m	+46%
Profit after tax	£231.0m	£146.5m	+58%	£228.1m	+56%
Earnings per share – basic, adjusted(2)(3)	29.4p	24.2p	+21%	29.1p	+20%
Earnings per share – basic(2)	27.0p	16.5p	+64%	26.7p	+62%
Dividend per share	11.2p	9.6p	+17%		

(1) Operating profit/loss is defined as pre-exceptional profit/loss before interest and tax, before the amortisation of specifically identified intangible assets recognised on acquisitions, amounting to £5.0m in 2012 (2011: £3.6m)
(2) Basic EPS is based on an average of 703.1 million shares for 2012 and an average of 699.0 million shares for 2011
(3) Adjusted EPS is stated before exceptional items and amortisation of specifically identified intangible assets recognised on acquisitions
(4) The unaudited 52 week results have been calculated by subtracting the 53rd week result from the audited results for the full 53 week period. Revenues and cost of sales for the 53rd week are actual figures, operating costs are pro-rata figures based on the December run rate, taxation is based on the effective tax rate for the year.

Key points:

- Group net revenue up 12% and Operating profit[1] up 20% with another outstanding performance from William Hill Online
- Good Retail performance drives 6% net revenue and 7% Operating profit[1] growth, with net revenue growth from both over-the-counter (OTC) betting and gaming machines
- William Hill Online delivers outstanding growth in Sportsbook net revenue +50%, driving overall net revenue +27% and Operating profit[1] +36%
- Mobile Sportsbook turnover +260%, 32% of total Sportsbook betting in December via mobile
- Basic adjusted earnings per share +21% and dividend +17%
- Profit before tax +48%
- £424m proposed acquisition of outstanding 29% stake in William Hill Online announced today and £375m Rights Issue as part of financing for the proposed acquisition (*see separate announcement*)
- £460m proposed acquisition of Sportingbet's Australian and Spanish online businesses on track for completion 19 March 2013
- Continued strong cash flow from operations reduces net debt for covenant purposes by £77m to £339m against 27 December 2011

Ralph Topping, Chief Executive of William Hill, commented:

"Today marks a major milestone for William Hill as we propose taking full control of William Hill Online. This move rounds off a successful 12 months which have seen us take our first steps into the US and, through the pending Sportingbet acquisition, lay the foundations for growth in the attractive Australian market.

“William Hill Online has consistently delivered strong net revenue growth since it was formed in December 2008. Having been advised of the valuation of Playtech’s 29% interest, the Board has concluded that it is in the best interests of our shareholders to exercise our call option to assume full ownership of this attractive, high growth, high performing business.

“At the same time, I am pleased to report that the team has remained tightly focused on operational matters and has delivered a strong 2012 organic performance across both Retail and Online channels. Retail has continued to deliver revenue and profit growth, while William Hill Online recorded another outstanding year, particularly in mobile which has significantly outperformed our expectations and very much remains a high priority for us.

“With our well-recognised William Hill brand, strong management team and multi-channel capability, we are well placed to take full advantage of both the organic growth potential of the enlarged business and the new opportunities that are opening up to us.”

Analyst and investor presentation			
Meeting: 9.00 a.m. GMT on 1 March 2013 The Lincoln Centre 18 Lincoln’s Inn Fields London WC2A 3ED	Live conference call: Tel UK: 0845 634 0041 Tel int’l: +44 (0) 20 8817 9301 Passcode: 10024786	Archive conference call (until 15 March 2013) Tel: +44 (0) 20 7769 6425 Passcode: 10024786#	Video webcast: www.williamhillplc.com Available live and, until 28 February 2014, as an archive

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

UK telephone: 0845 634 0041
International telephone: +44 (0)20 8817 9301
Passcode: 10024781

Archive of the debt call:
Telephone: +44 (0)20 7769 6425
Passcode: 10024781#

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Notes to editors

William Hill, The Home of Betting, is one of the world's leading listed betting and gaming companies, employing more than 17,000 people. Founded in 1934, it is now the UK's largest bookmaker with more than 2,390 licensed betting offices (LBOs) that provide betting opportunities on a wide range of sporting and non-sporting events, gaming on machines and numbers-based products. William Hill Online (www.williamhill.com) is one of Europe's leading online betting and gaming businesses, providing customers with the opportunity to access William Hill's products online, through their mobile, by telephone and by text services. William Hill PLC is listed on the London Stock Exchange and generates revenues of over £1.2bn a year.

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 very positive performance in 2012, underpinned by the relevance of its multi-channel approach to UK consumers, with strong performance in shops, online and via mobile devices. Group net revenue grew 12% to £1,276.9m (2011: £1,136.7m) and Operating profit[1] grew by 20% to £330.6m (2011: £275.7m).

William Hill Online saw its third consecutive year of above 20% net revenue growth. Sportsbook continues to lead the way with net revenue up 50%, benefitting from both an above-average gross win margin and strong underlying staking growth at +36%. Gaming net revenue increased 14%. Overall Online net revenue was 27% higher at £406.7m (2011: £321.3m) and Operating profit[1] was up 36% to £145.3m (2011: £106.8m). Mobile has been – and remains – a high priority. Our top-ranked Sportsbook app, supplemented in December by an iPad app, has delivered more than 90,000 new customers and mobile is currently generating more than a third of Sportsbook turnover. We have also innovated with a series of gaming apps and mobile sites.

Retail saw a good performance from both over-the-counter (OTC) betting and gaming machines, with net revenue up 7% and 5%, respectively. OTC net revenue benefitted from a strong gross win margin as favourable sporting results ran across the year. Amounts wagered were impacted by weather-related horse race fixture cancellations, reduced recycling and the Olympic effect through August. Through good cost control, the +6% Retail net revenue growth translated into Operating profit[1] growth of +7%. We continue both to invest in selective expansion of the estate, with a c1% net increase by 21 shops to 2,392, and to introduce further innovations and technology. We now have 88 video walls in the estate, offering an enhanced viewing experience, 650 self-service betting terminals to provide access to a wider product range and are trialling a new gaming machine cabinet with additional player functionality and marketing capability.

We continue to invest to develop the business and cash capital expenditure increased to £66.3m (2011: £55.5m), with investment in the development of the Retail estate and in product development and infrastructure in Online. The Group continues to generate substantial levels of cash, with net cash inflow from operating activities of £294.3m (2011: £241.7m), reducing net debt for covenant purposes to £339m (27 December 2011: £416m). The Board has proposed a final dividend of 7.8p per share (2011: 6.7p per share), an increase of 16% over the prior year, reflecting the strong results delivered in the 2012 financial year and the Board's confidence in William Hill's future. This gives a full-year dividend of 11.2p per share (2011: 9.6p per share).

A core aspect of the Group's strategy is selective international expansion, enabling diversification of the Group's revenues by accessing other locally licensed international territories. We have made good progress in this area during the last 12 months. In addition to launching online in Spain and expanding our Italian website offering, we were licensed in Nevada in June and established William Hill US by acquiring three land-based sports betting businesses. We are now in the process of acquiring for £460m elements of Sportingbet plc's business, which will take us into a new key market in Australia and will strengthen our position in Spain.

We have also announced today (*see separate announcement*) the proposed acquisition of the 29% of William Hill Online not already owned by the Group for £424m. William Hill Online has continued to deliver outstanding growth and is now the UK's leading online gambling company with an estimated 15% market share. Based on the independent valuation of Playtech PLC's 29% interest in the business, the Board has concluded that is it in the best interests of our shareholders to exercise the call option to assume 100% ownership of William Hill Online. The proposed acquisition is classified under the Listing Rules as a related party transaction requiring the approval of William Hill shareholders, which resolution will be proposed at an extraordinary general meeting to be held on 18 March 2013.

The Board believes that the most appropriate way of financing the proposed acquisition is through a combination of additional debt with the proceeds of a rights issue to raise £375m (net). This will maintain an appropriate capital structure for the Group in the current environment, having regards to gearing levels which strike an appropriate balance between increased financial leverage and the maintenance of an acceptable financial risk profile.

In the Board's view, with our well-recognised William Hill brand, strong management team and multi-channel capability, the Group is well placed to take full advantage of both the organic growth potential of the enlarged business and the new opportunities that are opening up to us.

Summary of financial results

	53 wks to 1 Jan 13	52 wks to 27 Dec 11	Change vs 27 Dec 11	52 wks ended 25 Dec 12 (unaudited)	Change vs 27 Dec 11
- Retail net revenue	£837.9m	£789.7m	+6%	£825.0m	+4%
- Online net revenue	£406.7m	£321.3m	+27%	£398.5m	+24%
- Telephone net revenue	£16.0m	£18.2m	-12%	£16.2m	-11%
- William Hill US net revenue	£8.9m	-	-	£7.9m	-
- Other net revenue	£7.4m	£7.5m	-1%	£7.3m	-3%
Group net revenue	**£1,276.9m**	**£1,136.7m**	**+12%**	**£1,254.9m**	**+10%**
- Retail Operating profit	£211.5m	£196.8m	+7%	£210.2m	+7%
- Online Operating profit	£145.3m	£106.8m	+36%	£142.1m	+33%
- Telephone Operating profit/(loss)	£0.5m	£(4.3)m	-	£1.0m	-
- William Hill US Operating loss	£(0.6)m	-	-	£(1.3)m	-
- Other Operating profit	£0.5m	£0.6m	-17%	£0.5m	-17%
- Corporate expenses (including associate income)	£(26.6)m	£(24.2)m	10%	£(26.1)m	8%
Operating profit[(1)]	**£330.6m**	**£275.7m**	**+20%**	**£326.4m**	**+18%**
Amortisation	£(5.0)m	£(3.6)m	+39%	£(4.9)m	+36%
Profit before interest, tax and exceptional items	**£325.6m**	**£272.1m**	**+20%**	**£321.5m**	**+18%**
Exceptional items	£(15.0)m	£(52.0)m	-	£(15.0)m	-
Net interest cost	£(32.9)m	£(32.7)m	+1%	£(32.3)m	-1%
Profit before tax	**£277.7m**	**£187.4m**	**48%**	**£274.2m**	**46%**

William Hill Online

William Hill Online delivered another outstanding performance in 2012. Net revenue was 27% higher and Operating profit[1] was 36% higher, with 35% growth in new accounts and with unique actives up 27% to 1.8 million.

Sportsbook amounts wagered increased 36%, which equated to 87% of the OTC stakes seen in Retail. This growth comprised 34% growth in pre-match stakes and 39% in in-play stakes. Favourable sporting results were a feature of much of the year, giving a gross win margin of 7.9% (2011: 7.0%), above the normal expected range of c7%. This comprised an in-play margin within the normal range at 4.8% (2011: 4.5%) and pre-match margin above the normal range at 10.1% (2011: 8.7%). Sportsbook net revenue grew 50% to £166.7m benefitting from the combination of both staking growth and the strong margin.

The improvements made to our basketball, tennis and football products during the year substantially increased the number of matches we are able to cover annually in these sports. As a result, these sports saw the highest in-play staking growth rates in 2012, increasing altogether by 43%.

Gaming net revenue increased 14% in total to £240.0m (2011: £210.2m) with the strongest growth coming from Playtech Casino, up 23%, and Vegas Casino, up 15%. Our exclusive and innovative new Live Casino, which was officially launched in September as part of the Vegas Casino product range, grew 57% in the year. Bingo net revenue was up 7%. Poker net revenue continued to decline, down 11%, although changes made to the management of this product has substantially improved its profitability.

Mobile betting and gaming has been a key focus for management during 2012. In the 12 months since it was launched in the Apple App Store in February 2012, the Sportsbook app has been downloaded 668,000 times and generated more than 90,000 new accounts. An iPad version of the Sportsbook was launched in December 2012. We also launched a number of new mobile gaming virtual sports sites and apps in the second half of 2012. As a result, mobile Sportsbook turnover accounted for 26% of all Sportsbook turnover in the year.

The UK accounted for 74% of Online's revenues in 2012. The mix of its non-UK revenues continues to evolve with website and product launches in the locally licensed Spanish and Italian markets during the year set against the closure of operations to customers from certain other markets, notably Greece in December 2012. Overall, 77% of 2012 revenues came from the core markets (UK, Spain, Italy) and 23% from countries where we are not locally licensed. As previously announced, the total adverse impact of the 2012 market closures on an annualised basis is expected to be in the range of £7-9m Operating profit[1]. Greek trading also benefitted from a one-off £2m accrual release in the first half of 2012. We continue to take German gaming business while monitoring developments closely. The total impact of closing this business would be a further c£6m Operating profit[1] per annum on current trends.

Online cost of sales were 25% higher, reflecting increased gambling taxes in Spain and Italy, and higher software royalties. Other costs were 21% higher, primarily as a result of a 24% increase in marketing investment and a 19% increase in operational costs, particularly in IT, bank charges and content costs. Marketing investment was equivalent to 26% of net revenue, below the guided 28% marketing to net revenue ratio primarily because net revenue grew faster than anticipated in the fourth quarter.

Operating profit[1] was 36% higher at £145.3m (2011: £106.8m). The non-controlling interest for Playtech was £41.2m (2011: £31.3m).

Retail

Our highly cash-generative Retail business continued to deliver a positive performance, with net revenue 6% higher and Operating profit[1] up 7%.

Over-the-counter (OTC) amounts wagered were 1% lower than in 2011, 3% lower on a 52 week basis. Although staking benefitted from the Euro 2012 tournament, this was more than offset by: weather-related horse race fixture cancellations with 7% fewer horse race fixtures than in 2011 on a 52 week basis; weak trading through the Olympic and Paralympics periods; and reduced recycling levels related to a higher than average gross win margin. The OTC gross win margin of 18.2% was both above the normalised 17-18% range and 1.4 percentage points ahead of the comparator period. Driven by this stronger year-on-year margin performance, OTC net revenue was 7% higher.

Gaming machine net revenue continued to grow, up 5% in the year, with gross win per machine per week of £911 (52 week basis: £914) (2011: £901). We are currently trialling a new gaming machine cabinet, which capitalises on new technologies such as a touch-pad player panel as well as rolling out marketing and reward functionality to the whole estate.

We continue to invest in expanding and enhancing the estate, and to innovate to improve the customer offering. We increased the Retail estate by a net 21 shops to 2,392 in 2012, opening 32 new licences and closing 11 during the period. A further 25 shops were re-sited. There was an average of 2,375 shops in the period, broadly in line with the prior year. Video wall systems were introduced successfully in a number of shops and we rolled out an additional 350 self-service betting terminals before the year-end, bringing the total to 650.

On an underlying 52 week basis, costs increased in line with the Group's expectations at +4%, with total costs increasing 6% including the effect of the 53rd week.

With the benefit of Retail's operating leverage, its top line improvement and good cost control drove a 7% increase in Operating profit[1] to £211.5m (2011: £196.8m).

Telephone

Amounts wagered in the Telephone channel were 25% lower, impacted by racing fixture cancellations and by the termination of certain high roller activity at the end of 2011. The gross win margin was 6.1%, 1.0 percentage points higher than in 2011. Gross win was £2m lower at £16.9m. Offsetting these year-on-year changes, the Group released c£3.4m of accruals relating to taxes and other costs of sale, of which c£2m relates to the prior year, following the completion of a review by HM Revenue & Customs. Other costs were 9% lower than in the comparator period, and the channel made a modest Operating profit[1] of £0.5m (2011: Operating loss[1] of £(4.3)m).

William Hill US

William Hill US was formed in June 2012 following the Group and five of its senior personnel being unanimously granted non-restricted gaming licences by the Nevada Gaming Commission at a meeting held in Las Vegas. A non-restricted licence is the highest tier of licence in Nevada. On 27 June 2012, we completed the previously announced acquisitions of three land-based sports betting businesses, American Wagering, Inc. (AWI) (OTC:BB: BETM), Brandywine Bookmaking LLC (Brandywine) and the racing and sportsbook assets of Sierra Development Company, trading as Cal Neva for consideration of approximately $49m (£31m) in total. In addition to this consideration, the Group advanced $6.4m (£4.1m) in arm's-length convertible loans to AWI and Brandywine prior to acquisition. Integration of the three businesses was successfully completed on schedule in September.

Amounts wagered in William Hill US were slightly ahead of projections at £132.2m. Net revenue was below expectations at £8.9m as a result of the gross win margin being lower than expected at 6.7%. In particular, NFL results in November generated a loss-making performance. With costs of £8.6m, the channel made a modest Operating loss[1] of £0.6m.

Financial review

Operating profit[1] grew by 20% in 2012, from £275.7m in 2011 to £330.6m in 2012. Benefitting from a reduction in the effective tax rate from 17.3% in 2011 to 16.5% in 2012, pre-exceptional profit for the period grew 24%.

The 2012 financial year featured an additional trading week as compared to 2011 which had 52 trading weeks. The additional week is estimated to have generated £22.0m of net revenue, £2.8m of cost of sales, £15.1m of net operating expenses, £0.1m of associate income and £4.2m of Operating profit[1].

With the Group seeing an additional £52.6m of net cash inflow from operating activities (from £241.7m in 2011 to £294.3m in 2012), net debt for covenant purposes fell from £416m at the end of 2011 to £339m at the end of 2012.

Pre-exceptional Income Statement

The Group saw net revenue grow by 12% or £140.2m in 2012, from £1,136.7m in 2011 to £1,276.9m in 2012. The main contributors towards this growth were William Hill Online, which saw £85.4m or 27% of additional net revenue and Retail, which saw £48.2m or 6% added. The new US operations contributed £8.9m and the remainder fell back by £2.3m.

Cost of sales for the Group was £172.2m, up 5% on the prior year (2011: £163.6m). This line includes taxes, levies and royalties relating to the operation of a betting and gaming company. Online cost of sales grew due to increases in taxes paid in licensed territories and as a result of business growth in Casino, Vegas and mobile Sportsbook. Retail cost of sales grew due to the additional gross profits tax arising as a result of OTC net revenue growth. Telephone benefitted from a £3.4m accrual release which was no longer required, relating to taxes and other cost of sales.

Pre-exceptional net operating expenses, including other operating income, grew 11% from £703.4m in 2011 to £782.8m in 2012. The Online business saw 21% growth in pre-exceptional net operating expenses, driven by a 24% increase in marketing costs and a 19% increase in other operating costs. The major areas of cost growth in this category include IT and associated depreciation, bank charges, content costs and employee cost growth. Pre-exceptional net operating expenses in Retail grew 6%, of which 2% was driven by the impact of an additional trading week in 2012. Adjusting for this, labour costs grew 2% across the year, and rent grew 5%, with year-over-year progression impacted by an accrual release in 2011. Content costs grew 7%. The Group saw an additional £10m of pre-exceptional net operating expenses following the acquisition of the US businesses in June 2012. In total, the Group saw £5.0m of amortisation in 2012 relating to acquired intangibles, of which £3.6m arose in Online (2011: £3.6m) and £1.4m arose following the US acquisition. Pre-exceptional net corporate expenses rose by £3.7m, largely due to increases in corporate staffing levels and other employee costs including bonuses, as well as due to increases in legal and consultancy expenses. Other operating income was £4.7m (2011: £4.4m).

Following a stronger year, the Group saw £3.7m of contribution from its associate SIS (2011: £2.4m).

Operating profit[1] grew strongly to £330.6m versus £275.7m in 2011. After amortisation, pre-exceptional Group earnings before interest and tax (EBIT) was £325.6m, up 20% on the prior year (2011: £272.1m).

Pre-exceptional net finance costs rose slightly from £32.7m in 2011 to £32.9m in 2012. Pre-exceptional pre-tax profit for the year was £292.7m, up 22% on the comparable number (2011: £239.4m).

Exceptional costs

The Group recorded £15.0m of pre-tax exceptional costs in 2012 (2011: £52.0m). Of this, £14.5m were operating exceptional expense and £0.5m were non-operating finance costs.

The non-operating finance costs relate to valuation losses on ineffective interest rate hedges. The underlying hedging instruments that gave rise to this valuation movement have now fully expired.

Of the operating exceptional items, £4.6m relates to a back tax claim settled with the Spanish tax authorities. £5.3m relates to the acquisition by the Group of three Nevada-based businesses and their subsequent integration. Together with £1.7m of exceptional cost expensed in 2011, this totals £7.0m. Finally, the Group has incurred £4.6m of cost relating to the potential purchase of Sportingbet plc. Additional costs relating to this potential acquisition will be incurred in 2013.

Taxation

Pre-exceptional tax on profit was £48.2m (2011: £41.5m) at an effective tax rate of 16.5% (2011: 17.3%).

This benefitted from a deferred tax credit arising as a result of the drop in enacted UK corporation tax rates to 23%. There will be a further deferred tax credit in 2013 arising as a result of scheduled reductions in the UK corporation tax rate. There was also a £2.2m benefit arising from the release of prior year provisions no longer deemed necessary and a £1.7m deferred tax credit relating to prior years. Tax on exceptional items was a £1.5m credit (2011: £0.6m credit), making the total tax for the Group for 2012 £46.7m (2011: £40.9m).

Looking ahead and prior to taking into account the effect of the proposed acquisitions, the Group expects that the pre-exceptional effective tax rate on profit for 2013 will be around 15% and the cash tax effective rate will be around 20%.

Earnings per share

Pre-exceptional profit for the year was £244.5m, up 24% on the prior year comparable (2011: £197.9m). Profit for the period grew by 58% to £231.0m (2011: £146.5m), which included £41.2m (2011: £31.3m) relating to the non-controlling interest in William Hill Online. This larger growth movement largely reflects the fact that 2011 saw a substantial non-cash goodwill write-down in exceptional costs.

Basic adjusted earnings per share grew by 21% from 24.2p in 2011 to 29.4p in 2012. This reflects the strength of growth in profit for the period and benefits from the reduction in the effective tax rate. The adjustments made relate to exceptional items and to the amortisation of acquired intangible assets: adjustments which reflect the key business metric of Operating profit[1] and give a better sense of underlying business progress. Basic earnings per share were 27.0p (2011: 16.5p).

Cash flow and balance sheet

The Group had drawn borrowings of £410m at the end of the year, from total active facilities of £855m. Additionally to this, the Group has £325m of short-term bridge facilities in place but not utilised, relating to the pending acquisition of Sportingbet assets as well as the potential acquisition of the William Hill Online non-controlling interest. Net debt for covenant purposes, which takes into account available and unrestricted cash, was £339m, lower by £77m than the equivalent year-end position in 2011.

This benefitted from the generation of £294.3m of net cash inflow from operating activities, up £52.6m on the prior year equivalent. The growth in Operating profit[1] contributed materially to this improvement. Working capital movements showed a £26m benefit, of which around £10m related to the phasing out of Amusement Machine Licence Duty ahead of the introduction of Machine Games Duty in early 2013.

Of the Group's net cash inflow from operations, £82m was spent on investing activities and £175m on financing activities, leaving £37m of additional net cash and cash equivalents. Of the investing activities, capital expenditure of £66m made up the majority together with the net cash consideration paid for our US acquisitions made during the year. In 2013, the Group expects to spend between £80m and £90m on capital expenditure. Of our financing outflows, around £71m related to dividend payments, £39m to payments made in relation to non-controlling interests and £68m related to repayment of debt.

The Group's accounting pension deficit benefitted from ongoing contributions payable by the company as a result of a funding plan agreed between the Group and the pension trustees. The deficit also benefitted from favourable returns on the scheme assets. These positive factors contributed to the pension deficit falling from £34.1m to £21.1m over the year.

Fiscal and regulatory update

On 1 February 2013, taxation of the gaming machines in the UK Retail channel changed to Machine Games Duty levied at a rate of 20% of gaming machine gross profit; this replaced VAT, which was previously levied on machines revenue, and Amusement Machine Licence Duty charged per machine per year.

In January 2013, the Department for Culture, Media and Sport (DCMS) published its response to the CMS Select Committee's review of the 2005 Gambling Act. As part of the reintroduced triennial review of stakes and prizes on gaming machines, a consultation began in January and is set to close in April 2013.

In addition, DCMS has asserted its commitment to regulation of online gambling on a 'point of consumption' basis and the CMS Select Committee is in the process of reviewing the draft bill published in December 2012. The Group's view remains that there is no demonstrable need for the proposed Point of Consumption regulation based on consumer protection, which is the Government's justification, and that rigorous enforcement would be required to avoid market distortion.

Dividend

The Board has approved a final dividend of 7.8p per share (2011: 6.7p per share), bringing the full year dividend to 11.2p per share (2011: 9.6p per share). The dividend is payable on 7 June 2013, the ex-dividend date is 13 March 2013 and the record date is 15 March 2013. The Group estimates that approximately 705.4 million shares will qualify for the final dividend.

Current trading

The current trading update relates to the seven weeks from 2 January 2013 to 19 February 2013.

Group net revenue was up 20%, although this was flattered by the transition from a VAT-based taxation regime for Retail gaming machines to an MGD regime from 1 February 2013. Adjusting the prior year from the date of introduction of MGD to reflect the current taxation regime, the Group's revenues during the seven week period ending 19 February 2013 would have increased by 17% against the comparator period.

In Retail, whilst OTC amounts wagered fell 3%, OTC net revenue grew by 16%, benefitting from a very strong gross win margin of 21.7%. Machines gross win grew by 1%. William Hill Online continues to perform strongly with net revenue up 29%. Sportsbook amounts wagered grew by 29% and net revenue grew by 75% with gross win margin, at 11.0%, up 3.0 percentage points.

During the seven weeks, Sportsbook amounts wagered were equivalent to 109% of OTC amounts wagered (target: Sportsbook amounts wagered to equal OTC by 2014 World Cup; 2012 financial year 87%), Sportsbook mobile weekly turnover averaged £16m (target: £15m by mid-2013; 2012 financial year £10.9m) and mobile represented 34% of Sportsbook turnover (target: mobile to be 40% of Sportsbook turnover by end 2013; 2012 financial year 26%).

At this early stage in the year, the Board is pleased by the Group's trading performance, albeit recognising that the gross win margin in both Retail and Online continues to be unusually strong over this short period.

2012 Annual Report and Accounts

The 2012 Annual Report and Accounts, incorporating the audited financial statements, have been published today and are available as a PDF document on the Group's corporate website at www.williamhillplc.com . Notifications will be sent to shareholders who have opted for electronic communication. Copies of the Annual Report will be posted to shareholders on 19 March 2013, together with the Notice of Annual General Meeting and proxy forms. A copy of each of the above documents is being uploaded today to the National Storage Mechanism and will shortly be available for viewing.

Principal risks and uncertainties

The key risks areas for 2013, which are discussed in our 2012 Annual Report, are identified as:

- UK and overseas taxation and duties;
- UK and overseas regulation;
- key supplier relationships;
- business continuity and disaster recovery preparedness;
- UK and international growth opportunities;
- the economic climate;
- data protection and technology risk;
- regulatory compliance; and

Directors' responsibility statement

We confirm to the best of our knowledge:

1. the Group financial statements, prepared in accordance with the applicable accounting standards[5], give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole; and
2. the business review, which is incorporated into the Directors' Report, includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties they face.

By order of the Board,

R.J. Topping	N. Cooper
Chief Executive	Group Finance Director
1 March 2013	1 March 2013

Reference notes

(1) Operating profit/loss is defined as pre-exceptional profit/loss before interest and tax, before the amortisation of specifically identified intangible assets recognised on acquisitions.
(2) Basic EPS is based on an average of 703.1 million shares for 2012 and an average of 699.0 million shares for 2011.
(3) Adjusted EPS is stated before exceptional items and amortisation of specifically identified intangible assets recognised on acquisitions.
(4) The 52 week results have been calculated by subtracting the 53rd week result from the audited results for the full 53 week period. Revenues and cost of sales for the 53rd week are actual figures, operating costs are pro-rata figures based on the December run rate, taxation is based on the effective tax rate for the year.
(5) The consolidated accounts are prepared in accordance with IFRSs as adopted by the European Union. The Parent Company accounts are prepared in accordance with United Kingdom General Accepted Accounting Practice.

Consolidated Income Statement

For the 53 weeks ended 1 January 2013

	Notes	**Before exceptional items £m**	**Exceptional items (note 3) £m**	**53 weeks ended 1 January 2013 Total £m**	Before exceptional items £m	Exceptional items (note 3) £m	52 weeks ended 27 December 2011 Total £m
Continuing Operations							
Amounts wagered	2	**18,879.1**	**–**	**18,879.1**	17,911.4	–	17,911.4
Revenue	2	**1,276.9**	**–**	**1,276.9**	1,136.7	–	1,136.7
Cost of sales	2	**(172.2)**	**–**	**(172.2)**	(163.6)	–	(163.6)
Gross profit	2	**1,104.7**	**–**	**1,104.7**	973.1	–	973.1
Other operating income		**4.7**	**–**	**4.7**	4.4	–	4.4
Other operating expenses	3	**(787.5)**	**(14.5)**	**(802.0)**	(707.8)	(50.2)	(758.0)
Share of results of associates		**3.7**	**–**	**3.7**	2.4	–	2.4
Profit before interest and tax		**325.6**	**(14.5)**	**311.1**	272.1	(50.2)	221.9
Investment income	4	**13.5**	**–**	**13.5**	15.0	–	15.0
Finance costs	5	**(46.4)**	**(0.5)**	**(46.9)**	(47.7)	(1.8)	(49.5)
Profit before tax		**292.7**	**(15.0)**	**277.7**	239.4	(52.0)	187.4
Tax	6	**(48.2)**	**1.5**	**(46.7)**	(41.5)	0.6	(40.9)
Profit for the period		**244.5**	**(13.5)**	**231.0**	197.9	(51.4)	146.5
Attributable to:							
Equity holders of the parent		**202.0**	**(12.2)**	**189.8**	166.6	(51.4)	115.2
Non-controlling interest		**42.5**	**(1.3)**	**41.2**	31.3	–	31.3
		244.5	**(13.5)**	**231.0**	197.9	(51.4)	146.5
Earnings per share (pence)							
Basic	8			**27.0**			16.5
Diluted	8			**26.6**			16.3

Consolidated Statement of Comprehensive Income

For the 53 weeks ended 1 January 2013

	53 weeks ended 1 January 2013 £m	52 weeks ended 27 December 2011 £m
Profit for the period	**231.0**	146.5
Items that may be reclassified subsequently to profit or loss:		
Gain on cash flow hedges	**0.4**	–
Actuarial gain/(loss) on defined benefit pension scheme	**5.6**	(10.1)
Exchange differences on translation of foreign operations	**(1.7)**	0.1
Tax on items of other comprehensive income	**(3.0)**	0.9
Other comprehensive income/(loss) for the period	**1.3**	(9.1)
Total comprehensive income for the period	**232.3**	137.4

Attributable to:		
Equity holders of the parent	**191.0**	106.1
Non-controlling interest	**41.3**	31.3
	232.3	137.4

Consolidated Statement of Changes in Equity

For the 53 weeks ended 1 January 2013

	Called-up share capital £m	Premium on ordinary shares £m	Capital redemption reserve £m	Merger reserve £m	Own shares held £m	Hedging and translation reserve £m	Retained earnings £m	Total attributable to owners of the parent £m	Non-controlling interest £m	Total equity £m
At 28 December 2011	70.3	318.3	6.8	(26.1)	(11.7)	0.6	529.6	887.8	11.8	899.6
Retained profit for the financial period	–	–	–	–	–	–	189.8	189.8	41.2	231.0
Other comprehensive income for the period	–	–	–	–	–	(1.3)	2.5	1.2	0.1	1.3
Total comprehensive income for the period	–	**–**	**–**	**–**	**–**	**(1.3)**	**192.3**	**191.0**	**41.3**	**232.3**
Transfer of own shares to recipients (note 10)	–	–	–	–	9.0	–	(9.0)	–	–	–
Shares issued during the period	0.3	3.1	–	–	–	–	(0.2)	3.2	–	3.2
Credit recognised in respect of share remuneration	–	–	–	–	–	–	10.6	10.6	–	10.6
Tax credit in respect of share remuneration	–	–	–	–	–	–	0.9	0.9	–	0.9
Dividends paid (note 7)	–	–	–	–	–	–	(71.1)	(71.1)	–	(71.1)
Distributions to non-controlling interest	–	–	–	–	–	–	–	–	(38.5)	(38.5)
At 1 January 2013	**70.6**	**321.4**	**6.8**	**(26.1)**	**(2.7)**	**(0.7)**	**653.1**	**1,022.4**	**14.6**	**1,037.0**

	Called-up share capital £m	Premium on ordinary shares £m	Capital redemption reserve £m	Merger reserve £m	Own shares held £m	Hedging and translation reserve £m	Retained earnings £m	Total attributable to owners of the parent £m	Non-controlling interest £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	–	–	–	–	–	–	115.2	115.2	31.3	146.5
Other comprehensive income for the period	–	–	–	–	–	0.1	(9.2)	(9.1)	–	(9.1)
Total comprehensive income for the period	–	–	–	–	–	0.1	106.0	106.1	31.3	137.4
Transfer of own shares to recipients	–	–	–	–	6.9	–	(6.8)	0.1	–	0.1
Shares issued during the period	0.1	1.0	–	–	–	–	–	1.1	–	1.1
Credit recognised in respect of share remuneration	–	–	–	–	–	–	5.5	5.5	–	5.5
Tax credit in respect of share remuneration	–	–	–	–	–	–	1.5	1.5	–	1.5
Dividends paid (note 7)	–	–	–	–	–	–	(60.9)	(60.9)	–	(60.9)
Acquisition of non-controlling interest (note 11)	–	–	–	–	–	–	(8.8)	(8.8)	–	(8.8)
Distributions to non-controlling interest	–	–	–	–	–	–	–	–	(31.0)	(31.0)
At 27 December 2011	70.3	318.3	6.8	(26.1)	(11.7)	0.6	529.6	887.8	11.8	899.6

Consolidated Statement of Financial Position

As at 1 January 2013

	Notes	1 January 2013 £m	27 December 2011 £m
Non-current assets			
Intangible assets		**1,433.4**	1,398.4
Property, plant and equipment		**227.7**	215.2
Interest in associate		**12.6**	10.9
Investments		**–**	4.1
Deferred tax asset		**11.5**	15.1
		1,685.2	1,643.7
Current assets			
Inventories		**0.2**	0.2
Trade and other receivables		**37.7**	50.1
Cash and cash equivalents		**151.7**	114.3
Derivative financial instruments		**0.4**	–
		190.0	164.6
Total assets		**1,875.2**	1,808.3
Current liabilities			
Trade and other payables		**(200.3)**	(185.4)
Current tax liabilities		**(65.9)**	(56.3)
Borrowings	9	**(0.1)**	(0.1)
Derivative financial instruments		**(7.0)**	(16.0)
		(273.3)	(257.8)
Non-current liabilities			
Borrowings	9	**(402.6)**	(460.5)
Retirement benefit obligations		**(21.1)**	(34.1)
Amounts owed to non-controlling interest		**(8.7)**	(7.8)
Derivative financial instruments		**–**	(1.7)
Deferred tax liabilities		**(132.5)**	(146.8)
		(564.9)	(650.9)
Total liabilities		**(838.2)**	(908.7)
Net assets		**1,037.0**	899.6
Equity			
Called-up share capital		**70.6**	70.3
Share premium account		**321.4**	318.3
Capital redemption reserve		**6.8**	6.8
Merger reserve		**(26.1)**	(26.1)
Own shares held	10	**(2.7)**	(11.7)
Hedging and translation reserves		**(0.7)**	0.6
Retained earnings		**653.1**	529.6
Equity attributable to equity holders of the parent		**1,022.4**	887.8
Non-controlling interest	11	**14.6**	11.8
Total equity		**1,037.0**	899.6

Consolidated Cash Flow Statement

For the 53 weeks ended 1 January 2013

	Notes	**53 weeks ended 1 January 2013 £m**	52 weeks ended 27 December 2011 £m
Net cash from operating activities	12	**294.3**	241.7
Investing activities			
Dividend from associate		**2.0**	1.4
Interest received	4	**0.6**	0.5
Proceeds on disposal of property, plant and equipment		**1.3**	1.6
Loans treated as investments		**–**	(4.1)
Acquisitions (net of cash acquired)		**(19.4)**	–
Purchases of property, plant and equipment		**(45.8)**	(40.9)
Expenditure on computer software		**(20.5)**	(14.6)
Net cash used in investing activities		**(81.8)**	(56.1)
Financing activities			
SAYE share option redemptions		**–**	0.1
Dividends paid	7	**(71.1)**	(60.9)
Distributions to non-controlling interests	11	**(38.5)**	(31.0)
Repayments of borrowings		**(67.5)**	(90.0)
New debt facility issue costs		**(1.2)**	–
Proceeds on issue of shares		**3.2**	1.1
Net cash used in financing activities		**(175.1)**	(180.7)
Net increase in cash and cash equivalents in the period		**37.4**	4.9
Cash and cash equivalents at start of period		**114.3**	109.4
Cash and cash equivalents at end of period		**151.7**	114.3

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 nature of the Group's operations and its principal activities are set out in the Directors' Report within the Annual Report and note 2.

These financial statements are presented in pounds sterling because that is the currency of the primary economic environment in which the Group operates. Foreign operations are included in accordance with our accounting policies.

BASIS OF ACCOUNTING

The Group financial statements have been prepared in accordance with IFRS as issued by the IASB. The Group financial statements have also been prepared in accordance with IFRS adopted by the European Union and therefore the Group financial statements comply with Article 4 of the EU IAS Regulation.

The Group financial statements have been prepared on the historical cost basis, except for the revaluation of certain financial instruments. The key accounting policies adopted are set out below.

The financial statements set out in this preliminary announcement do not constitute the Company's statutory accounts for the 53 week period ended 1 January 2013 or the 52 week period ended 27 December 2011, but are derived from those accounts. Statutory accounts for the 52 week period ended 27 December 2011 have been delivered to the Registrar of Companies and those for the 53 week period ended 1 January 2013 will be delivered following the Company's Annual General Meeting. The auditor has reported on those accounts and their reports were unqualified, did not draw attention to any matters by way of emphasis and did not contain statements under section 498 (2) or (3) of the Companies Act 2006.

Whilst the financial information included in this preliminary announcement has been computed in accordance with IFRS, this announcement does not itself contain sufficient information to comply with IFRS. The Company has published full financial statements that comply with IFRS on 1 March 2013.

ADOPTION OF NEW AND REVISED STANDARDS

There were no material changes to the accounts as a result of adopting new or revised accounting standards during the year.

STANDARDS IN ISSUE BUT NOT EFFECTIVE

A complete list of standards that are in issue but not yet effective is included on our website along with our complete list of accounting policies.

We do not anticipate that there will be a material impact on the financial statements from standards that are in issue but not yet effective.

GOING CONCERN

The Group meets its day to day working capital requirements from positive operational cash flow and its available cash resources. These are supplemented when required by additional drawings under the Group's bank loan facilities. The Group's existing funding requirements for the medium term are satisfied by the Group's £550m revolving credit facility which expires in November 2015 and a fully drawn £300m corporate bond which matures in November 2016. Whilst current economic conditions create uncertainty over the level of demand for the Group's products the Group's strategic forecasts, based on reasonable and prudent assumptions, indicate that the Group should be able to operate within the level of its currently available debt facilities.

On 20 December 2012 the Group announced a recommended offer in conjunction with GVC Holdings plc whereby William Hill will acquire the Sportingbet Australian business and certain other assets from the Sportingbet Group and be granted a call option over the Sportingbet Spanish business for a cash consideration of £460m. The cash consideration payable in relation to the proposed acquisition will be partially funded by the Group's existing Revolving Credit Facility and the balance from the first tranche of the new Term Loan Facility. Details of both facilities are set out in note 9.

On 1 March 2013 the Group announced its intention to exercise its call option to acquire the non-controlling stake in William Hill Online owned by Playtech for a consideration of £424m. The acquisition will be funded with approximately £375m of proceeds from a fully underwritten rights issue and approximately £50m from the second tranche of the new Term Loan (details of which are set out in note 9). Pursuant to the call option, Playtech has the right to elect for a portion of the consideration for the proposed acquisition to be satisfied by the issue to it of Ordinary Shares not exceeding 9.99 per cent. of the issued share capital of William PLC at the relevant time. Playtech has informed the company of its preliminary intention not to elect to take Ordinary Shares as consideration and, as such, the documentation required to complete the call option will reflect consideration payable wholly in cash.

The directors have a reasonable expectation of being able to re-finance the new Term Loan Facility utilised in funding these acquisitions from alternative sources of finance – principally the bond markets.

After making enquiries and in consideration of the Group's existing operations, the proposed acquisitions described above and the facilities that will be used to fund them, 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 Annual Report and Accounts.

ADOPTION OF NEW AND REVISED STANDARDS

There were no material changes to the accounts as a result of adopting new or revised accounting standards during the year.

STANDARDS IN ISSUE BUT NOT EFFECTIVE

A complete list of standards that are in issue but not yet effective is included on our website along with our complete list of accounting policies.

We do not anticipate that there will be a material impact on the financial statements from standards that are in issue but not yet effective.

2. SEGMENT INFORMATION

The Board has reviewed and confirmed the Group's reportable segments in line with the guidance provided by IFRS 8 'Operating Segments'. The segments disclosed below are aligned with the reports the Group's Chief Executive reviews to make strategic decisions.

The Retail distribution channel comprises all activity undertaken in LBOs including gaming machines. The Online segment comprises all activity undertaken online including an online sportsbook, online casino, online poker sites and other online gaming products. The Telephone segment comprises the Group's telephone betting services. The US segment comprises all activity undertaken in the USA and was created during the period on the acquisition of US businesses. Other activities include on-course betting and greyhound stadia operations.

Segment information for the 53 weeks ended 1 January 2013 is as follows:

	Retail £m	Online £m	Telephone £m	US £m	Other £m	Corporate £m	Group £m
Amounts wagered	15,945.8	2,498.5	279.2	132.2	23.4	–	18,879.1
Payout	(15,107.9)	(2,091.8)	(263.2)	(123.3)	(16.0)	–	(17,602.2)
Revenue	**837.9**	**406.7**	**16.0**	**8.9**	**7.4**	**–**	**1,276.9**
GPT, duty, levies and other costs of sales	(137.1)	(35.6)	2.3	(0.9)	(0.9)	–	(172.2)
Gross profit	700.8	371.1	18.3	8.0	6.5	–	1,104.7
Depreciation	(24.8)	(0.8)	–	(0.2)	(0.2)	(3.3)	(29.3)
Amortisation	(2.6)	(11.5)	(0.3)	–	–	–	(14.4)
Other administrative expenses	(461.9)	(213.5)	(17.5)	(8.4)	(5.8)	(27.0)	(734.1)
Share of result of associates	–	–	–	–	–	3.7	3.7
Operating profit/(loss)[1]	**211.5**	**145.3**	**0.5**	**(0.6)**	**0.5**	**(26.6)**	**330.6**
Amortisation of acquired intangibles	–	(3.6)	–	(1.4)	–	–	(5.0)
Exceptional operating items	–	(4.6)	–	(5.3)	–	(4.6)	(14.5)
Profit/(loss) before interest and tax[2]	**211.5**	**137.1**	**0.5**	**(7.3)**	**0.5**	**(31.2)**	**311.1**
Non-operating exceptional items						(0.5)	(0.5)
Investment income						13.5	13.5
Finance costs						(46.4)	(46.4)
Profit before tax							**277.7**

[1] The Group defines operating profit as pre-exceptional profit before interest and tax, before the amortisation of specifically identified intangible assets recognised on acquisitions.

[2] The reports used by the Chief Executive to make strategic decisions use operating profit as a key metric. A reconciliation to profit/(loss) before interest and tax has been provided for information purposes only.

	Retail £m	Online £m	Telephone £m	US £m	Other £m	Corporate £m	Group £m
Statement of Financial Position information							
Total segment assets	1,354.4	346.2	0.8	50.2	11.6	100.5	1,863.7
Total segment liabilities	(65.9)	(104.3)	(1.7)	(8.9)	(0.1)	(486.1)	(667.0)
Included within total assets:							
Goodwill	681.0	183.9	–	18.4	7.1	–	890.4
Other intangibles with indefinite lives	484.6	–	–	–	–	–	484.6
Investment in associates	–	–	–	–	–	12.6	12.6
Capital additions	39.3	20.8	–	1.2	–	–	61.3

Segment information for the 52 weeks ended 27 December 2011:

	Retail £m	Online £m	Telephone £m	Other £m	Corporate £m	Group £m
Amounts wagered	15,640.0	1,874.2	370.9	26.3	–	17,911.4
Payout	(14,850.3)	(1,552.9)	(352.7)	(18.8)	–	(16,774.7)
Revenue	**789.7**	**321.3**	**18.2**	**7.5**	**–**	**1,136.7**
GPT, duty, levies and other costs of sales	(131.2)	(28.5)	(2.9)	(1.0)	–	(163.6)
Gross profit	658.5	292.8	15.3	6.5	–	973.1
Depreciation	(24.6)	(0.5)	–	(0.2)	(1.9)	(27.2)
Amortisation	(1.6)	(8.7)	(0.3)	–	–	(10.6)
Other administrative expenses	(435.5)	(176.8)	(19.3)	(5.7)	(24.7)	(662.0)
Share of result of associates	–	–	–	–	2.4	2.4
Operating profit/(loss)[1]	**196.8**	**106.8**	**(4.3)**	**0.6**	**(24.2)**	**275.7**
Amortisation of acquired intangibles	–	(3.6)	–	–	–	(3.6)
Exceptional operating items	(1.9)	–	(46.6)	–	(1.7)	(50.2)
Profit/(loss) before interest and tax[2]	**194.9**	**103.2**	**(50.9)**	**0.6**	**(25.9)**	**221.9**
Non-operating exceptional items					(1.8)	(1.8)
Investment income					15.0	15.0
Finance costs					(47.7)	(47.7)
Profit before tax						**187.4**

[1] The Group defines operating profit as pre-exceptional profit before interest and tax, before the amortisation of specifically identified intangible assets recognised on acquisitions.

[2] The reports used by the Chief Executive to make strategic decisions use operating profit as a key metric. A reconciliation to profit/(loss) before interest and tax has been provided for information purposes only.

	Retail £m	Online £m	Telephone £m	Other £m	Corporate £m	Group £m
Statement of Financial Position information						
Total segment assets	1,394.0	324.1	2.4	14.1	58.6	1,793.2
Total segment liabilities	(67.6)	(95.0)	(3.6)	(0.2)	(565.5)	(731.9)
Included within total assets:						
Goodwill	681.0	183.9	–	7.1	–	872.0
Other intangibles with indefinite lives	484.6	–	–	–	–	484.6
Investment in associates	–	–	–	–	10.9	10.9
Capital additions	41.2	19.7	–	–	–	60.9

Net assets/(liabilities) have been allocated by segment based on the information reviewed by the Group's chief operating decision maker. Corporate net assets include net borrowings, and pension liability as well as any assets and liabilities that cannot be allocated to a particular channel other than on an arbitrary basis.

There are no inter-segmental sales within the Group.

Revenues and non-current assets by geographical area are as follows:

	Revenues		Non-current assets	
	53 weeks ended 1 January 2013 £m	52 weeks ended 27 December 2011 £m	**1 January 2013 £m**	27 December 2011 £m
United Kingdom	**1,164.1**	1,051.4	**1,596.0**	1,593.5
Rest of the World	**112.8**	85.3	**89.2**	50.2
	1,276.9	1,136.7	**1,685.2**	1,643.7

The revenue information is based on the location of the customer. Non-current asset information is based on physical location (for tangible assets) or primary operating location of the company using the asset (for intangible assets).

The reconciliation of segment assets/(liabilities) to the Consolidated Statement of Financial Position is as follows:

	Assets		Liabilities	
	1 January 2013 £m	27 December 2011 £m	**1 January 2013 £m**	27 December 2011 £m
Total segment assets/(liabilities)	**1,863.7**	1,793.2	**(667.0)**	(731.9)
Corporation tax liabilities	**–**	–	**(38.7)**	(30.0)
Deferred tax assets/(liabilities)	**11.5**	15.1	**(132.5)**	(146.8)
Total assets/(liabilities)	**1,875.2**	1,808.3	**(838.2)**	(908.7)

3. EXCEPTIONAL ITEMS

Exceptional items are those items the Group considers to be non-recurring 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:

	53 weeks ended 1 January 2013 £m	52 weeks ended 27 December 2011 £m
Operating		
Spanish back taxes[1]	**(4.6)**	–
Potential acquisition[2]	**(4.6)**	–
US acquisition costs[3]	**(5.3)**	(1.7)
Telephone business asset impairments[4]	**–**	(46.6)
Disposal of trade in Republic of Ireland[5]	**–**	(1.9)
	(14.5)	(50.2)
Non-Operating		
Fair value loss on hedging arrangements[6]	**(0.5)**	(1.8)
	(0.5)	(1.8)
Total exceptional items	**(15.0)**	(52.0)

The tax impact of exceptional items is as follows:

	53 weeks ended 1 January 2013 £m	52 weeks ended 27 December 2011 £m
Tax credit in respect of Spanish back taxes[1]	**0.1**	–
Tax credit in respect of US acquisition costs[3]	**1.3**	–
Tax credit in respect of fair value loss on hedging arrangements[6]	**0.1**	0.6
	1.5	0.6

[1] During the period, the Group applied for and was granted a gaming licence in Spain. As part of that process the Group agreed to settle a back gaming taxes claim with the Spanish tax authorities which, including penalties and interest, totalled £4.6m.

[2] During the period, the Group made an offer to purchase Sportingbet plc, jointly with GVC Holdings plc. All due diligence and other costs incurred that are not contingent on the completion of the acquisition have been expensed as exceptional costs in the current period.

[3] During the 52 weeks to 27 December 2011, the Group signed binding agreements to acquire three USA-based businesses and the acquisitions were completed on 27 June 2012. Costs relating to those acquisitions and to the integration of the businesses into a single operation have been expensed as exceptional items.

[4] During the 52 weeks to 27 December 2011, following the continued decline in operating performance, a review of the carrying value of goodwill in line with the requirements of IAS 36 led the directors to write off the carrying value of goodwill and other fixed assets in the telephone division, with a combined value of £46.6m.

[5] During the 52 weeks to 27 December 2011, the Group completed the sale of its remaining 15 shops in the Republic of Ireland to the Irish bookmaker Boylesports for a cash consideration of €1.5m. This sale completed on 13 December 2011. The net loss on disposal, including provisions for impairment of remaining assets, was expensed as an exceptional item.

[6] In 2012, the Group incurred £0.5m of valuation losses on ineffective interest rate derivatives.

4. INVESTMENT INCOME

	53 weeks ended 1 January 2013 £m	52 weeks ended 27 December 2011 £m
Interest on bank deposits	**0.6**	0.5
Expected return on pension scheme assets	**12.9**	14.5
	13.5	15.0

5. FINANCE COSTS

	53 weeks ended 1 January 2013 £m	52 weeks ended 27 December 2011 £m
Interest payable and similar charges:		
Bank loans, bonds and overdrafts	**29.0**	29.6
Amortisation of finance costs	**2.2**	2.2
Net interest payable	**31.2**	31.8
Loss on revaluation of amounts due to non-controlling interest (note 11)	**0.9**	–
Interest on pension scheme liabilities	**14.3**	15.9
	46.4	47.7

6. TAX ON PROFIT ON ORDINARY ACTIVITIES

The tax charge comprises:

	53 weeks ended 1 January 2013 £m	52 weeks ended 27 December 2011 £m
Current tax:		
UK corporation tax	**60.9**	50.6
Overseas tax	**2.2**	1.3
Adjustment in respect of prior periods	**(2.2)**	(2.3)
Total current tax charge	**60.9**	49.6
Deferred tax:		
Origination and reversal of temporary differences	**0.1**	3.3
Impact from changes in statutory tax rates	**(12.6)**	(12.2)
Adjustment in respect of prior periods	**(1.7)**	0.2
Total deferred credit	**(14.2)**	(8.7)
Total tax on profit on ordinary activities	**46.7**	40.9

The effective tax rate in respect of ordinary activities before exceptional items is 16.5% (52 weeks ended 27 December 2011: 17.3%). The effective tax rate in respect of ordinary activities after exceptional items was 16.8% (52 weeks ended 27 December 2011: 21.8%). The current period's charge excluding exceptional items is lower than the UK statutory rate of 24.5% mainly due to a lower effective tax rate on the income of William Hill Online (defined in the Annual Report), a deferred tax credit resulting from the enacted reduction in the UK corporation tax rate to 23% and adjustments in respect of prior periods. The difference between the total tax shown above and the amount calculated by applying the standard rate of UK corporation tax to the profit before tax is as follows:

	53 weeks ended 1 January 2013		52 weeks ended 27 December 2011	
	£m	**%**	£m	%
Profit before tax	**277.7**		187.4	
Tax on Group profit at standard UK corporation tax rate of 24.5% (2011: 26.5%)	**68.0**	**24.5**	49.7	26.5
Impact of changes in statutory tax rates	**(12.6)**	**(4.5)**	(12.2)	(6.5)
Lower effective tax rate of William Hill Online	**(8.6)**	**(3.1)**	(9.4)	(5.0)
Tax on share of results of associates	**(0.9)**	**(0.3)**	(0.6)	(0.3)
Adjustment in respect of prior periods	**(3.9)**	**(1.4)**	(2.1)	(1.1)
Permanent differences – non deductible expenditure	**4.7**	**1.6**	15.5	8.2
Total tax charge	**46.7**	**16.8**	40.9	21.8

The Group earns its profits primarily in the UK and therefore the tax rate used for tax on Group profit for the purposes of this analysis is the standard rate for UK corporation tax.

The UK government has announced future decreases in the UK corporation tax rate to 21.0% by 2014. The impact of these proposed rate changes would be to reduce the net deferred tax liabilities in the Statement of Financial Position from £121.0m to £110.4m if the UK timing differences were all to reverse at 21.0%.

7. DIVIDENDS PROPOSED AND PAID

	53 weeks ended 1 January 2013 Per share	52 weeks ended 27 December 2011 Per share	**53 weeks ended 1 January 2013 £m**	52 weeks ended 27 December 2011 £m
Equity shares:				
– current period interim dividend paid	**3.4p**	2.9p	**24.0**	20.3
– prior period final dividend paid	**6.7p**	5.8p	**47.1**	40.6
	10.1p	8.7p	**71.1**	60.9
Proposed dividend	**7.8p**	6.7p	**55.0**	47.1

The proposed final dividend of 7.8p will, subject to shareholder approval, be paid on 7 June 2013 to all shareholders on the register on 15 March 2013. In line with the requirements of IAS 10 – 'Events after the Reporting Period', this dividend has not been recognised within these results.

Under an agreement signed in November 2002, The William Hill Holdings 2001 Employee Benefit Trust agreed to waive all dividends. Details of shares held by the William Hill Holdings 2001 Employee Benefit Trust and in treasury are given in note 10. The Company estimates that 705.4m shares will qualify for the final dividend.

8. EARNINGS PER SHARE

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

	53 weeks ended 1 January 2013			52 weeks ended 27 December 2011		
	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	**189.8**	**–**	**189.8**	115.2	–	115.2
Exceptional items (note 3) £m	**13.7**	**–**	**13.7**	52.0	–	52.0
Exceptional items – tax charge (note 3) £m	**(1.5)**	**–**	**(1.5)**	(0.6)	–	(0.6)
Amortisation of intangibles £m	**4.5**	**–**	**4.5**	2.6	–	2.6
Adjusted profit after tax for the financial period £m	**206.5**	**–**	**206.5**	169.2	–	169.2
Weighted average number of shares (million)	**703.1**	**10.8**	**713.9**	699.0	8.5	707.5
Earnings per share (pence)	**27.0**	**(0.4)**	**26.6**	16.5	(0.2)	16.3
Amortisation adjustment (pence)	**0.6**	**–**	**0.6**	0.4	–	0.4
Exceptional adjustment (pence)	**1.8**	**(0.1)**	**1.7**	7.3	(0.1)	7.2
Earnings per share – adjusted (pence)	**29.4**	**(0.5)**	**28.9**	24.2	(0.3)	23.9

An adjusted earnings per share, based on profit for the period before exceptional items and before the amortisation of intangible assets arising on acquisitions, 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. The effect of this was to reduce the average number of shares by 0.9m in the 53 weeks ended 1 January 2013 (52 weeks ended 27 December 2011: 3.2m).

9. BORROWINGS

	1 January 2013 £m	27 December 2011 £m
Borrowings at amortised cost		
Bank loans	**110.0**	170.0
£300m 7.125% Guaranteed Notes due 2016	**300.0**	300.0
Less: expenses relating to bank loans	**(3.8)**	(5.1)
Less: discount on £300m 7.125% Guaranteed Notes due 2016 issued for £297.9m	**(1.2)**	(1.5)
Less: expenses relating to £300m 7.125% Guaranteed Notes due 2016	**(2.5)**	(3.1)
Total Borrowings at amortised cost	**402.5**	460.3
Obligations under finance leases	**0.2**	0.3
Total Borrowings	**402.7**	460.6
Less: amount shown as due for settlement in 12 months (shown under current liabilities)	**(0.1)**	(0.1)
Amount shown as due for settlement after 12 months	**402.6**	460.5
The gross borrowings, including finance leases, are repayable as follows:		
Amounts due for settlement within one year	**0.1**	0.1
In the second year	**0.1**	–
In the third to fifth years inclusive	**410.0**	470.2
After more than five years	**–**	–
	410.2	470.3

Bank facilities

As at 1 January 2013, the Group had the following bank facilities:

1. A committed bank loan facility of £550m provided by a syndicate of banks. At the period-end, £110m of this facility was drawn down. This facility is a Revolving Credit Facility ('RCF'), expiring in November 2015.
2. Committed Term Loan Facilities of £325m provided by a consortium of banks for the purpose of funding the acquisition of Sportingbet's Australian business and certain other assets and the grant of a call option over Sportingbet's Spanish business and the potential acquisition of the non-controlling interest in William Hill Online owned by Playtech. At the period end £nil of this facility was drawn down.
3. An overdraft facility of £5m, of which £nil was drawn down at the period-end.

£550m Revolving Credit Facility

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.

The upfront participation and other fees plus associated costs incurred in arranging the RCF have been capitalised and offset against the loans in the Consolidated Statement of Financial Position and are being amortised on a straight line basis over the life of the facility.

£325m Term Loan Facility
The Facility is divided into two tranches of £225m and £100m to be used respectively for funding: (i) the acquisition of Sportingbet's Australian business and certain other assets and the purchase of a call option over Sportingbet's Spanish business and (ii) the potential acquisition of the non-controlling interest in William Hill Online owned by Playtech.

Borrowings under the Term Loan Facility 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 initially LIBOR plus a margin of 2.00% rising to 4.50% over time. A ticking fee of 0.5% is payable on the amount of the facility until the conditions for utilisation of the facility have been satisfied, following which a commitment fee, equivalent to 40% of the margin, is payable in respect of available but undrawn borrowings under the Term Loan Facility. The loans are subject to a duration fee should the loans be outstanding 12 months from the date of signing (20 December 2012). The Facility expires on 20 June 2014.

Borrowings are presented in the Consolidated Statement of Financial Position net of the upfront arrangement fees and associated costs incurred in arranging the Term Loan Facility. These are being amortised over the life of the facility.

Corporate bonds
As part of its strategy to diversify its funding sources, the Company issued £300m of corporate bonds to investors in 2009. These bonds mature in November 2016 and are guaranteed by William Hill Organization Limited, a principal subsidiary of the Company. The bonds carry a coupon of 7.125% but together with the discount on issue of the bonds bear an effective interest rate of 7.25%. Finance fees and associated costs incurred on the issue of the bonds together with the discount on issue have been capitalised in the Consolidated Statement of Financial Position and are being amortised over the life of the bonds using the effective interest rate method.

Obligations under finance leases

The Group has finance leases for various items of plant, equipment, fixtures and fittings. The interest rate inherent in the leases is fixed at the contract date for all of the lease term. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments. The average effective interest rate contracted approximates 1% (52 weeks ended 27 December 2011: 1%) per annum. The Group's obligations under finance leases are small; accordingly there is no meaningful difference between contractual minimum lease payments and their present value. The fair value of the Group's lease obligations approximates their carrying value.

Overdraft facility
At 1 January 2013, the Group had an overdraft facility with National Westminster Bank plc of £5m (27 December 2011: £5m). The balance on this facility at 1 January 2013 was £nil (27 December 2011: £nil).

10. OWN SHARES

	£m
At 28 December 2011	(11.7)
Transfer of own shares to recipients	9.0
At 1 January 2013	**(2.7)**

Own shares held comprise:

	1 January 2013			27 December 2011		
	Number of shares	**Nominal value £m**	**Cost £m**	Number of shares	Nominal value £m	Cost £m
William Hill Holdings EBT	**500,000**	**0.1**	**2.7**	2,204,000	0.2	11.7

The shares held in the William Hill Holdings EBT were purchased at a weighted average price of £5.32 (27 December 2011: £5.32).

11. NON-CONTROLLING INTEREST (NCI)

The NCI relates to the 29% share in William Hill Online owned by Playtech Limited.

Payments are made to Playtech by the Group subsidiaries under various service and equity agreements. The Group considers the substance of individual payments in determining their accounting treatment. Where it is concluded that the payments are in respect of Playtech's investment in the Group's subsidiary, they are treated as profits attributable to the NCI. Where they represent additional services rendered, they are disclosed within operating costs in the Online segment.

During 2011, William Hill Online opened a telebetting operation in Gibraltar. The Group agreed with Playtech that Playtech 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. There are circumstances under which this annual fee would be forfeited by Playtech, in which case this liability will reverse.

A reconciliation of movements in the NCI is provided in the Consolidated Statement of Changes in Equity.

Call option

Under the terms of the joint venture agreement with Playtech, the Group has call options over Playtech's 29% interest in William Hill Online, exercisable in March 2013 and March 2015. The valuation of Playtech's interest is to be determined by independent third parties.

On 29 November 2012, the William Hill Board commenced the contractual valuation process ahead of the potential exercise of its option to acquire the minority stake in William Hill Online. On 1 March 2013 the Group announced its intention to exercise its call option to acquire the non-controlling stake in William Hill Online owned by Playtech for a consideration of £424m. The acquisition will be funded from a fully underwritten rights issue, with the balance from the second tranche of the new Term Loan (details of which are set out in note 9). Pursuant to the call option, Playtech has the right to elect for a portion of the consideration the proposed acquisition to be satisfied by the issue to it of Ordinary Shares not exceeding 9.99 per cent. of the issued share capital of William PLC at the relevant time. Playtech has informed the company of its preliminary intention not to elect to take Ordinary Shares as consideration and, as such, the documentation required to complete the call option will reflect consideration payable wholly in cash.

It is important to note that in the event the Group fails to complete the proposed acquisition by 30 April 2013, its additional rights to exercise the call option in 2015 will terminate, which would leave the Group without a formal mechanism to acquire the 29% of William Hill Online it does not already own.

12. NOTES TO THE CASH FLOW STATEMENT

	53 weeks ended 1 January 2013 £m	52 weeks ended 27 December 2011 £m
Profit before interest and tax, excluding exceptional items	**325.6**	272.1
Adjustments for:		
Share of result of associates	**(3.7)**	(2.4)
Depreciation of property, plant and equipment	**29.3**	27.2
Amortisation of computer software	**14.4**	10.6
Amortisation of specifically identified intangible assets recognised on acquisitions	**5.0**	3.6
Loss on disposal of property, plant and equipment	**0.1**	0.2
Gain on disposal of land and buildings	**(1.1)**	(0.5)
Cost charged in respect of share remuneration	**10.6**	5.5
Defined benefit pension cost less cash contributions	**(8.8)**	(8.3)
Foreign exchange	**(0.4)**	0.1
Exceptional operating expense	**(9.6)**	(0.5)
Movement on financial derivatives	**(0.6)**	0.9
Operating cash flows before movements in working capital:	**360.8**	308.5
Decrease in inventories	**–**	0.1
Decrease/(increase) in receivables	**15.7**	(3.1)
Increase in payables	**10.2**	35.7
Cash generated by operations	**386.7**	341.2
Income taxes paid	**(52.0)**	(51.6)
Interest paid	**(40.4)**	(47.9)
Net cash from operating activities	**294.3**	241.7