Thursday, 4 March 2004

WILLIAM HILL PLC
PRELIMINARY ANNOUNCEMENT OF RESULTS

William Hill (the 'Group') today announces its results for the 52 weeks ended 30 December 2003.

Highlights include the following:

- Turnover up 77% to £5,945.8m (2002 - £3,365.3m) and gross win up 24% to £654.3m (2002 - £527.7m)

- Excellent rates of growth in gross win and operating profit in all three channels – retail, telephone and interactive

- Profit on ordinary activities before finance charges and tax up 43% to £201.7m (2002 - £141.4m before exceptional costs)

- Profit on ordinary activities after tax up 114% to £125.6m (2002 - £58.6m before exceptional costs)

- Basic earnings per share up 78% to 30.0 pence (2002 – 16.9 pence before exceptional costs)

- Interim dividend of 3.5 pence per share and proposed final dividend of 9.0 pence per share (payable 3 June 2004) giving a total dividend up 44% to 12.5 pence per share (2002 – 8.7 pence per share)

- As part of an ongoing review of the options for returning capital to shareholders in the most efficient manner, it is proposed to seek authority from shareholders at the forthcoming Annual General Meeting to repurchase up to 10% of the issued share capital

- Encouraging start to the current trading year with Group gross win up 17% in the eight weeks ended 24 February 2004 over the corresponding period (which did not benefit materially from FOBTs) and double digit growth in all channels

Commenting on these results, Charles Scott, Chairman, said:

> " William Hill has continued to deliver significant profit growth in 2003 and is taking steps to return value to shareholders via an increase in dividends and by seeking authority from shareholders for a share buy back."

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There will be a presentation to analysts at 9.00am today at the Lincoln Centre, 18 Lincoln's Inn Fields, London WC2. Alternatively, it will be possible to listen to the presentation by dialling +44 (0) 1452 561 263. The presentation will be recorded and will be available for a period of one week by dialling +44 (0) 1452 550 000 and using the replay access number 1016181 #. The slide presentation will be available on the Investor Relations section of the website: www.williamhillplc.co.uk.

CHIEF EXECUTIVE'S REVIEW

Each of our three channels has made strong progress in developing its business over the year and is well placed to meet the regulatory and competitive challenges ahead.

Importantly, the business is now very broadly based, having benefited from channel, product and market diversification in recent years.

This is perhaps best illustrated by the growth in remote channels, which has been achieved without cannibalisation of the high street retail business. In 2000, only 14% of the Group's gross win and less than 11% of Group operating profit derived from these channels. In 2003, 22% of gross win and 30% of operating profit came from the remote telephone and interactive businesses in which William Hill enjoys a very strong market position.

Notwithstanding the success of our telephone and interactive businesses, the most significant event to impact this year's performance was the accelerated rollout of fixed odds betting terminals (FOBTs) into the retail estate. These self service terminals give customers access to a variety of numbers betting products.

The Gaming Board of Great Britain (GBGB) initially challenged the legality of these terminals, claiming that they believed them to be gaming machines. After extensive discussions, the GBGB and the Department of Culture, Media and Sport (DCMS) have determined that, with the signing of a Code of Conduct governing the deployment of these terminals, it is no longer in the public interest to pursue the legal challenge.

We naturally welcome this agreement and believe it paves the way for a constructive working relationship, based extensively on self-regulatory codes of conduct, with the future Gambling Commission.

Retail

Turnover was £4,751.8m (up 93%) due to the roll out of FOBTs, that generate significant turnover albeit at low margin, and growth in the traditional over the counter business.

Gross win from FOBTs and Amusement With Prizes machines (AWPs) was £100.5m, up £59.0m, due to the aggressive roll out of FOBTs from April 2003 and despite the loss of some £8.1m of income from AWPs. Some of the growth in this income will also represent substitution from traditional over the counter business albeit not capable of separate quantification. Notwithstanding this substitution effect, gross win on traditional over the counter business grew by 7.4% to £405.1m, driven by a combination of extended opening hours, product innovation and estate development.

At the end of the year we had 3239 FOBTs deployed across the estate, and 2454 AWPs, giving an average density of 3.6 FOBTs/AWPs per licensed betting office (LBO). The average number of FOBTs through the year was 2,400 and for AWPs was 2,700, and the average profitability (after all rental and revenue share costs) for FOBTs was £380 per terminal per week.

Horse racing gross win grew in absolute terms for the first time in four years, and the share represented by bets on greyhound racing remained steady at 21% of total gross win. Virtual racing (horseracing and greyhounds) products grew significantly following their introduction in May 2002. Gross win on football business was flat excluding the impact of the World Cup in 2002.

We finished the year with 1,586 LBOs, a net increase of seven units over the year. During the year, we opened 13 new LBOs, resited 28 shops to improved locations and extended a further 14 units. The average shop size of all of these developments was considerably above the estate average, with over 1000 square feet of customer area (estate average c.600 square feet). A further 70 shops benefited from more minor facelift improvements.

Costs incurred by the retail channel increased by £21.6m (10%) compared to the corresponding period driven by a combination of increased activity, such as extended trading and the increase in the number of betting opportunities, and normal inflationary pressure. Of the total increase, £10.3m related to increases in staff costs, of which £4.4m related to the costs associated with extended opening, £3.2m reflected inflation-related pay increases, and £2.5m related to management bonuses. A further £5.7m related to increases in property costs, including £2.2m for the installation of FOBTs. Machine rentals (for FOBTs and AWPs) and the cost of the related communications network increased by £2.5m. The cost of pictures and audio supplied by SIS increased by £1.7m as a consequence of the new agreement reached in May 2002 and the additional horseracing and other products provided during the year.

Work continued throughout the year on defining our requirements for an electronic bet capture and settlement (EPOS) till system and for replacement of text systems that deliver audio-visual information to customers in LBOs. We fully expect to be in a position to award key contracts in support of these programmes during the first half of 2004. Based on our work to date, we expect our technology programme to cost £40m to £50m over the next three years, and to result in operating costs of £3m in 2004.

Telephone

Telephone is our most mature channel, and is also the business that faces most competition, from a combination of increased call centre capacity amongst traditional competitors, but also from new entrants, including betting exchanges, into remote gambling.

Against this background an 11% increase in gross win to £56.5m is a very creditable achievement. Growth in football gross win has been strong with the most significant new product contributing to this increase being "betting in running" on major televised football events.

Horseracing is still the main sport for betting via the telephone, and our continuing dominance of this channel reflects the strength of our brand amongst more sophisticated, higher staking racing clientele.

Tight cost control meant that all of this increase dropped through to the bottom line and the division generated operating profit of £22.2m (up 28%).

Interactive

The interactive channel includes our online sportsbook and arcade, casino and poker sites, and wireless Internet (WAP) and interactive television businesses.

Gross win from these operations grew by 55% to £84.9m. The fixed cost nature of this business meant that a high proportion of the increase fed through to the bottom line and operating profit increased 81% to £37.1m.

In the early part of the year, the sportsbook and arcade business was relatively flat as we shifted our marketing focus from the Far East to selected European markets, and as the first half of 2002 included the World Cup. During the second half of the year, this part of the business generated significant gross win growth as new markets were penetrated and new arcade games proved popular with customers.

The change in market focus has also resulted in a change to the underlying sports products. Football, which was by far the dominant product in the Far East, now represents only 31% of channel gross win, and the increase in UK business has resulted in growth in horse racing, now 36% of channel gross win.

Different overseas markets demonstrate different propensities to bet on other sports which is why 19% of online gross win is from non core sports, significantly more than either telephone or retail. The progressive launch of four arcade products throughout the year helped numbers betting to grow to 7% of channel gross win.

The online casino benefited from the introduction in January 2003 of person to person poker and later in the year dedicated language sites which significantly boosted growth. Despite very significant competition (estimates range from 1400 to over 3000 online gaming sites), the evidence is that customers prefer to conduct their online business with the strongest brand names, so we remain confident of our ability to retain market share.

Mobile Internet and interactive television continue to be small parts of this business. Both are to some extent constrained by the immaturity of the underlying technology, and also by the aspirations of service providers. During 2004, we expect some relaxation in these factors and anticipate that these elements of our interactive offering will grow at a faster rate.

Costs increased by £8.4m (39%) as the businesses promoted its enhanced offering and provided incentives to customers that in turn led to growth in gross win. Marketing and promotional costs increased by £4.4m and the costs of managing and processing client funds increased by £2.6m.

The majority of income was earned from UK domiciled clients, a situation which was exacerbated by the rapid slow down in revenues from Far Eastern markets following the outlawing of internet gambling by Hong Kong and subsequent banning of gambling transactions by many credit card issuers.

Protectionism is also rife in some European markets, notably Holland, Germany and Italy. In the wake of the Gambelli decision in the European Court of Justice, we are strongly lobbying the European Commission to ensure enforcement of unrestricted cross border trading. We have voluntarily stopped taking sportsbook bets from these jurisdictions, just as we do not accept sportsbook bets from US domiciled customers. We remain of the view that we are operating legally in the UK and that the responsibility for complying with other countries' laws rests with the customer.

We will continue to make country specific judgements regarding accepting online business balancing the size of the opportunity against the potential costs associated with defending our position.

Cost of content

The commercial arrangement with the British Horseracing Board (BHB) for the use of data came into force in 2002 and is mirrored in the horseracing levy. Due to uncertainty surrounding the future governance of British horse racing given the ongoing Office of Fair Trading (OFT) review, the government has announced that the levy will continue for at least one more year until September 2006. We do not anticipate any attempt to increase the cost of data during this period.

The betting industry has commercial arrangements in place with all 59 British race tracks for the provision of horse racing pictures in LBOs. 49 of these tracks have a contract in place until December 2004. The industry is in active individual negotiations with a number of these tracks with a view to agreeing a new arrangement. To date, a number of new contracts have been signed resulting in some two-thirds of the current fixture list being covered until at least the end of 2007. The new contracts place greater emphasis on the provision of betting friendly racing. We are therefore confident of our ability to continue to provide coverage of horse racing without material cost increases.

Our agreement with the football leagues for football betting runs for LBOs until the end of the 2005/6 season, and for remote channels until the end of the 2003/4 season. Any attempt to increase payments to the football leagues beyond normal economics will of course be strongly contested, and we do not anticipate material increases.

The betting industry, via Bookmakers' Afternoon Greyhound Services Limited, has agreements in place for afternoon greyhound meetings (that comprises 95% of bets taken on greyhound racing) through to December 2005. Whilst there remains some pressure for an increase in the voluntary levy for the greyhound industry, we do not anticipate a major increase in our overall costs.

Competition issues

The OFT continues its "root and branch" review of the rules of racing. With the exception of an investigation into the compilation and dissemination of computer forecast formulae, the focus of the OFT is not on bookmakers. As regards the investigation into forecast formulae, the Association of British Bookmakers (ABB) is responding fully with ongoing investigations and we do not envisage any outcomes materially detrimental to the Group.

On the high street, we continue to compete with the other large national multiples, as well as with various smaller local independents. There has been some evidence of an increase in competition for new licences as some magistrates have relaxed their interpretation of the ‘demand criteria’ in anticipation of regulatory modernisation. However, we continue to enjoy success in contesting applications for new licences by competitors, and to win new licences ourselves.

In our telephone and interactive businesses we face a range of competition from traditional domestic fixed odds bookmakers, global online gaming providers, and providers of niche betting services such as spread betting and betting exchanges. Whilst it is impossible to measure accurately market share in these businesses, the level of growth we have experienced, despite such competition, gives us confidence that we are more than holding our own.

Regarding exchanges, we are disappointed that neither DCMS nor Customs & Excise have changed their stance regarding the licensing and taxing of layers, but we continue to lobby and are hopeful that the current process of pre-legislative scrutiny in connection with the draft Gambling Bill will result in a more constructive indication of future government policy in this area.

Regulatory development

Clauses of the draft Gambling Bill are currently being reviewed by the all party scrutiny committee under the chairmanship of John Greenway. We continue to lobby as regards the timing and content of this legislation.

Business development

We have now fully integrated our two greyhound stadia, Sunderland and Brough Park, and are very pleased with the performance of both. Between them they contributed £1.6m to trading profit, despite the latter only being under Group ownership since March 2003.

We have also fully integrated the H&K LBO chain, which is also delivering profitable growth in line with our aspirations at the time of its acquisition. We remain interested in acquiring LBOs that meet our strict return on investment targets.

We keep an open mind as to the potential for horizontal diversification into other forms of gambling, or further vertical integration, and continue to evaluate opportunities as they arise.

Share buy back

We are committed to maintaining the efficiency of the Group’s balance sheet, and to maximising value creation for shareholders. Accordingly, we maintain under constant review our options for returning surplus capital to shareholders in the most efficient manner. In this context, the Group intends to seek authority from shareholders at the forthcoming Annual General Meeting to buy back up to 10% of the issued share capital.

Current trading

The current year has got off to an encouraging start.

In the eight weeks ended 24 February 2004, the Group's gross win was up 17% against the corresponding period with all three channels achieving double digit rates of growth. Roughly half of the total increase is attributable to the net movement in gross win derived from FOBTs and AWPs. The FOBT roll out accelerated from April 2003 and will become less of a factor in driving gross win growth later this year.

The Group's operating expenses were up 13% over the corresponding period primarily as a result of normal inflationary pressures across the Group, and within the Retail business higher staff costs consistent with the strategy of extended trading in the LBOs.

Each of the three channels is well positioned relative to the competition and has a clear strategy designed to deliver sustainable profit growth in the current year.

William Hill PLC

Consolidated Profit and Loss Account
for the 52 weeks ended 30 December 2003

	Notes	**52 weeks ended 30 December 2003 £m**	52 weeks ended 31 December 2002 £m
Turnover	1	**5,945.8**	3,365.3
Cost of sales		**(5,434.7)**	(2,949.3)
Gross profit	1	**511.1**	416.0
Net operating expenses		**(312.3)**	(297.1)
Operating profit before operating exceptional items	1	**198.8**	139.0
Operating exceptional items		**-**	(20.1)
Operating profit	1	**198.8**	118.9
Share of associate's operating profit		**2.9**	2.4
Profit on ordinary activities before finance charges		**201.7**	121.3
Net interest payable	2	**(29.2)**	(89.6)
Other finance (charges)/income		**(1.7)**	0.7
Profit on ordinary activities before tax		**170.8**	32.4
Tax on profit on ordinary activities	3	**(45.2)**	(11.2)
Profit on ordinary activities after tax for the financial period		**125.6**	21.2
Dividends proposed and paid	4	**(52.2)**	(36.3)
Retained profit/(loss) for the financial period		**73.4**	(15.1)

Earnings per share (pence)			
Basic	5	**30.0**	6.1
Adjusted (basic)	5	**30.0**	16.9
Diluted	5	**29.6**	6.1

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

Consolidated Statement of Total Recognised Gains and Losses
for the 52 weeks ended 30 December 2003

	52 weeks ended 30 December 2003 £m	52 weeks ended 31 December 2002 £m
Profit for the financial period	**125.6**	21.2
Actuarial loss recognised in the pension scheme	**(3.7)**	(36.6)
Deferred tax attributable to actuarial loss	**1.1**	11.0
Currency translation differences on foreign currency net investments	**0.1**	0.1
Total recognised gains and losses relating to the period	**123.1**	(4.3)

William Hill PLC

Consolidated Balance Sheet
as at 30 December 2003

	Notes	**30 December 2003 £m**	31 December 2002 £m
Fixed assets			
Intangible assets - goodwill		**732.3**	728.9
Tangible assets		**101.0**	99.0
Investments		**3.6**	4.4
		836.9	832.3
Current assets			
Stocks		**0.4**	0.3
Debtors: amounts recoverable within one year		**15.7**	14.1
Debtors: amounts recoverable after one year		**6.2**	3.0
Cash at bank and in hand		**46.4**	44.6
		68.7	62.0
Creditors: amounts falling due within one year		**(187.1)**	**(145.5)**
Net current liabilities		**(118.4)**	(83.5)
Total assets less current liabilities		**718.5**	748.8
Creditors: amounts falling due after more than one year		**(366.6)**	(470.3)
Share of net liabilities of associate		**-**	(1.2)
Net assets excluding pension liability		**351.9**	277.3
Pension liability		**(31.7)**	(28.0)
Net assets including pension liability		**320.2**	249.3

	Notes	**30 December 2003 £m**	31 December 2002 £m
Capital and reserves			
Called-up share capital		**42.2**	42.2
Share premium account		**311.3**	311.3
Merger reserve		**(26.1)**	(26.1)
Other reserves		**2.1**	2.1
Profit and loss account		**(9.3)**	(80.2)
Equity shareholders' funds	6	**320.2**	249.3

William Hill PLC

Consolidated Cash Flow Statement

for the 52 weeks ended 30 December 2003

	Notes	**52 weeks ended 30 December 2003 £m**	52 weeks ended 31 December 2002 £m
Net cash inflow from operating activities		**224.5**	137.3
Dividends from associate		**-**	5.7
Returns on investments and servicing of finance		**(22.4)**	(48.4)
Taxation		**(21.7)**	(9.5)
Capital expenditure and financial investment		**(18.5)**	(20.4)
Acquisitions		**(4.9)**	(20.8)
Equity dividends paid		**(38.8)**	(12.1)
Net cash inflow before financing		**118.2**	31.8
Financing		**(116.4)**	(92.0)
Increase/(decrease) in cash in the period		**1.8**	(60.2)

Notes to the Financial Statements

for the 52 weeks ended 30 December 2003

1. Segmental information

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

Segmental information by distribution channel is shown below:

	52 weeks ended 30 December 2003 £m	52 weeks ended 31 December 2002 £m
Turnover		
- Retail	**4,751.8**	2,460.4
- Telephone	**570.5**	489.1
- Interactive	**592.6**	389.3
- Other activities	**30.9**	26.5
	5,945.8	3,365.3
Gross win		
- Retail	**505.6**	418.9
- Telephone	**56.5**	50.9
- Interactive	**84.9**	54.9
- Other activities	**7.3**	3.0
	654.3	527.7
Operating profit		
- Retail	**152.4**	111.9
- Telephone	**22.2**	17.3
- Interactive	**37.1**	20.5
- Other activities	**0.9**	0.8
- Central costs	**(13.8)**	(11.5)
	198.8	139.0
- Exceptional costs incurred on the flotation of the Company	**-**	(20.1)
	198.8	118.9
Net assets/(liabilities)		
- Retail	**59.5**	63.3
- Telephone	**(0.5)**	1.4
- Interactive	**1.4**	(0.7)
- Other activities	**6.9**	4.1
- Corporate	**252.9**	181.2
	320.2	249.3

The retail distribution channel comprises all activity undertaken in LBOs including AWPs and FOBTs. Other activities include on-course betting and greyhound stadia operations.

The directors believe that gross win and operating profit are more important performance metrics than turnover.

Net assets/(liabilities) have been allocated by segment where assets and liabilities can be identified with a particular channel. Corporate net assets include goodwill, corporation and deferred tax, net borrowings, pension liability and dividends payable as well as any assets and liabilities that cannot be allocated to a particular channel other than on an arbitrary basis.

Turnover and operating profit amounting to £2.3m and £0.5m respectively have been consolidated into these results in respect of Team Greyhounds (Brough Park) Limited which was acquired by the Group on 3 March 2003.

1. Segmental information (continued)

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

	52 weeks ended 30 December 2003 £m	52 weeks ended 31 December 2002 £m
Gross win	**654.3**	527.7
GPT, duty, levies, VAT and other cost of sales	**(143.2)**	(111.7)
Gross profit	**511.1**	416.0

2. Net interest payable and similar charges

	52 weeks ended 30 December 2003 £m	52 weeks ended 31 December 2002 £m
Interest receivable:		
Interest receivable	**1.6**	2.7
Share of associate's net interest receivable	**-**	0.2
Interest payable and similar charges:		
Interest on bank loans and overdrafts	**(28.7)**	(26.2)
Interest on guaranteed unsecured loan notes 2005	**(0.3)**	(0.1)
Interest on high yield bonds	**(0.3)**	(7.9)
Interest on unsecured loan notes 2009	**-**	(27.1)
Share of associate's net interest payable	**(0.1)**	-
Amortisation of finance costs	**(1.4)**	(2.2)
	(29.2)	(60.6)
Exceptional interest costs incurred on the refinancing of the Group	**-**	(29.0)
Net interest payable	**(29.2)**	(89.6)

3. Tax on profit on ordinary activities

The tax charge comprises:

	52 weeks ended 30 December 2003 £m	52 weeks ended 31 December 2002 £m
UK corporation tax at 30%	**50.3**	11.9
UK corporation tax – prior periods	**(0.8)**	-
Consortium relief receivable – prior periods	**(1.1)**	(1.5)
Overseas tax	**(0.2)**	-
Share of associated undertaking tax charge	**0.8**	0.5
Total current tax charge	**49.0**	10.9
Deferred tax – origination and reversal of timing differences	**(3.8)**	0.3
Total tax on profit on ordinary activities	**45.2**	11.2

The effective tax rate in respect of ordinary activities before exceptional items was 26.5% (52 weeks ended 31 December 2002 – 28.1%). The tax charge is lower than the statutory tax rate of 30% mainly due to a deferred tax credit and adjustments in respect of prior years.

4. Dividends proposed and paid

	52 weeks ended 30 December 2003 £m	52 weeks ended 31 December 2002 £m
Equity shares:		
- interim dividend paid	**14.6**	12.1
- final dividend proposed/paid	**37.6**	24.2
	52.2	36.3
Dividend per ordinary share (pence)	**12.5**	8.7

The interim dividend of 3.5p (52 weeks ended 31 December 2002 – 2.9p) was paid on 4 December 2003. The proposed final dividend of 9.0p (52 weeks ended 31 December 2002 – 5.8p) will be paid on 3 June 2004 to all shareholders on the register on 7 May 2004.

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

5. Earnings per share

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

	52 weeks ended 30 December 2003 £m	52 weeks ended 31 December 2002 £m
Profit after tax for the financial period	**125.6**	21.2
Exceptional items – operating items	**-**	20.1
Exceptional items – interest	**-**	29.0
Exceptional items – taxation	**-**	(11.7)
Profit after tax for the financial period before exceptional items	**125.6**	58.6

	Number (m)	Number (m)
Basic weighted average number of shares	**418.7**	347.6
Dilutive potential ordinary shares:		
Employee share awards and options	**5.3**	1.7
Dilutive weighted average number of shares	**424.0**	349.3

The basic weighted average number of shares excludes shares held by The William Hill Holdings 2001 Employee Benefit Trust, as required by FRS 14 'Earnings per share'. The effect of this is to reduce the average number of shares in the 52 weeks ended 30 December 2003 by 4.4m (52 weeks ended 31 December 2002 – 5.4m).

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

6. Reconciliation of movements in equity shareholders' funds

	30 December 2003 £m	31 December 2002 £m
Profit for the financial period	**125.6**	21.2
Other recognised gains and losses relating to the period (net)	**(2.5)**	(25.5)
	123.1	(4.3)
Dividends	**(52.2)**	(36.3)
Issue of share capital including share premium	**-**	340.0
Redemption of preference shares	**-**	(1.0)
Share issue costs	**-**	(12.7)
Shares to be issued	**-**	2.1
Profit on sale of shares realised by Employee Benefit Trust	**-**	2.2
Net addition to equity shareholders' funds	**70.9**	290.0
Opening equity shareholders' funds/(deficit)	**249.3**	(40.7)
Closing equity shareholders' funds	**320.2**	249.3

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

	52 weeks ended 30 December 2003 £m	52 weeks ended 31 December 2002 £m
Operating profit	**198.8**	118.9
Depreciation	**18.4**	16.7
Profit on sale of fixed assets	**-**	(0.1)
Amortisation of EDIP and LTIP	**1.6**	0.7
Increase in debtors	**(1.5)**	(2.6)
Increase in creditors	**7.2**	0.8
Cost of shares to be issued	**-**	2.1
Defined benefit pension cost less cash contributions	**-**	0.8
Net cash inflow from operating activities	**224.5**	137.3

The Brough Park acquisition contributed £0.6m to net cash inflow from operating activities in the period between 3 March 2003 (date of acquisition) and 30 December 2003. No other significant cash flows were created by this acquisition in this period.

8. Analysis of cash flows

	52 weeks ended 30 December 2003 £m	52 weeks ended 31 December 2002 £m
Returns on investments and servicing of finance:		
Interest received	**1.6**	2.7
Interest paid	**(24.0)**	(36.9)
Exceptional interest cash outflow	**-**	(14.2)
Net cash outflow	**(22.4)**	(48.4)
Capital expenditure and financial investment:		
Purchase of fixed assets	**(18.8)**	(20.8)
Sale of tangible fixed assets	**0.3**	0.4
Net cash outflow	**(18.5)**	(20.4)
Acquisitions:		
Purchase of subsidiary undertaking	**(5.7)**	(21.7)
Net cash acquired with subsidiary undertaking	**0.8**	0.9
Net cash outflow	**(4.9)**	(20.8)
Financing:		
Issue of ordinary shares	**-**	340.0
Expenses of issue of ordinary shares	**-**	(12.7)
Redemption of preference shares	**-**	(1.0)
Sale proceeds of Employee Benefit Trust share sale	**-**	5.2
New borrowings net of finance costs	**-**	519.0
Loan facilities repaid	**(116.4)**	(942.5)
Net cash outflow	**(116.4)**	(92.0)

9. Analysis and reconciliation of net debt

	1 January 2003 £m	Cash flow £m	Acquisitions (excluding cash and overdrafts) £m	Other non-cash items £m	**30 December 2003 £m**
Analysis of net debt					
Cash at bank and in hand	44.6	1.8	-	-	**46.4**
Debts due within one year	(55.7)	11.4	(1.6)	-	**(45.9)**
Debts due after more than one year	(470.3)	105.0	-	(1.3)	**(366.6)**
Total	(481.4)	118.2	(1.6)	(1.3)	**(366.1)**

Other non-cash items of £1.3m comprise amortised debt issue costs.

	52 weeks ended 30 December 2003 £m	52 weeks ended 31 December 2002 £m
Increase/(decrease) in cash in the period	**1.8**	(60.2)
Cash outflow from decrease in net debt	**116.4**	423.4
Change in net debt resulting from cash flows	**118.2**	363.2
Loans acquired	**(1.6)**	-
Issue of guaranteed unsecured loan notes 2005 to acquire The Regal Sunderland Stadium Limited	**-**	(8.4)
Accrued interest on unsecured loan notes 2009	**-**	(27.1)
Debt issue costs written off and amortised	**(1.3)**	(17.0)
	115.3	310.7
Opening net debt	**(481.4)**	(792.1)
Closing net debt	**(366.1)**	(481.4)

10. Basis of preparation

The financial information set out above does not constitute the Company's statutory accounts for the 52 week period ended 30 December 2003 or the 52 week period ended 31 December 2002, but is derived from those accounts. Statutory accounts for the 52 week period ended 31 December 2002 have been delivered to the Registrar of Companies and those for the 52 week period ended 30 December 2003 will be delivered following the Company's Annual General Meeting. The auditors have reported on those accounts and their reports were unqualified and did not contain statements under section 237(2) or (3) Companies Act 1985.

The financial information within this preliminary announcement has been prepared on the basis of the accounting policies in the Group’s statutory accounts for the 52 weeks ended 31 December 2002. The preliminary results should therefore be read in conjunction with the 2002 report and accounts.