William Hill PLC

7 August 2015

Good operational progress despite regulatory and tax headwinds

William Hill PLC (LSE: WMH) (William Hill or the Group) announces its half year results for the 26 weeks ended 30 June 2015 (H1 or the period). The comparable period is the 26 weeks ended 1 July 2014 (H1 2014) unless otherwise stated.

	26 weeks to 30 June 15 £m	26 weeks to 1 July 14 £m	Change
Net revenue	808.1	805.2	+0%
Operating profit[1]	155.7	176.9	-12%
Pre-exceptional profit before tax	131.3	148.2	-11%
Profit before tax	78.7	121.8	-35%
Profit after tax	69.5	98.6	-30%
Earnings per share – basic, adjusted[2]	12.5p	14.1p	-11%
Earnings per share – basic[2]	7.9p	11.3p	-30%
Dividend per share	4.1p	4.0p	+3%

Good progress against strategic priorities

- Key technology enablers being implemented with Project Trafalgar and Vegas bonus engine
- $25m investment in emerging online lotteries market to support international diversification (see separate announcement)
- Proprietary self-service betting terminal project underpins omni-channel strategy
- Further progress in encouraging responsible gambling with three campaigns in H1 2015 and self-exclusion pilot schemes in Retail

Key financial and operational highlights

- Group net revenue grows despite rolling over 2014 World Cup
- Group operating profit[1] down c£21m impacted by additional £44m in gambling duties from Point of Consumption Tax (POCT) and increase in Machine Games Duty (MGD) rate
- Continued success in transitioning through UK POCT disruption: 16% growth in Online's UK net revenue and key football TV contracts secured for 2015/16 season and Euro 2016
- Retail profit progression impacted by MGD rate increase and onset of £50 journey for gaming machines but benefiting from effective operating cost control
- In Australia, rebranding of Sportingbet to William Hill is generating positive momentum whilst margin management progresses
- William Hill US continues to deliver strong wagering and profit growth
- Interim dividend of 4.1p per share, up 2.5%, reflecting the Board's continued confidence in the outlook for the Group

James Henderson, Chief Executive Officer of William Hill, commented:

"We have delivered a good operational performance in the past six months during a period of significant regulatory and taxation change for the industry. Whilst factors such as the Point of Consumption Tax and the increase in the Machine Games Duty rate have impacted our cost base as expected, we continue to progress our strategy and invest in our long-term growth drivers.

"We are making excellent progress across our three strategic priorities, particularly in technology where Project Trafalgar will give us the ability to bring our customers a faster and more stable online service, a much improved mobile experience and an enhanced in-play product range on mobile devices.

"Meanwhile, innovations such as our industry's first Accelerator programme will allow us to further our strategy to bring customers a differentiated and personalised service.

"I am particularly pleased with our move into the emerging online lotteries market, which will support our international diversification and gives us exposure to an exciting growth market in a gambling vertical which is new to us.

"We remain committed to working with the industry and the regulator to promote responsible gambling and ensure that the marketing of gambling is socially responsible.

"Looking ahead, the Board is confident that the Group remains well positioned to gain share in key markets, notwithstanding the impact of increased taxes and regulation. In UK Retail, we anticipate some further impact from the £50 journey during the second half. We are making good operational progress in building a leading business in Australia, repositioning William Hill Australia in the key recreational segment in that market."

Reference notes

(1) Operating profit/loss is defined as pre-exceptional profit/loss before interest and tax, before the amortisation of specific intangible assets recognised on acquisitions

(2) Basic EPS is based on an average of 879.1 million shares for H1 2015 and an average of 870.1 million shares for H1 2014. Adjusted EPS is stated before exceptional items and amortisation of specific intangible assets recognised on acquisitions

(3) Source: Gambling Compliance, UK Online Gambling: Data forecasting & Market shares (September 2014)

(4) Vegas product suite includes the Vegas, Games and Live Casino tabs

Enquiries

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Analyst and investor presentation

Meeting	Friday, 7 August 2015 at 9.30 am BST at The Lincoln Centre, 18 Lincoln's Inn Fields, London WC2A 3ED
Live conference call	Tel: +44 (0) 20 3059 8125. Password: William Hill
Archive conference call	Tel: +44 (0) 121 260 4861. Passcode: 1195923#. Available until 14 August 2015
Video webcast	www.williamhillplc.com

Debt investor conference call

Live conference call	11.00 am BST. Tel: +44 (0) 20 3059 8125. Password: William Hill
Archive conference call	Tel: +44 (0) 121 260 4861. Passcode 1196464#. Available until 14 August 2015

Notes to editors

William Hill, The Home of Betting, is one of the world's leading betting and gaming companies, employing around 16,000 people. Founded in 1934, it is the UK's largest bookmaker with around 2,360 licensed betting offices that provide betting opportunities on a wide range of sporting and non-sporting events, gaming on machines and numbers-based products including lotteries. The Group's Online business (www.williamhill.com) is one of the world's leading online betting and gaming businesses, providing customers with the opportunity to access William Hill's products online, through their smartphone or tablet, by telephone and by text services. William Hill US was established in June 2012 and provides land-based and mobile sports betting services in Nevada, and is the exclusive risk manager for the State of Delaware's sports lottery. William Hill Australia is one of the largest online betting businesses in Australia after the Group acquired Sportingbet and tomwaterhouse.com in 2013. It offers sports betting products online, by telephone and via mobile devices. William Hill PLC is listed on the London Stock Exchange. The Group generates revenues of c£1.6bn 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 AND STRATEGY UPDATE

The Group's focus in 2015 is on progressing our strategic priorities at a time of external disruption in our core UK market arising from taxation and regulatory change. Despite these headwinds, given our scale and with more diversified revenue streams, we remain focused on investing in our long-term growth drivers, such as technology.

Our H1 results reflect the impact of those fiscal and regulatory changes, as well as the roll-over of a very successful 2014 FIFA World Cup. Group net revenue increased slightly to £808.1m (H1 2014: £805.2m) and operating profit[1] decreased by £21.2m or 12% to £155.7m. The introduction of the UK Point of Consumption Tax (POCT) from December 2014 and the increase in the Machine Games Duty (MGD) rate from 20% to 25% from March 2015 cost the Group £44m of increased gambling duties in the period.

Notwithstanding these factors, the UK remains an exciting growth market for William Hill. Latest data from the Gambling Commission show that while overall levels of gambling participation have remained fairly stable with the National Lottery losing ground, both betting and remote gambling are increasing in popularity. This shift is driving the structural growth of the industry.

Online

Online continues to perform strongly against the POCT backdrop. Overall Sportsbook amounts wagered were up 10%, gaming net revenue up 4% and overall net revenue was up 7%. Performance in the UK compares well. UK Sportsbook amounts wagered were up 7%, gaming net revenue was up 13% and total UK net revenue was up 16%. Online's overall profitability has also benefited from a reduction in the marketing to net revenue ratio from 28% in H1 2014 (FY 2014: 25%) to 22% in 2015, following the rollover of World Cup-related spend in the first half of 2014, together with greater marketing efficiency. The absolute scale of our marketing budget has enabled us to secure our preferred live TV advertising assets with Sky, BT Sport and ITV for the upcoming 2015/16 football season and for the 2016 UEFA European Championship. While the market remains highly competitive, as the leading UK online operator[3] we are well-placed to gain further share as the impact of POCT unfolds.

Retail

Retail remains the channel of choice for the majority of UK customers and we have made good progress in our omni-channel strategy to drive greater share of wallet from multi-channel consumers. Retail's progression was impacted in H1 2015 by disruption to gaming revenues following the implementation of the '£50 journey' in April 2015, the closure of 108 shops in H2 2014 in response to the MGD rate change and the increased MGD cost. During the period, we shared valuable betting and gaming content across channels, launched William Hill TV on williamhill.com and refreshed the shop gantry with a design reflective of the website. To bring Online's extensive product range to Retail customers, we are also developing a proprietary William Hill self-service betting terminal, which we aim to roll out in 2016.

Continued internationalisation

While the UK remains our core market, we continue to focus on international opportunities to leverage our competitive offering and to diversify further the Group's revenues. During H1 2015, international markets accounted for 16% of the Group's net revenue (H1 2014: 17%). In Australia, net revenue declined 10% with an increase in bonusing and with a 27% decline in wagering, which in local currency terms was largely offset by an increase in gross win margin. Whilst operating profit[1] fell 7% in reported terms, it was flat in local currency terms, benefiting from the integration of tomwaterhouse.com in April 2014 and from actions taken to mitigate the increased race field fees. We successfully migrated the Sportingbet customer base to the William Hill brand during the period, improved the gross win margin by removing now-unprofitable turnover and reviewing our trading policies following the increase in race field fees, and were the first to market with a 'Click to Call' product. Having refocused our above-the-line marketing investment on William Hill, we have seen a decline in both tomwaterhouse.com and Centrebet unique actives and we now intend to prioritise the tomwaterhouse.com brand for the next phase of customer migration in H2 2015. We also plan to launch an enhanced mobile offering ahead of the key Spring Carnival period as well as incurring some incremental IT capital expenditure and operating costs to ensure a market-leading technology offer.

In Italy, net revenue grew 23% while in Spain it declined 13%, impacted by adverse gross win margin movements in what has been a predominantly sports betting market. In June 2015, we launched slots in Spain shortly after receiving one of the first slots licences from the Spanish regulator, Dirección General de Ordenación del Juego and have seen good growth in players and net revenue per active. In Italy, we plan to launch a new gaming tab in the second half of the year giving us enhanced cross-sell opportunities. In 2016, we expect to see favourable changes to taxation and regulation in Italy with the move to gross profits tax for sports betting and the decommissioning of the original Palinsesto schedule removing key restrictions on our betting product range. Italy nearly broke even in operating profit terms in H1 and we now expect Italy to be profitable by the year-end, whilst Spain lags behind dependent on the pace of our gaming growth.

William Hill US continues to perform very strongly, with amounts wagered up 49% and net revenue up 30%. Since we completed the acquisitions three years ago, William Hill US's net revenue has grown 148% on a local currency basis, with only a 6% increase in the number of sports books.

Acquisition of stake in NeoGames

As part of our international growth and diversification strategy, we have today announced the acquisition of 29.4% of NeoGames S.a.r.l. (NeoGames), a leading online lottery software and service provider, for a total cash consideration of $25m (*see separate announcement*). NeoGames is a leader in the emergent online lottery market and its primary focus is on the US market where state lotteries are now permitted to sell lottery products over the internet. NeoGames won the contract for Michigan's iLottery in 2013 and holds a number of other contracts in Europe. William Hill has an option to acquire the remaining 70.6% of NeoGames, exercisable after three and five years. The option is at our full discretion and the price payable will be determined at the time of exercise using a valuation methodology agreed as part of the initial stake purchase. This is an exciting new opportunity in the gambling sector and NeoGames is a disruptive technology operator offering customers a great experience and lottery rights holders a compelling alternative to established lottery operators.

Innovation, technology and data

Technology has been a key enabler of the Group's recent growth and our recent and upcoming innovations will allow us to tailor our systems to bring customers a differentiated – and increasingly personalised – service. Project Trafalgar has now been performance tested in live since May. While the most visible aspect of this project will be the new look for williamhill.com, the greater benefit comes from the new infrastructure that underpins the site. Trafalgar gives us the ability to bring our customers a faster and more stable site, a much improved mobile experience and an enhanced in-play product range on mobile devices. By controlling the front-end ourselves in-house, we benefit from quicker development timetables which, combined with vastly improved data from the site, enables us both to bring innovations to market faster and to continuously improve our existing customer journeys by releasing changes potentially thousands of times a year instead of 10-12 times under our legacy infrastructure. Our roll-out of the new site is gradual, aiming to reduce the impact of a 'big bang' change and to adapt rapidly where necessary. The major changes will be complete by the end of 2015.

On the gaming side, our Vegas casino product suite (which includes the Vegas, Games and Live Casino tabs) is now generating 57% of our gaming net revenue, having grown 22% in the period. We are taking a significant step forward this year by developing our proprietary bonus engine to support these products, equipping us for the first time with a bonusing system comparable with the best acquisition engines in the industry. The first phase of this project is complete and we are currently testing the system with a selected group of customers.

At the same time, recognising that not all innovations will come from within the Group or indeed the industry we have launched an 'Accelerator' programme, partnered with corporate innovation specialist L Marks, to run our inaugural incubator programme in London and Tel Aviv during the second half of this year. We will provide £25,000 funding to eight start-ups delivering innovative products and technologies, and a further £150,000 will be available to take forward the winning proposition.

Over the last couple of years, we have been evolving our longer term technology strategy. We strongly believe both that differentiation drives revenue by providing a compelling customer experience and that owning the customer journey drives differentiation. This has led to us taking control of our sports betting user experience and core product through Project Trafalgar, developing a highly competitive gaming platform, improving our ability to leverage pricing and event-creation across the Group via Central Feeds and creating flexibility through the William Hill APIs. Looking forward, we remain focused on building our technological advantage, including our back-end capability.

Responsible gambling

We have continued to focus on encouraging responsible gambling, with three campaigns undertaken during the first half, including further TV and online advertising to promote responsible gambling behaviours. We are progressing a cross-industry self-exclusion pilot scheme in Chatham that has now been extended to a wider trial in Glasgow. We have also deployed the Responsible Gambling Trust's research into markers of harm to use data to identify at-risk customers in Retail and are trialling different customer messaging and interactions.

Balance sheet and dividend

Supporting these strategies, the Group's balance sheet remains healthy. Net debt for covenant purposes stood at £539m at 30 June 2015 (30 December 2014: £603m), equivalent to 1.3 times EBITDA.

The Board has approved an interim dividend of 4.1p per share (H1 2014: 4.0p per share), an increase of 2.5%, reflecting our confidence in the outlook for the Group.

Outlook

Looking ahead, the Board is confident that the Group remains well positioned to gain share in key markets, notwithstanding the impact of increased taxes and regulation. We are making good operational progress in building a leading business in Australia, repositioning William Hill Australia in the key recreational segment in that market. In UK Retail, we anticipate some further impact from the £50 journey during the second half.

OPERATING REVIEW

Group net revenue was slightly ahead at £808.1m (H1 2014: £805.2m), with good growth in Online and William Hill US offset by declines in Retail and William Hill Australia. Group operating profit[1] was 12% or £21m lower at £155.7m (H1 2014: £176.9m), impacted as expected by an additional £44m in gambling duties following the introduction of POCT in December 2014 and the increase in the MGD rate in March 2015.

Online (35% of Group revenue)

	H1 2015 £m	H1 2014 £m	Change
Sportsbook amounts wagered	**2,139.9**	**1,951.4**	**+10%**
Gross win margin	7.3%	7.1%	+0.2 ppts
Online net revenue	**279.9**	**261.1**	**+7%**
- Sportsbook net revenue	134.3	121.4	+11%
- Gaming net revenue	145.6	139.7	+4%
Cost of sales	(63.0)	(24.8)	+154%
Operating costs	(152.0)	(155.2)	-2%
Operating profit[1]	**64.9**	**81.1**	**-20%**

Online continues to perform well following the introduction of the 'Point of Consumption' based UK licensing regime in November 2014 and taxation in December 2014. Online's UK revenues grew by 16%.

Growth in Sportsbook staking levels was good against a comparator period that included £122.3m turnover from the World Cup. Staking grew 16% in Q1 and 17% in Q2 to week 23, excluding the World Cup comparable period, 4% for the quarter as a whole. Mobile staking continues to grow strongly, up 28%, and accounted for 54% of Sportsbook amounts wagered in the period. The gross win margin was slightly ahead of the comparator period, despite the previously reported substantial loss-making week in Q1, weaker Cheltenham and Grand National results than in 2014 and the lower-margin in-play product increasing from 42% to 46% of Sportsbook turnover. Pre-match margins were higher at 9.2% (H1 2014: 8.4%), benefiting from an improved horseracing margin and in-play margins were broadly similar at

5.1% (H1 2014: 5.2%). Sportsbook net revenue has now grown at 29% CAGR from H1 2010 to H1 2015.

Gaming net revenue grew 4% in the period. Within this, growth was stronger in the core markets of the UK, Italy and Spain which made up 84% of gaming net revenue in H1 2015, with net revenue up 13%, 16% and 6% respectively, but overall performance was impacted by a 26% decline excluding these markets. Within gaming, our Vegas product suite[4] has now become our largest revenue generator, increasing by 22% and accounting for 57% of gaming net revenue in the period. Playtech Casino net revenue fell 13%, Bingo grew 2% and Poker fell 30%. Mobile net revenue in gaming grew by 42%.

During the period, 87% of Online revenues came from our core markets (H1 2014: 82%). Performance in Italy has continued to be strong, with net revenue up 23%. Italy continues to demonstrate good gaming and Sportsbook growth, underpinned by a strong base of active users, up 8%. In Spain, net revenue was 13% lower, impacted primarily by a weaker gross win margin and the Euro exchange rate. We were awarded a slots licence in June and launched shortly thereafter. Together, these two markets made an operating loss[1] of £2.2m in the period (H1 2014 operating loss[1]: £2.8m).

Cost of sales was £38m or 154% higher than in H1 2014, including £35m of POCT.

Online’s marketing spend was £61.4m (H1 2014: £72.6m), 15% lower than in H1 2014, equating to 22% of net revenue. This reflects in part the phasing of marketing in 2014 given the presence of the World Cup as well as greater efficiencies in 2015. We now expect to spend slightly less marketing in 2015 as a whole than we spent in 2014 in absolute terms. Sportsbook free bets equated to 1.0% of amounts wagered, broadly in line with our guidance.

Depreciation and amortisation grew 29%, following the upweighted capital spend in recent years, and other operating costs grew 6%, with increased staffing, IT costs and bank charges.

Retail (55% of Group revenue)

	H1 2015 £m	H1 2014 £m	Change	Change - adjusted for exceptional shop closures
Over-the-counter (OTC) amounts wagered	**1,229.9**	**1,281.9**	**-4%**	**-2%**
Gross win margin	17.9%	18.0%	-0.1 ppts	-0.1 ppts
Retail net revenue	**448.9**	**463.1**	**-3%**	**-1%**
- OTC net revenue	219.7	231.1	-5%	-3%
- Gaming machine net revenue	229.2	232.0	-1%	+1%
Cost of sales	(110.7)	(106.8)	+4%	+6%
Operating costs	(247.7)	(256.0)	-3%	-0%
Operating profit[1]	**90.5**	**100.3**	**-10%**	**-9%**

The average number of shops in H1 2015 was 3% lower than in the comparator period at 2,362 (H1 2014: 2,436) following the exceptional closure of 108 shops during the second half of 2014 in response to the planned increase in the MGD rate. The Group opened 11 shops in H1 and closed nine in the ordinary course of business, resiting four. The number of shops at the end of the period was 2,364 (FY 2014: 2,362).

The following commentary is presented on a reported basis or, where indicated, on an adjusted basis after stripping out the 108 exceptional shop closures.

Over-the-counter (OTC) wagering was down 4% (adjusted down 2%). Adjusted wagering saw pence per slip growing by 2% and number of slips declining by 4%. With gross win margin slightly below the prior year, OTC net revenue was down 5% (adjusted down 3%). Gaming machine net revenue was down 1% (adjusted up 1%), with gross win per machine per week up from £931 to £949 (on an adjusted basis: up from £945 to £949). Overall, Retail net revenue was 3% behind the comparator period (adjusted 1% behind). The roll-out of the next-generation Eclipse machines was completed in the second quarter of 2015.

On 2 April, we implemented the ‘£50 journey’, which applies when customers play on machines between the £50 and £100 maximum stake levels. In the first instance, we saw a significant proportion of customers reduce their staking below the £50 threshold. We are continuing to engage actively with customers to manage the implementation of the £50 journey, including adopting our new ‘Linked’ gaming machine card. Gaming machine gross win was up 1% in the first quarter but down 3% in the second quarter, 2% down excluding the World Cup period. This implies a c3-4% decline in machines gross win run rate as a result of the implementation and we now expect a c£5-10m impact in H2 versus previous internal operating profit forecasts.

Operating costs were down 3% on the comparator period, or flat on an adjusted basis. Q1 2015 also benefited from the staffing model changes we applied to approximately two thirds of the estate from April 2014.

Despite this strong cost control, Retail operating profit[1] was 10% below the prior period, impacted by lower net revenue and an additional £8m in MGD following the rate increase from 20% to 25% on 1 March 2015.

William Hill Australia (7% of Group revenue)

	On a statutory reporting basis			On a local currency basis		
	H1 2015 £m	**H1 2014 £m**	**Change**	**H1 2015 A$m**	**H1 2014 A$m**	**Change**
Amounts wagered	**525.8**	**724.1**	**-27%**	**1,022.9**	**1,331.2**	**-23%**
Gross win margin	11.2%	8.6%	+2.6 ppts	11.2%	8.6%	+2.6 ppts
Net revenue	**53.2**	**58.9**	**-10%**	**103.4**	**108.2**	**-4%**
Cost of sales	(12.3)	(14.6)	-16%	(23.9)	(27.2)	-12%
Operating costs	(31.1)	(33.8)	-8%	(60.3)	(61.8)	-2%
Operating profit[1]	**9.8**	**10.5**	**-7%**	**19.2**	**19.2**	**0%**

The following William Hill Australia narrative is provided on a local currency basis.

The performance of William Hill Australia in the period reflects the transition of this business as we refocus the operations on the rapidly growing recreational customer base.

In February, we successfully completed the migration of Sportingbet customers to the William Hill brand. This represents the single biggest portion of the overall William Hill Australia customer base. Within the first month, 95% of high value customers had transacted under William Hill. Awareness of our brand is growing strongly, with both spontaneous and prompted awareness increasingly rapidly in spite of competing with other high-profile brand changes launched at the same time. William Hill unique actives increased 16% and new accounts increased 17% against the Sportingbet performance in the same period last year. We have also delivered a structural improvement in the gross win margin as we have reshaped the customer base and altered our trading policies following the increase in race field fees in July 2014. The gross win margin improved from 8.6% to 11.2%, benefiting from this restructuring.

Staking has reduced by 23%, largely driven by these client management and trading changes but also partly as unique actives for both Centrebet and tomwaterhouse.com have declined, with our marketing activities focusing on the William Hill brand.

Operating costs were 2% lower, with additional marketing costs associated with the William Hill brand launch offset by synergies from the tomwaterhouse.com integration in April 2014. Operating profit[1] was flat in local currency terms, but fell 7% in reported terms, reflecting the impact of adverse currency movements.

During the period, we led market innovation by launching a ‘Click to Call’ facility in April. This is now available on all platforms on williamhill.com.au and tomwaterhouse.com.

William Hill US (2% of Group revenue)

William Hill US continues to perform strongly with amounts wagered up 49%. Net revenue was 30% higher at £15.9m (H1 2014: £12.2m) with a gross win margin of 6.8% (H1 2014: 7.8%). Operating costs were 23% higher and operating profit[1] increased by 48% to £4.3m (H1 2014: £2.9m).

Other (1% of Group revenue)

Telephone made a small operating loss[1] of £0.3m in the period (H1 2014: £0.5m loss). Amounts wagered were up 2% and net revenue was up 6% to £6.7m (H1 2014: £6.3m) with a gross win margin of 6.1% (H1 2014: 6.0%). Operating costs decreased by 13%.

FINANCIAL REVIEW

The Group made £155.7m of operating profit[1] in the first half of 2015, down £21.2m or 12.0% on the comparable period (H1 2014: £176.9m), a period which benefited from the presence of a portion of the World Cup as well as from lower indirect taxes.

Pre-exceptional profit before tax fell by £16.9m, or 11.4%, from £148.2m to £131.3m and pre-exceptional profit for the period fell by 11.2% or £13.4m, to £106.3m (H1 2014: £119.7m).

Total profit for the period attributable to equity holders fell by more than pre-exceptional profit, from £98.6m in H1 2014 to £69.5m in H1 2015, reflecting the increase in exceptional charges arising from the acceleration of amortisation of the acquired Australian brands, following the decision to rebrand to William Hill Australia in that market.

At 12.5p, basic adjusted earnings per share (EPS) fell by 11.3% (H1 2014: 14.1p). This fall was broadly in line with the fall in pre-exceptional profit for the period, taken together with a 1% increase in the average number of shares in issue. The adjustments made to basic EPS relate to exceptional items and 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 EPS was down 30.1% to 7.9p (H1 2014: 11.3p).

Pre-exceptional Income Statement

The Group saw net revenue grow from £805.2m in H1 2014 to £808.1m in 2015. Within this, Retail fell £14.2m or 3.1%, reflecting in large part the reduction in average estate size following the exceptional closure of 108 shops in the second half of 2014. Online net revenue grew £18.8m or 7.2%, with gaming net revenue growing 4.2% and Sportsbook net revenue growing 10.6%. William Hill Australia net revenue fell £5.7m or 9.7%, impacted amongst other things by increased bonusing and a decline in wagering, in part caused by client management and trading policy changes. Local currency net revenue fell by 4.4%. William Hill US saw £3.7m or 30.3% growth in net revenue.

Cost of sales grew substantially, driven by increases in the rate of MGD in Retail and by POCT in Online. Total cost of sales grew by £41.3m or 28.0%, with £38.2m of the growth being seen in Online – of which £35.4m related to POCT - and a further £1.1m from our Telephone business. Net cost of sales growth in Retail was only £3.9m but this understates the impact of the rate change in MGD, as the closure of a tranche of shops in H2 2014 removed costs. William Hill Australia saw a £2.3m year over year reduction, reflecting its turnover decline.

Pre-exceptional net operating expenses, including other operating income but excluding amortisation of acquired intangibles, fell by £15.5m or 3.2%, from £480.7m in H1 2014 to £465.2m in H1 2015.

Of this decline, £8.3m arose in Retail primarily from a combination of the positive impact of the change in our staffing model from Q2 2014, a reduction in central overhead charges and costs foregone following closure of 108 shops in H2 2014. William Hill Australia's costs fell £2.7m or 8.0%, with extra marketing costs being more than offset by savings in IT and staffing costs, following the integration of the tomwaterhouse.com business into William Hill Australia during the first half of 2014. William Hill US costs grew £1.9m or 22.6%.

Online costs fell £3.2m. Within this, marketing costs declined by £11.2m, partly reflecting the first half weighted phasing of marketing in 2014 driven by the World Cup. The marketing to net revenue ratio in H1 2015 was c22% versus c28% in H1 2014 and c25% for 2014 as a whole. Online depreciation grew by £3.5m and other costs grew £4.5m, driven by increases in staffing, bank charges and IT costs.

Net corporate costs fell to £15.2m in H1 2015, from £17.3m in 2014, of which £1.2m was foreign exchange credits arising from trading balances. In addition, there were reductions in property costs and staff incentive provisioning. Other operating income was £3.7m (H1 2014: £4.1m).

The Group's contribution from its associate, SIS, during H1 2015 reflected a profit of £1.6m (H1 2014: £0.1m loss).

The Group made £151.2m of pre-exceptional profit before tax and interest (H1 2014: £172.4m), following the application of £4.5m of amortisation arising from acquired intangibles (H1 2014: £4.5m).

Pre-exceptional net finance costs fell by £4.3m, from £24.2m in the comparable period to £19.9m in H1 2015. The main driver of this fall was the lower average net debt position seen in H1 2015, following a period of net cash generation and resulting de-leverage.

Exceptional costs

Total exceptional costs before tax were £52.6m (H1 2014: £26.4m) comprising three items.

Firstly, the Group incurred £53.1m of non-cash exceptional charges in the first half of 2015 relating to the accelerated amortisation of the Sportingbet and Centrebet intangible brand assets, following a decision to phase out these brands in favour of William Hill. This follows a £44.5m charge in 2014 and leaves £8m of assets on the balance sheet at the half year, which the Group expects to charge in H2 2015.

Secondly, the Group was able to release £0.7m of previously booked exceptional provisions relating to the portfolio of shop closures taken in 2014 as individual property settlements were closed on advantageous terms.

Finally, the Group incurred a £0.2m charge relating to a longstanding VAT refund case, which has been historically treated as an exceptional item.

Taxation

In line with the Group's expectations, £25.0m of tax (H1 2014: £28.5m) was charged on pre-exceptional profits before tax of £131.3m (H1 2014: £148.2m), at an effective tax rate of 19.0% (H1 2014: 19.2%). Looking ahead, the Group expects to see a c£10m deferred tax credit arise on the enactment of the recently announced future corporation tax rate reductions in 2017 and 2020, together with a c0.7 percentage point reduction in the effective tax rate in each of those years.

Separately, there are ongoing tax matters that are being progressed that may reduce this effective tax rate by the end of this year, but in the absence of certainty, we continue to assume a 19% effective tax rate for 2015 and 2016 before the deferred tax credit arising from the upcoming corporation tax reductions (cash tax rate 20%).

The Group has also taken a £15.8m tax credit (H1 2014: £5.3m) in relation to the various exceptional items outlined above making the total tax for the Group for the first half of £9.2m (H1 2014: £23.2m).

Cash flow and balance sheet

The Group generated £159.2m of net cash from operating activities in the first half of 2015, a £16.4m decline on the prior year comparable (H1 2014: £175.6m). This decline was largely driven by the £21.2m fall in pre-exceptional profit before tax and interest. Whilst working capital inflow was positive at £13.3m, this was also below the prior year comparative at £27.1m. The main driver of the working capital inflow in 2014 was an increase in payables caused by provisions for shop closures and higher bonus accruals, and in 2015 was largely due to an increase in creditors due to higher accruals for gambling taxes, offset by a reduction in bonus accruals.

The Group invested £27.5m of capital expenditure in the period (H1 2014: £34.3m). This reflected an acceleration of investment on intangibles, particularly software, as the Online technology agenda unfolds. Conversely, the total reflected less investment into property, plant and equipment, with the impact of recent planning changes likely to impact short-term delivery of new site openings in Retail. The Group expects full-year capital expenditure to be around £75-80m. Other significant cash outflows in the first half included £72.2m (H1 2014: £68.9m) in dividend payments.

The Group had drawn borrowings of £675m at 30 June 2015 and net debt for covenant purposes fell by £64m to £539m (31 December 2014: £603m) This reflects a net debt to EBITDA ratio of 1.3 times, a modest decline on the year end position at 1.4 times. The Group's pension scheme accounting surplus was maintained in H1 2015, albeit with a £6.8m decline from £27.5m at the end of 2014 to £20.7m at the end of the first half 2015. The major drivers of this were actuarial liability revaluations and experience losses on the asset base.

FISCAL AND REGULATORY UPDATE

Responsible gambling

Following the launch of the Senet Group as an independent body set up to promote responsible gambling standards and to ensure that the marketing of gambling is socially responsible, we have continued to focus on encouraging responsible gambling. Following the industry's first 'GambleAware Week' responsible gambling campaign in January 2015, we undertook a similar campaign in Scotland in June and introduced an additional suite of TV and online advertising to promote responsible gambling behaviour. In response to the Government's desire for a cross-industry approach to self-exclusion, we are currently conducting self-exclusion pilots in our shops in Chatham, with a wider trial commenced in Glasgow since late July. These represent the first multi-operator schemes of their kind and will provide a framework for a national scheme that we aim to implement towards the end of the year.

Following on from the Responsible Gambling Trust research published in 2014 and using the identified 'markers of harm', we have developed a data-led approach to identifying Retail gaming customers who may be at risk or who are engaging in problem gambling activity. We are currently trialling different forms of customer messaging and interaction and, alongside other operators, will be sharing best practice across the industry.

The '£50 journey'

In Retail, in response to the Government's new regulations that require customers who wish to stake over £50 on a gaming machine to use account-based play or load cash over-the-counter, we made the necessary technical changes to our gaming machines on schedule by 2 April 2015. From this point onwards, customers who wish to stake at the £50-100 level on gaming machines are required to deposit via an account or over-the-counter. The intent of this change is to improve the tracking and analysis of customer behaviour which will, over time, help in identifying and addressing possible harmful patterns of play.

Planning

As previously noted, the Department for Communities and Local Government implemented revised planning regulations in March 2015, putting licensed betting offices into a separate 'sui generis' use class. As a result, we are now required to seek planning permission to convert a unit of another planning type into a betting shop when seeking to open a new shop. We believe this could have an impact on our shop opening numbers in the short run given the additional planning applications required.

Racing right

The UK Chancellor confirmed in his Summer Budget announcement in July 2015 that the Government remains committed to replacing the current UK horseracing levy system. This follows his earlier announcement, as part of his Budget speech in March 2015, outlining his intention to introduce a 'racing right', which was the subject of one of three Government consultations on the funding of horseracing. These three consultations have now closed. The detailed design of a horserace betting right is now underway and is expected to be completed later this year.

Summer Budget

Other new matters raised by the Summer Budget and relevant to William Hill include the planned increase in the National Minimum Wage to reflect the National Living Wage for those aged over 25. The Group is currently assessing the potential impact of this, having regards to the proportion of our staff above this age, and our intentions in regards to maintenance of wage differentials. We currently expect the additional net impact in 2016 to be c£1-2m.

We also note the announcement that the Government is going to review the VAT treatment of advertising purchased for use and consumption in the UK from certain jurisdictions. Given that our Online business is based in Gibraltar, this may impact the net cost of UK advertising bought by Online. The review is not expected to resolve before 2017.

Scotland

The Scotland Bill received its second reading in the House of Commons in June 2015. The draft legislation gives powers to the Scottish Executive or the Scottish Parliament to vary the number of gaming machines (with stakes over £10) from zero to four when licensing a new betting shop. This would not apply retrospectively to existing licences but would apply only to new licences or re-sites.

The EU 4th Money Laundering Directive

The EU's 4th Money Laundering Directive has now been adopted by the European Parliament and the EU Member States have two years to implement the rules contained in the Directive. The Directive is primarily aimed at combating money laundering and the financing of terrorism. Retail bookmakers, who were outside the scope of the previous Directive, have now been included in the new Directive. However, exemptions can be given by Member States for areas deemed low risk through a National Risk Assessment. We participated in those assessments related to gambling with HM Treasury and the Home Office during 2014. We consider the betting shop industry to be low risk given the low level of Suspicious Activity Reports that originate from gambling but await the formal response from the Government in due course. We expect a consultation by Government late in 2015 with a view to finalising regulations during 2016.

POCT judicial review

In October 2014, the Gibraltar Betting and Gaming Association issued judicial review proceedings asking the UK High Court to determine the lawfulness of the POCT regime, claiming that it was discriminatory and restricted the free movement of services within the European Union. In July 2015, the case was referred by the High Court to the Court of Justice of the European Union.

Restoration of America's Wire Act (RAWA)

In June 2015, Senator Lindsey Graham reintroduced into the US Senate a version of the RAWA bill that is designed to prohibit nearly all forms of online gambling throughout the US. If enacted, this could impact currently legal online gambling products and, further, William Hill US's ability to continue to provide its mobile-enabled gambling product within Nevada in its current form.

Manila

In Manila, we were recently served with further subpoenas and warrants in connection with an alleged breach relating to illegal gambling. No further action has been taken to date following these events. Our operations are not affected by this latest development. We do not conduct any gambling activities within our Manila operations, which provide customer services and some financial back-office functions.

William Hill Australia 'Click to Call'

Following the introduction of our innovative 'Click to Call' product in Australia, a number of complaints were made to the Australian Communications and Media Authority. The complaints have been referred to the Australian Federal Police as required under the Interactive Gambling Act (IGA). We remain confident that this product is legal under the IGA.

PRINCIPAL RISKS

The key risk areas for 2015 for the Group are currently identified as:

- change in regulatory requirements;
- fiscal change;
- key supplier relationships;
- business continuity and disaster recovery preparedness;
- UK and international growth opportunities;
- data protection and technology risk;
- regulatory compliance; and
- recruitment and retention of key employees and succession planning.

These are discussed in more detail in our 2014 Annual Report, which can be found on our website www.williamhillplc.com.

RESPONSIBILITY STATEMENT OF THE DIRECTORS IN RESPECT OF THE INTERIM RESULTS ANNOUNCEMENT

The directors confirm that, to the best of their knowledge:

- The unaudited condensed consolidated financial statements have been prepared in accordance with IAS 34, "Interim Financial Reporting"; and
- The interim management report includes a fair review of the information required by Disclosure and Transparency Rule 4.2.7R and Disclosure and Transparency Rule 4.2.8R.

Neither the Company nor the directors accepts any liability to any person in relation to the half-year financial report except to the extent that such liability could arise under English law. Accordingly, any liability to a person who has demonstrated reliance on any untrue or misleading statement or omission shall be determined in accordance with section 90A and schedule 10A of the Financial Services and Markets Act 2000.

This responsibility statement is approved by the Board of directors and is signed on its behalf by:

J. Henderson	N. Cooper
Chief Executive Officer	Group Finance Director
7 August 2015	7 August 2015

William Hill PLC
Interim Consolidated Income Statement (unaudited)
for the 26 weeks ended 30 June 2015

	Notes	**Before exceptional items £m**	**Exceptional items (note 3) £m**	**26 weeks ended 30 June 2015 Total £m**	Before exceptional items £m	Exceptional items (note 3) £m	26 weeks ended 1 July 2014 Total £m	52 weeks ended 30 December 2014 Total £m
Continuing Operations								
Amounts wagered	2	**4,632.1**	-	**4,632.1**	4,611.5	-	4,611.5	8,945.7
Revenue	2	**808.1**	-	**808.1**	805.2	-	805.2	1,609.3
Cost of sales	2	**(188.8)**	-	**(188.8)**	(147.5)	-	(147.5)	(304.2)
Gross profit	2	**619.3**	-	**619.3**	657.7	-	657.7	1,305.1
Other operating income		**3.7**	-	**3.7**	4.1	-	4.1	8.9
Other operating expenses	3	**(473.4)**	(52.6)	**(526.0)**	(489.3)	(24.4)	(513.7)	(1,033.2)
Share of results of associates	2	**1.6**	-	**1.6**	(0.1)	-	(0.1)	1.0
Profit before interest and tax	2	**151.2**	(52.6)	**98.6**	172.4	(24.4)	148.0	281.8
Investment income	2,4	**0.8**	-	**0.8**	0.5	-	0.5	1.0
Finance costs	2,3,5	**(20.7)**	-	**(20.7)**	(24.7)	(2.0)	(26.7)	(48.9)
Profit before tax	2	**131.3**	(52.6)	**78.7**	148.2	(26.4)	121.8	233.9
Tax	3,6	**(25.0)**	15.8	**(9.2)**	(28.5)	5.3	(23.2)	(27.6)
Profit for the period (attributable to equity holders of the parent)		**106.3**	(36.8)	**69.5**	119.7	(21.1)	98.6	206.3
Earnings per share (pence)								
Basic	8			**7.9**			11.3	23.6
Diluted	8			**7.9**			11.2	23.4

William Hill PLC

Interim Consolidated Statement of Comprehensive Income (unaudited)

for the 26 weeks ended 30 June 2015

	26 weeks ended 30 June 2015 £m	26 weeks ended 1 July 2014 £m	52 weeks ended 30 December 2014 £m
Profit for the period	**69.5**	98.6	206.3
Items that will not be reclassified subsequently to profit or loss:			
Actuarial remeasurements in defined benefit pension scheme	**(11.9)**	17.0	36.4
Tax on remeasurements in defined benefit pension scheme	**2.4**	(3.4)	(7.3)
	(9.5)	13.6	29.1
Items that may be reclassified subsequently to profit or loss:			
Loss on cash flow hedges	**-**	(0.1)	-
Exchange differences on translation of foreign operations	**(21.5)**	9.1	(5.4)
	(21.5)	9.0	(5.4)
Other comprehensive (loss)/income for the period	**(31.0)**	22.6	23.7
Total comprehensive income for the period (attributable to equity holders of the parent)	**38.5**	121.2	230.0

William Hill PLC
Interim Consolidated Statement of Changes in Equity (unaudited)
for the 26 weeks ended 30 June 2015

	Attributable to equity holders of the parent							
	Called-up share capital £m	Share premium account £m	Capital redemption reserve £m	Merger reserve £m	Own shares held £m	Hedging and translation reserves £m	Retained earnings £m	Total equity £m
At 31 December 2014	**87.7**	**683.2**	**6.8**	**(26.1)**	**(1.1)**	**(105.3)**	**515.1**	**1,160.3**
Retained profit for the financial period	-	-	-	-	-	-	69.5	69.5
Other comprehensive loss for the period	-	-	-	-	-	(21.5)	(9.5)	(31.0)
Total comprehensive income for the period	-	-	-	-	-	**(21.5)**	**60.0**	**38.5**
Purchase of own shares	-	-	-	-	(3.0)	-	-	(3.0)
Transfer of own shares to recipients	-	-	-	-	0.2	-	(0.2)	-
Other shares issued in the period	0.5	0.1	-	-	-	-	(0.5)	0.1
Credit recognised in respect of share remuneration	-	-	-	-	-	-	3.4	3.4
Tax credit in respect of share remuneration	-	-	-	-	-	-	1.0	1.0
Dividends paid (note 7)	-	-	-	-	-	-	(72.2)	(72.2)
At 30 June 2015	**88.2**	**683.3**	**6.8**	**(26.1)**	**(3.9)**	**(126.8)**	**506.6**	**1,128.1**

	Attributable to equity holders of the parent							
	Called-up share capital £m	Share premium account £m	Capital redemption reserve £m	Merger reserve £m	Own shares held £m	Hedging and translation reserves £m	Retained earnings £m	Total equity £m
At 1 January 2014	**86.7**	**680.7**	**6.8**	**(26.1)**	**(3.8)**	**(99.9)**	**378.9**	**1,023.3**
Retained profit for the financial period	-	-	-	-	-	-	98.6	98.6
Other comprehensive income for the period	-	-	-	-	-	9.0	13.6	22.6
Total comprehensive income for the period	-	-	-	-	-	**9.0**	**112.2**	**121.2**
Purchase of own shares	0.1	-	-	-	(5.0)	-	4.9	-
Transfer of own shares to recipients	-	-	-	-	8.4	-	(8.4)	-
Other shares issued in the period	0.7	0.2	-	-	-	-	(0.7)	0.2
Credit recognised in respect of share remuneration	-	-	-	-	-	-	3.9	3.9
Tax credit in respect of share remuneration	-	-	-	-	-	-	(0.4)	(0.4)
Dividends paid	-	-	-	-	-	-	(68.9)	(68.9)
At 1 July 2014	**87.5**	**680.9**	**6.8**	**(26.1)**	**(0.4)**	**(90.9)**	**421.5**	**1,079.3**

William Hill PLC
Interim Consolidated Statement of Changes in Equity (unaudited)
for the 26 weeks ended 30 June 2015

	Attributable to equity holders of the parent							
	Called-up share capital £m	Share premium account £m	Capital redemption reserve £m	Merger reserve £m	Own shares held £m	Hedging and translation reserves £m	Retained earnings £m	Total equity £m
At 1 January 2014	**86.7**	**680.7**	**6.8**	**(26.1)**	**(3.8)**	**(99.9)**	**378.9**	**1,023.3**
Retained profit for the financial period	-	-	-	-	-	-	206.3	206.3
Other comprehensive income for the period	-	-	-	-	-	(5.4)	29.1	23.7
Total comprehensive income for the period	**-**	**-**	**-**	**-**	**-**	**(5.4)**	**235.4**	**230.0**
Purchase and issue of own shares	0.1	-	-	-	(5.8)	-	4.9	(0.8)
Transfer of own shares to recipients	-	-	-	-	8.5	-	(8.5)	-
Other shares issued in the period	0.9	2.5	-	-	-	-	(0.7)	2.7
Credit recognised in respect of share remuneration	-	-	-	-	-	-	7.4	7.4
Tax credit in respect of share remuneration	-	-	-	-	-	-	1.7	1.7
Dividends paid	-	-	-	-	-	-	(104.0)	(104.0)
At 30 December 2014	**87.7**	**683.2**	**6.8**	**(26.1)**	**(1.1)**	**(105.3)**	**515.1**	**1,160.3**

William Hill PLC
Interim Consolidated Statement of Financial Position (unaudited)
as at 30 June 2015

	Notes	**30 June 2015 £m**	1 July 2014 £m	30 December 2014 £m
Non-current assets				
Intangible assets		**1,737.1**	1,873.8	1,816.3
Property, plant and equipment		**215.4**	233.9	225.4
Investments and interests in associates		**15.8**	13.9	14.0
Deferred tax asset		**10.4**	12.6	12.9
Retirement benefit plan asset		**20.7**	3.5	27.5
Loans receivable		**2.3**	4.6	2.3
		2,001.7	2,142.3	2,098.4
Current assets				
Inventories		**0.1**	0.1	0.1
Trade and other receivables		**48.8**	53.6	55.3
Cash and cash equivalents		**227.6**	219.3	222.1
Investment property held for sale		**4.5**	7.0	4.7
		281.0	280.0	282.2
Total assets		**2,282.7**	2,422.3	2,380.6
Current liabilities				
Trade and other payables		**(317.7)**	(298.6)	(314.6)
Corporation tax liabilities		**(49.1)**	(44.2)	(44.0)
Derivative financial instruments		**(7.7)**	(17.7)	(11.2)
		(374.5)	(360.5)	(369.8)
Non-current liabilities				
Borrowings	9	**(667.3)**	(835.0)	(716.1)
Deferred tax liabilities		**(112.8)**	(147.5)	(134.4)
		(780.1)	(982.5)	(850.5)
Total liabilities		**(1,154.6)**	(1,343.0)	(1,220.3)
Net assets		**1,128.1**	1,079.3	1,160.3
Equity				
Called-up share capital		**88.2**	87.5	87.7
Share premium account		**683.3**	680.9	683.2
Capital redemption reserve		**6.8**	6.8	6.8
Merger reserve		**(26.1)**	(26.1)	(26.1)
Own shares held		**(3.9)**	(0.4)	(1.1)
Hedging and translation reserves		**(126.8)**	(90.9)	(105.3)
Retained earnings		**506.6**	421.5	515.1
Total equity (attributable to equity holders of the parent)		**1,128.1**	1,079.3	1,160.3

William Hill PLC
Interim Consolidated Cash Flow Statement (unaudited)
for the 26 weeks ended 30 June 2015

	Notes	**26 weeks ended 30 June 2015 £m**	26 weeks ended 1 July 2014 £m	52 weeks ended 30 December 2014 £m
Net cash from operating activities	10	**159.2**	175.6	368.2
Investing activities				
Dividend from associate		**-**	-	1.0
Interest received		**0.8**	0.5	1.0
Proceeds on disposal of property, plant and equipment		**0.3**	1.6	2.2
Proceeds on disposal of investment property		**-**	2.0	4.1
Loans receivable		**-**	-	2.3
Acquisitions and investments		**(0.2)**	-	(2.6)
Purchases of property, plant and equipment		**(9.0)**	(20.2)	(29.1)
Expenditure on intangible assets		**(18.5)**	(14.1)	(45.5)
Net cash used in investing activities		**(26.6)**	(30.2)	(66.6)
Financing activities				
Proceeds on issue of shares under share schemes		**0.1**	0.2	2.7
Purchase of own shares		**(3.0)**	-	(0.8)
Dividends paid	7	**(72.2)**	(68.9)	(104.0)
Repayments under borrowing facilities		**(50.0)**	(60.0)	(180.0)
Debt facility issue costs		**-**	(4.1)	(4.1)
Net cash used in financing activities		**(125.1)**	(132.8)	(286.2)
Net increase in cash and cash equivalents in the period		**7.5**	12.6	15.4
Changes in foreign exchange rates		**(2.0)**	-	-
Cash and cash equivalents at start of period		**222.1**	206.7	206.7
Cash and cash equivalents at end of period		**227.6**	219.3	222.1

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 30 June 2015, which has been approved by a committee of the Board of Directors on 6 August 2015, has been prepared on the basis of the accounting policies set out in the Group's 2014 Annual Report and Accounts on pages 134 to 140, which can be found on the Group's website www.williamhillplc.com. This condensed consolidated financial information for the 26 weeks ended 30 June 2015 has been prepared in accordance with the Disclosure and Transparency Rules of the Financial Conduct Authority and with IAS 34, "Interim Financial Reporting" as adopted by the European Union. The condensed consolidated financial information for the 26 weeks ended 30 June 2015 should be read in conjunction with the annual financial statements for the 52 weeks ended 30 December 2014, 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 30 June 2015 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 auditor and their report is set out at the end of this financial information. The results for the 52 week period ended 30 December 2014 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 auditor has 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

There have been no new or amended standards or interpretations that became effective in the period which have had an impact upon the values or disclosures in the interim financial information.

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.

Basis of consolidation

The financial information incorporates the financial statements of the Company and entities controlled by the Company (its subsidiaries) made up to 30 June 2015. 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 or loss in the period of acquisition.

Going concern

The Group manages its day to day liquidity requirements from its operating cash flows and the cash resources it holds on its balance sheet. These are supplemented when required by a committed £540m revolving credit bank loan facility which expires in 2019. As at 30 June 2015 the Group had £540m of undrawn headroom under this facility.

Whilst there are a number of risks to the Group's trading performance, the Group does not have any material financial repayment obligations before November 2016. The Group's long-range internal forecasts, based on reasonable assumptions, indicate that the Group should be able to operate within the level of its currently available committed facilities and its banking covenants.

After making enquiries and after consideration of the Group's existing operations, cash flow forecasts and assessment of business and regulatory risks, 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 condensed financial statements.

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 prior period included part of the 2014 FIFA World Cup, whereas the current reporting period did not. In addition, adverse weather conditions can disrupt the sporting calendar and limit betting opportunities.

Fair values

Assets and liabilities measured at fair value include primarily antepost bets, whose valuation is determined with reference to anticipated gross win margins on unsettled bets. Changes in fair value have not had a material impact upon the profit for the period.

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 Officer 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 online outside of Australia, including sports betting, casino, poker sites and other gaming products. The Telephone segment comprises the Group's telephone betting services outside of Australia. The US segment comprises all activity undertaken in the USA. The Australia segment comprises online and telephone sports betting in Australia. Other activities include on-course betting and greyhound stadia operations. There are no inter-segmental sales within the Group.

Business segment information for the 26 weeks ended 30 June 2015:

	Retail £m	Online £m	Telephone £m	US £m	Australia £m	Other £m	Corporate £m	Group £m
Amounts wagered	1,459.1	2,285.5	116.9	233.5	525.8	11.3	-	4,632.1
Payout	(1,010.2)	(2,005.6)	(110.2)	(217.6)	(472.6)	(7.8)	-	(3,824.0)
Revenue	**448.9**	**279.9**	**6.7**	**15.9**	**53.2**	**3.5**	**-**	**808.1**
GPT, duty, levies and other costs of sales	(110.7)	(63.0)	(1.1)	(1.3)	(12.3)	(0.4)	-	(188.8)
Gross profit	338.2	216.9	5.6	14.6	40.9	3.1	-	619.3
Depreciation	(13.0)	(0.4)	-	(0.4)	(0.5)	(0.1)	(1.9)	(16.3)
Amortisation	(1.7)	(15.2)	(0.1)	-	(2.0)	-	-	(19.0)
Other administrative expenses	(233.0)	(136.4)	(5.8)	(9.9)	(28.6)	(2.9)	(13.3)	(429.9)
Share of result of associates	-	-	-	-	-	-	1.6	1.6
Operating profit/(loss)[1]	**90.5**	**64.9**	**(0.3)**	**4.3**	**9.8**	**0.1**	**(13.6)**	**155.7**
Amortisation of acquired intangibles	-	(0.7)	-	(1.3)	(2.5)	-	-	(4.5)
Exceptional operating items	0.5	-	-	-	(53.1)	-	-	(52.6)
Profit/(loss) before interest and tax[2]	**91.0**	**64.2**	**(0.3)**	**3.0**	**(45.8)**	**0.1**	**(13.6)**	**98.6**
Investment income							0.8	0.8
Finance costs							(20.7)	(20.7)
Profit before tax								**78.7**

[1] The Group defines operating profit/(loss) as pre-exceptional profit/(loss) before interest and tax, before the amortisation of specific intangible assets recognised on acquisitions.

[2] The reports used by the Chief Executive Officer 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.

Business segment information for the 26 weeks ended 1 July 2014:

	Retail £m	Online £m	Telephone £m	US £m	Australia £m	Other £m	Corporate £m	Group £m
Amounts wagered	1,513.9	2,091.1	115.1	156.2	724.1	11.1	-	4,611.5
Payout	(1,050.8)	(1,830.0)	(108.8)	(144.0)	(665.2)	(7.5)	-	(3,806.3)
Revenue	**463.1**	**261.1**	**6.3**	**12.2**	**58.9**	**3.6**	**-**	**805.2**
GPT, duty, levies and other costs of sales	(106.8)	(24.8)	-	(0.9)	(14.6)	(0.4)	-	(147.5)
Gross profit	356.3	236.3	6.3	11.3	44.3	3.2	-	657.7
Depreciation	(13.6)	(0.4)	-	(0.3)	(1.4)	(0.1)	(1.8)	(17.6)
Amortisation	(1.2)	(11.7)	(0.1)	-	(1.0)	-	-	(14.0)
Other administrative expenses	(241.2)	(143.1)	(6.7)	(8.1)	(31.4)	(3.1)	(15.5)	(449.1)
Share of result of associates	-	-	-	-	-	-	(0.1)	(0.1)
Operating profit/(loss)[1]	**100.3**	**81.1**	**(0.5)**	**2.9**	**10.5**	**-**	**(17.4)**	**176.9**
Amortisation of acquired intangibles	-	(0.7)	-	(1.2)	(2.6)	-	-	(4.5)
Exceptional operating items	(17.1)	-	-	-	(7.3)	-	-	(24.4)
Profit/(loss) before interest and tax[2]	**83.2**	**80.4**	**(0.5)**	**1.7**	**0.6**	**-**	**(17.4)**	**148.0**
Non-operating exceptional items							(2.0)	(2.0)
Investment income							0.5	0.5
Finance costs							(24.7)	(24.7)
Profit before tax								**121.8**

[1] The Group defines operating profit/(loss) as pre-exceptional profit/(loss) before interest and tax, before the amortisation of specific intangible assets recognised on acquisitions.

[2] The reports used by the Chief Executive Officer 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.

Business segment information for the 52 weeks ended 30 December 2014:

	Retail £m	Online £m	Telephone £m	US £m	Australia £m	Other £m	Corporate £m	Group £m
Amounts wagered	2,913.9	4,032.3	212.2	375.7	1,388.7	22.9	-	8,945.7
Payout	(2,002.5)	(3,504.9)	(200.4)	(346.0)	(1,266.8)	(15.8)	-	(7,336.4)
Revenue	**911.4**	**527.4**	**11.8**	**29.7**	**121.9**	**7.1**	**-**	**1,609.3**
GPT, duty, levies and other costs of sales	(209.9)	(51.0)	(0.1)	(2.5)	(30.1)	(0.9)	-	(294.5)
Gross profit	701.5	476.4	11.7	27.2	91.8	6.2	-	1,314.8
Depreciation	(26.8)	(0.7)	-	(0.6)	(1.3)	(0.2)	(3.9)	(33.5)
Amortisation	(2.7)	(25.9)	(0.2)	-	(3.5)	-	-	(32.3)
Other administrative expenses	(478.8)	(272.1)	(12.3)	(16.9)	(62.3)	(6.1)	(29.3)	(877.8)
Share of result of associates	-	-	-	-	-	-	1.0	1.0
Operating profit/(loss)[1]	**193.2**	**177.7**	**(0.8)**	**9.7**	**24.7**	**(0.1)**	**(32.2)**	**372.2**
Amortisation of acquired intangibles	-	(1.3)	-	(2.6)	(5.1)	-	-	(9.0)
Exceptional operating items	(19.9)	(9.7)	-	-	(51.8)	-	-	(81.4)
Profit/(loss) before interest and tax[2]	**173.3**	**166.7**	**(0.8)**	**7.1**	**(32.2)**	**(0.1)**	**(32.2)**	**281.8**
Non-operating exceptional items							(2.0)	(2.0)
Investment income							1.0	1.0
Finance costs							(46.9)	(46.9)
Profit before tax								**233.9**

[1] The Group defines operating profit/(loss) as pre-exceptional profit/(loss) before interest and tax, before the amortisation of specific intangible assets recognised on acquisitions.

[2] The reports used by the Chief Executive Officer 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.

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 30 June 2015 £m	26 weeks ended 1 July 2014 £m	52 weeks ended 30 December 2014 £m
Operating			
Accelerated brand amortisation [1]	**(53.1)**	-	(44.5)
VAT repayment [2]	**(0.2)**	(0.5)	(0.5)
Portfolio shop closures [3]	**0.7**	(16.6)	(19.4)
tomwaterhouse.com acquisition and integration costs	**-**	(3.3)	(3.3)
Revaluation of tomwaterhouse.com contingent consideration	**-**	(2.2)	(2.2)
Australian management restructuring	**-**	(1.8)	(1.8)
Indirect taxation	**-**	-	(9.7)
	(52.6)	(24.4)	(81.4)
Non-operating			
Costs in respect of refinancing	**-**	(2.0)	(2.0)
Total exceptional items	**(52.6)**	(26.4)	(83.4)

The tax impact of exceptional items is as follows:

	26 weeks ended 30 June 2015 £m	26 weeks ended 1 July 2014 £m	52 weeks ended 30 December 2014 £m
Tax credit in respect of accelerated brand amortisation [1]	**15.9**	-	13.4
Tax credit in respect of VAT repayment [2]	**-**	0.1	0.1
Tax charge in respect of portfolio shop closures [3]	**(0.1)**	3.3	3.7
Tax credit in respect of tomwaterhouse.com acquisition and integration costs	**-**	1.0	1.0
Tax credit in respect of Australian management restructuring	**-**	0.5	0.5
Tax credit in respect of refinancing costs	**-**	0.4	0.4
Tax credit in respect of indirect taxation	**-**	-	1.0
Release of historic corporation tax provisions	**-**	-	15.4
	15.8	5.3	35.5

1 In 2014, William Hill Australia began a process to rebrand its operations to William Hill and, accordingly, accelerated the amortisation of relevant brand assets. The incremental amortisation charge resulting from this change has been presented as an exceptional item in 2014 and in 2015, given its material scale.

2 Tax advisory fees have been charged in 2015 in respect of a VAT refund in prior years. These fees are presented as exceptional, consistently with the original refund and associated items.

3 As a result of HM Treasury's announcement in March 2014 of an increase in Machine Games Duty, the Group closed a portfolio of 108 shops during 2014 and provided for onerous leases and other expenses. The Group has exited a number of these leases in the year to date and the difference between provisions held and any final settlement is credited or charged to exceptional items, consistently with the original provisions.

4. Investment income

	26 weeks ended 30 June 2015 £m	26 weeks ended 1 July 2014 £m	52 weeks ended 30 December 2014 £m
Interest on bank deposits	**0.8**	0.5	1.0

5. Finance costs

	26 weeks ended 30 June 2015 £m	26 weeks ended 1 July 2014 £m	52 weeks ended 30 December 2014 £m
Interest payable and similar charges:			
Interest on bank loans and bonds	**20.1**	23.0	43.7
Amortisation of finance costs	**1.2**	1.4	2.6
Interest payable	**21.3**	24.4	46.3
Interest on net pension scheme assets or liabilities	**(0.6)**	0.3	0.6
	20.7	24.7	46.9

The above does not include exceptional finance costs as described in note 3.

6. Tax on profit on ordinary activities

The effective rate in respect of ordinary activities before exceptional items is 19.0% (26 weeks ended 1 July 2014: 19.2%; 52 weeks ended 30 December 2014: 19.9%). This differs from the 2015 UK statutory rate of 20.25% as a result of the geographic spread of the income earned by the Group.

The effective rate in respect of ordinary activities after exceptional items is 11.7% (26 weeks ended 1 July 2014: 19.0%; 52 weeks ended 30 December 2014: 11.8%).

7. Dividends proposed and paid

The directors have approved an interim dividend of 4.1 pence per share (2014: 4.0 pence per share) to be paid on 4 December 2015 to ordinary shareholders on the Register of Members on 23 October 2015. In line with the requirements of IAS 10 – 'Events after the Reporting Date', this dividend has not been recognised within these interim results.

The 2014 final dividend of 8.2 pence per share (£72.2m) was paid in the period.

By agreement, the William Hill Holdings 2001 Employee Benefit Trust agreed to waive all dividends. The Company estimates that 884m 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 30 June 2015			26 weeks ended 1 July 2014		
	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)	**69.5**	**-**	**69.5**	98.6	-	98.6
Exceptional items (note 3) (£m)	**52.6**	**-**	**52.6**	26.4	-	26.4
Exceptional items – tax credit (note 3) (£m)	**(15.8)**	**-**	**(15.8)**	(5.3)	-	(5.3)
Amortisation of intangibles (net of tax) (£m)	**3.3**	**-**	**3.3**	3.3	-	3.3
Adjusted profit after tax for the financial period (£m)	**109.6**	**-**	**109.6**	123.0	-	123.0
Weighted average number of shares (million)	**879.1**	**5.6**	**884.7**	870.1	7.6	877.7
Earnings per share (pence)	**7.9**	**-**	**7.9**	11.3	(0.1)	11.2
Amortisation adjustment (pence)	**0.4**	**-**	**0.4**	0.4	-	0.4
Exceptional adjustment (pence)	**4.2**	**(0.1)**	**4.1**	2.4	-	2.4
Earnings per share – adjusted (pence)	**12.5**	**(0.1)**	**12.4**	14.1	(0.1)	14.0

	52 weeks ended 30 December 2014		
	Basic	Potentially dilutive share options	Diluted
Profit after tax attributable to equity holders of the parent for the financial period (£m)	206.3	-	206.3
Exceptional items (note 3) (£m)	83.4	-	83.4
Exceptional items – tax credit (note 3) (£m)	(35.5)	-	(35.5)
Amortisation of intangibles (net of tax) (£m)	6.6	-	6.6
Adjusted profit after tax for the financial period (£m)	260.8	-	260.8
Weighted average number of shares (million)	873.2	8.2	881.4
Earnings per share (pence)	23.6	(0.2)	23.4
Amortisation adjustment (pence)	0.8	-	0.8
Exceptional adjustment (pence)	5.5	(0.1)	5.4
Earnings per share – adjusted (pence)	29.9	(0.3)	29.6

An adjusted earnings per share, based on profit for the period before exceptional items and amortisation relating to intangible assets recognised 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 as such shares do not qualify for dividends. The effect of this is to reduce the average number of shares by 0.8m in the 26 weeks ended 30 June 2015 (1 July 2014: 0.4m, 30 December 2014: 0.3m).

9. Bank loans and other borrowings

	30 June 2015 £m	1 July 2014 £m	30 December 2014 £m
Borrowings at amortised cost			
Bank loans	**-**	170.0	50.0
Less: expenses related to bank loans	**(3.4)**	(4.2)	(3.8)
£300m 7.125% Guaranteed Notes due 2016	**300.0**	300.0	300.0
Less: discount on £300m 7.125% Guaranteed Notes due 2016 issued for £297.9m	**(0.5)**	(0.8)	(0.7)
Less: expenses relating to £300m 7.125% Guaranteed Notes due 2016	**(1.0)**	(1.6)	(1.3)
£375m 4.25% Guaranteed Notes due 2020	**375.0**	375.0	375.0
Less: expenses relating to £375m 4.25% Guaranteed Notes due 2020	**(2.8)**	(3.4)	(3.1)
Total Borrowings	**667.3**	835.0	716.1

The gross borrowings, including finance leases, are repayable as follows:			
Amounts due for settlement within one year	**-**	-	-
In the second year	**300.0**	-	300.0
In the third to fifth years inclusive	**375.0**	470.0	50.0
After more than five years	**-**	375.0	375.0
	675.0	845.0	725.0

Bank facilities

At 30 June 2015, the Group had the following bank loan facilities:

1. A committed revolving credit loan facility of £540m provided by a syndicate of banks. At the period-end, £nil of this facility was drawn down. This facility matures in May 2019.
2. An overdraft facility of £5m, of which £nil was drawn down at the period-end.

£540m Revolving Credit Facility

Borrowings under the RCF are unsecured but are guaranteed by the Company and certain of its operating subsidiaries.

Borrowings under the Facility incur interest at LIBOR plus a margin of between 1.25% and 2.50%, determined by the Group's consolidated Net Debt to EBITDA ratio as defined in the loan agreement. A utilisation fee is payable if more than a certain percentage of the loan is drawn. A commitment fee, equivalent to 40% of the margin, is also payable in respect of available but undrawn borrowings under the RCF.

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

Overdraft facility

At 30 June 2015, the Group had an overdraft facility with National Westminster Bank plc of £5m (1 July 2014: £5m; 30 December 2014: £5m). The balance on this facility at 30 June 2015 was £nil (1 July 2014: £nil; 30 December 2014: £nil).

Corporate bonds

£300m 7.12% Guaranteed Notes due 2016

In 2009, the Company issued £300m of seven year bonds which mature in November 2016. These are guaranteed by the Company and by certain of its operating subsidiaries. The bonds carry a coupon of 7.125% but, together with the discount on issue of the bonds, bear an effective interest cost of 7.25%.

£375m 4.25% Guaranteed Notes due 2020

In 2013, the Company issued £375m of seven year bonds maturing in 2020. The bonds bear a coupon rate of 4.25% and are guaranteed by the Company and by certain of its operating subsidiaries.

Finance fees and associated costs incurred on both issues of bonds, together with the discount on the 2009 issue, have been capitalised in the Consolidated Statement of Financial Position and are being amortised over the life of the respective bonds using the effective interest rate method.

10. Notes to the cash flow statement

	26 weeks ended 30 June 2015 £m	26 weeks ended 1 July 2014 (restated) £m	52 weeks ended 30 December 2014 (restated) £m
Profit before interest and tax	**98.6**	148.0	281.8
Adjustments for:			
Share of result of associates	**(1.6)**	0.1	(1.0)
Depreciation of property, plant and equipment	**16.3**	17.6	33.5
Amortisation of intangibles	**76.6**	18.5	85.8
Gain on disposal of property, plant and equipment	**(0.6)**	(1.3)	(1.2)
Cost charged in respect of share remuneration	**3.4**	3.9	7.4
Defined benefit pension cost less cash contributions	**(4.6)**	(4.3)	(9.1)
Fair value movements on investment properties	**0.2**	0.4	0.5
Movement on financial derivatives	**(3.3)**	5.3	1.5
Operating cash flows before movements in working capital:	**185.0**	188.2	399.2
Decrease in inventories	**-**	0.1	0.1
Decrease in receivables	**5.6**	3.0	0.9
Increase in payables	**7.7**	24.0	46.1
Cash generated by operations	**198.3**	215.3	446.3
Income taxes paid	**(18.8)**	(17.0)	(34.5)
Interest paid	**(20.3)**	(22.7)	(43.6)
Net cash from operating activities	**159.2**	175.6	368.2

In previous reporting periods, the Company used profit before interest, tax and exceptional items as the starting position for reporting net cash from operating activities. This presentation has now been revised and the reconciliation begins with profits inclusive of exceptional items. This is a purely presentational change and has no impact upon the measurement or reporting of net cash from operating activities. The comparative figures for the periods ended 30 December 2014 and 1 July 2014 have been restated accordingly.

11. 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 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 £24.6m (26 weeks ended 1 July 2014: £24.2m; 52 weeks ended 30 December 2014: £48.3m) from Satellite Information Services Limited, a subsidiary of the Group's associated undertaking, SIS. At 30 June 2015 the amount due to or from Satellite Information Services Limited by the Group was £nil (1 July 2014 £nil; 30 December 2014: £nil). Purchases were made at market price. Amounts outstanding are unsecured and are settled in cash. No guarantees have been given or received.

Transactions between the Group and key management personnel in the first half of 2015 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 2014. There have been no other material changes to the arrangements between the Group and key management personnel.

12. Events after the reporting period

On 7 August, the Group announced the acquisition of 29% of NeoGames S.A.R.L. ("NeoGames"), a leading online Lottery software and service provider, for a total cash consideration of US$25m. The Group has an option to acquire the remaining 71% of NeoGames, exercisable after three and five years.

Independent review report to William Hill PLC

We have been engaged by the Group to review the condensed set of financial statements in the interim financial report for the 26 week period ended 30 June 2015 which comprises the income statement, the balance sheet, the statement of comprehensive income, the statement of changes in equity, the cash flow statement and related notes 1 to 12. 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 Group 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 Group 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 Group, 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 Conduct 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 Group 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 week period ended 30 June 2015 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 Conduct Authority.

Deloitte LLP
Chartered Accountants and Statutory Auditor
London, United Kingdom
7 August 2015

Glossary and abbreviations

Amortisation	Where operating profit and EPS are adjusted for amortisation, this pertains to amortisation of intangibles recognised in acquisitions.
Amounts wagered (also described elsewhere as turnover or amounts staked)	Amounts wagered does not represent the Group's statutory revenue. It comprises the gross takings receivable from customers in respect of individual bets placed in the period in Retail OTC, Telephone, William Hill US, William Hill Australia and Online sportsbook businesses and net revenue for the period for LBO machines and 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.
Basic, adjusted EPS	Basic, adjusted earnings per share (EPS) is stated before exceptional items and the post-tax impact of amortisation of intangibles recognised in acquisitions.
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. Net revenue is the primary measure for all divisions. 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.
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	Pre-exceptional profit/(loss) before interest and tax, before the amortisation of specific intangible assets recognised on acquisitions.
PBIT	Profit before interest and tax.