Tuesday, 1st August 2006

WILLIAM HILL PLC
ANNOUNCEMENT OF INTERIM RESULTS

William Hill PLC (the 'Group') today announces its results for the 26 weeks ended 27 June 2006 ('the period').

Highlights include the following:

- Gross win up 24.8% to £478.3m (2005: £383.4m)

- Profit on ordinary activities before finance charges and exceptional items up 29.8% at £160.0m (2005: £123.3m)

- Cash generated from operations before tax and interest up 45.1% to £193.9m (2005: £133.6m), which represents 121.2% of operating profit

- Basic earnings per share (EPS) pre exceptionals up 32.8% to 25.5 pence (2005: 19.2 pence) and basic EPS post exceptionals up 48.3% on the comparative period (2005: 17.2 pence)

- Interim dividend up 18.9% to 7.25 pence per share (2005: 6.1 pence per share) payable on 5 December 2006 to shareholders on the register on 3 November 2006

- The Group has purchased 29m shares for £167.2m via on-market share buy-backs between July 2005 and June 2006. The Group has arranged a new additional debt facility of £250m and a further £150m-£225m of share buy-backs is targeted for completion by the end of 2007. This would increase the total buy-back programme from the previously announced target of £200m - £300m, to circa £320m - £400m.

- The Group estimates that the World Cup generated a total gross win of £17.5m across all three channels and that £10.7m of this arose in the period ended 27 June 2006

- William Hill has signed a memorandum of understanding with the Spanish gaming group Codere. The parties plan to create a joint venture to develop a sports betting business in Spain, subject to the joint venture receiving the relevant licences once regulation is passed

- In the four weeks to 25 July 2006, the Group's gross win has increased by 13.3% in line with management expectations as the period includes the completion of the World Cup and some weak comparators for 2005. For the year as a whole, the Board remains comfortable with consensus expectations

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

“The Group has seen strong profit growth in the period, with profit before finance charges and exceptional items 29.8% higher than last year. The Group has successfully integrated the Stanley Retail business and is on course to deliver the £20m of synergy and other benefits forecast at the end of 2005 for this acquisition.

We remain confident of the Group’s future prospects and are committed to delivering value to shareholders. The Board has resolved to increase the interim dividend by 18.9% to 7.25p per share and remains committed to its programme of share buy-backs. Having already completed £167.2m share repurchases out of the proposed buy-back programme of £200m-£300m announced in September 2005, we are now increasing our target to £320m to £400m”.

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There will be a presentation to analysts at 9.00 am today at the Lincoln Centre, 18 Lincoln’s Inn Field, London WC2. Alternatively, it is 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 3534469#.

The slide presentation will be available on the Investor Relations section of the website: www.williamhillplc.co.uk.

CHIEF EXECUTIVE'S REVIEW

The Group has produced a strong profit performance in the first half of 2006, leveraging the benefits of the Stanley Retail acquisition, which was completed in June last year. Strong performances from FOBTs and poker and the group stages of the World Cup, have boosted year-on-year gross win growth while operating expenses have been kept under tight control. Consequently, profit on ordinary activities before taxation and exceptional items was up 22.9% to £133.5m (2005: £108.6m) and earnings per share were 25.5p, a rise of 32.8% (after adjusting for last year's exceptional items) compared to the first half of 2005.

We have continued to invest in our business across all channels. Within the Retail estate, we have continued the development of our existing estate and have completed the replacement of text systems and electronic point of sale (EPOS) terminals within the Stanley Retail estate. The whole Retail estate now operates on identical operating systems and procedures. We have made good progress on the three-year programme to update our core bookmaking systems, started last year. We remain confident that this investment in our technology infrastructure will significantly improve the efficiency of our operations and will give us the flexibility to introduce more quickly new betting opportunities across all of our channels.

Retail channel

The Retail channel grew gross win by 29.4% to £374.4m (3.7% excluding Stanley Retail) and pre-exceptional profit increased by 39.4% to £124.1m (8.9% excluding Stanley Retail).

Within the original William Hill estate, excluding Stanley Retail, total gross win increased by 3.7%. In this part of the estate, gross win from over the counter (OTC) and amusement with prizes machines (AWPs) fell by 1.3% and 45.2%, respectively, but this was more than compensated for by an increase in FOBT gross win of 17.1%.

LBOs in the Stanley Retail estate performed better year-on-year in the period than those in the original William Hill estate with total gross win growing by 4.5%. FOBT gross win grew by 26.9% and OTC gross win showed a small 1.1% increase. These more than offset a 37.6% drop in AWP gross win.

The average number of FOBTs in the original William Hill estate increased to 6,033 (FY 2005: 5,892) in the period and in the Stanley Retail estate the average number of FOBTs was 1,554 compared to 1,539 in the second half of last year. The average net profit per machine per week in the William Hill estate was £493 (FY 2005: £402) in the first half and in the Stanley Retail estate was £348 (second half of 2005: £287). The improved profitability in the William Hill estate was due to a combination of greater gross win per machine and better contractual terms with our main FOBT supplier Leisure Link, which were effective from May 2005. The Stanley Retail estate's improved profitability is driven by similar factors. However, the imposition of Amusement Machine Licence Duty in August 2006 will adversely affect average profitability of each terminal in the second half of the year.

The average number of AWPs traded in the period fell to 292 in 2006 (FY 2005: 353) within the William Hill estate. In the Stanley Retail estate, the average number traded also fell from 386 AWPs in the second half of last year to 336 in the first half of this year.

Non-exceptional costs in the channel were up 28.7% (4.2% excluding Stanley Retail). Excluding Stanley Retail, there were minimal increases in staff costs due to reduced overtime and premium payments under the new shop staff employment contracts and productivity improvements resulting from the investment in EPOS. FOBT rentals fell due to more favourable contractual terms, which are exclusively profit-share based, and AWP rentals fell due to the reduction in the number of machines in the estate. Savings were also made due to a higher portion of VAT expense being recoverable following the change in tax regime for FOBTs. These savings were offset by increased provisions for staff bonuses; increases in rent and rates due to increased shop numbers and rent reviews; higher energy costs reflecting general market conditions; a recharge for WHTV, which is being trialed in the LBOs; and depreciation and maintenance charges as a result of introducing new text and EPOS systems.

We completed 83 development and shop fitting projects during the first half including 14 new licences, 30 extensions and resites and 39 shop fittings. Overall, we spent £17.9m on estate development in the first half of the year.

At 27 June 2006, we had 2,135 LBOs in the United Kingdom, 9 in the Channel Islands, 2 in the Isle of Man and 52 in the Republic of Ireland; a total of 2,198.

We have introduced the capability to take a wider range of Tote Direct bets across the estate, which has been favourably received by our customers. We also completed the rollout of our new text system and an

EPOS system throughout the Stanley Retail estate during the period and the entire estate has been running on identical systems since the end of March.

Telephone channel

Telephone gross win grew by 4.5% to £29.9m but operating profit fell 17.9% to £6.4m.

The channel benefited from the World Cup and football betting in general as well as more normal horseracing results including a good result from the Grand National.

Costs in the channel were up 21.4% principally due to higher marketing spend, a higher allocation of Information System costs and an increase in staff bonus provisions.

We ended the half-year with 167,000 active telephone customers (27 December 2005: 174,000).

Interactive channel

Interactive gross win increased 14.2% to £70.7m and operating profit grew 13.2% to £35.9m.

Growth in gross win was seen across all major products. The strongest growth was in poker, which increased 44% during the period, although the rate of growth moderated during the World Cup. Both the casino and arcade have continued to experience strong growth, boosted by the introduction of new games and advertising.

We continue to expand our range of in-running betting opportunities on our sportsbook and we launched 6 new arcade games during the period that expanded our offering to 16 games.

We are engaged in a trial broadcast of Channel 854 (WH TV) content into our betting shops and we will finish evaluating the benefits of the Channel 854 shop broadcast in the second half of 2006.

Total active accounts increased to 395,000 as at 27 June 2006 (27 December 2005: 341,000).

Costs in the channel increased 13.5% mainly due to higher marketing spend and an increase in staff bonus provisions.

Operating expenses

Half-year expenses (net of operating income) for the Group were £221.2m, an increase of 25.8% (5.1% excluding Stanley Retail).

Excluding Stanley Retail, staff costs (which represented roughly half of our total costs) increased 6.9% in the period mainly reflecting provisions for profit based incentive schemes. Excluding these provisions from this period and the comparative period, staff costs have risen by only 0.4% reflecting an inflationary pay award partly offset by the new staffing contract introduced into the Retail estate last year and the improvement in productivity as a result of the rollout of EPOS. Property costs, which represented 16.0% of our total costs, were up 9.8% over the comparable period reflecting increases in rent and rates, in part driven by an increase in average shop size and an increase in the number of shops, as well as higher energy costs.

Depreciation and equipment maintenance costs increased 35.5% with the rollout of EPOS and text systems along with the supporting technology, although this was offset by staff costs savings. The cost of providing pictures and data to our LBOs was up 4.7% over the comparable period due to the size of the estate and price increases. Advertising and marketing costs, including the cost of casino bonus cash payments that are expensed in arriving at gross profit, were up 32.7% over the comparable period reflecting World Cup and other more general web-based advertising and promotions.

Other cost increases relate to our ongoing investment in information technology, EPOS capabilities and core bookmaking systems. All expenditure on information technology continues to be subject to rigorous cost benefit analysis and is tightly managed through formalised project and programme management systems.

Stanley acquisition

The integration of the Stanley Retail estate was completed by the end of March 2006 in accordance with the plans we drew up last year. Key tasks achieved in the period were the completion of the re-branding of the shops, installation throughout the Stanley estate of the same version of EPOS and audio-visual text systems already deployed in the William Hill estate and the closure of the Stanley Retail head office. We remain confident that the acquisition will deliver the synergies and other benefits of £20m we forecast at the end of last year. This compares with the original estimated synergies at the time of the acquisition of £13m.

Regulatory development

Following the passing by Parliament of the 2005 Gambling Act, the Gambling Commission has initiated its work in ensuring that its rules and regulations will be fit for purpose in preparation for when the Act becomes enforceable in 2007.

We will continue to work with our trade associations to assist the Gambling Commission to develop appropriate and proportionate regulations in this area and we look forward to the proposed deregulation that the Gambling Commission will eventually introduce, such as extended betting shop opening hours and the installation of higher payout gaming machines.

International activities

William Hill has signed a memorandum of understanding with the Spanish gaming group Codere. The parties plan to create a joint venture to develop a sports betting business in Spain, subject to the joint venture receiving the relevant licences once regulation is passed. Spain is one of the largest gambling markets in Europe, and several of Spain's regions are now developing legislation to regulate sports betting, allowing the establishment of land-based businesses. It is widely anticipated that the first of these regions will license sports betting in the next few months.

Codere is a Spanish company dedicated to the private gaming sector in Europe and Latin America. With more than 25 years experience, it operates slot machines, bingo halls, sports betting outlets, racetracks and casinos in Spain, Italy, Central and South America.

Dividends and capital structure

The Company will pay an interim dividend of 7.25 pence per share (2005: 6.1 pence per share) on 5 December 2006 to shareholders on the register on 3 November 2006. The 18.9% increase in the proposed interim dividend reflects the positive trading in the first half of 2006 and our confidence about the Group's future prospects.

Following the acquisition of Stanley Retail in June 2005 the Board considered the optimal capital structure and financing arrangements for William Hill as a public company. In September 2005, the Board announced it intended to maintain an efficient and flexible capital structure and would achieve these objectives by targeting a ratio of net debt to earnings before exceptional items, interest, tax, depreciation and amortisation (EBITDA) of approximately 3.5 times to be achieved over the medium term. The Board also announced that consistent with this target, it expected to return £200m – £300m within an 18 month period. By the end of June 2006, £167.2m had been returned by means of on-market share buy-backs.

The Board reconfirms its commitment to maintaining an efficient and flexible capital structure and its target net debt to EBITDA ratio of approximately 3.5 times to be achieved using a combination of dividend payments and share buy-backs. A new five-year bank facility of £250m has been arranged to underpin this objective. The net debt to EBITDA ratio at the period end was 3.1 times. The Board has targeted to return £150m-£225m in further share buy-backs by the end of 2007. This would increase the total buy-back programme from the previously announced target of £200m - £300m, to circa £320m - £400m.

Adoption of International Financial Reporting Standards (IFRS)

The Group has prepared its interim statements for the 26 week period ended 27 June 2006 using accounting policies consistent with IFRS.

The main impacts of the IFRS adoption are set out in note 11 of the financial information. As previously indicated, the impact on Group profitability is negligible and the adjustment to the balance sheet reflect primarily timing differences on the recognition of dividends and the presentation of goodwill, intangible assets and deferred tax balances.

In addition to these differences, there is a further presentational issue related to IFRS that impacts the financial information. Sportsbook bets have many of the characteristics of a derivative transaction as defined by IAS 39 'Financial Instruments: Recognition and Measurement' and consequently the Group has accounted for them under the provisions of that accounting standard. The main effect of this is that the amount recognised as revenue/turnover is now the profit and loss of trading those sportsbook bets rather than the amount originally staked. This is quite close to the gross win as previously disclosed by the Group except for a difference in respect of the treatment of VAT levied on FOBTs and AWPs. To prevent distortions in the year-on-year growth rates achieved by the Group, we have continued to disclose gross win in the above commentary as previously defined.

The following is a reconciliation for the three periods presented between gross win and revenue as disclosed in the attached financial information:

	26 weeks to 27 June 2006	26 weeks to 28 June 2005	52 weeks to 27 Dec 2005
	£m	£m	£m
Gross win	478.3	383.4	807.7
VAT on AWPs and FOBTs	(18.1)	(0.4)	(2.4)
Revenue	460.2	383.0	805.3

Current trading

In the four weeks to 25 July 2006, the Group's gross win has increased by 13.3% in line with management expectations as the period includes the completion of the World Cup and some weak comparators for 2005. For the year as a whole, the Board remains comfortable with consensus expectations.

The Group estimates that the World Cup generated a total gross win of £17.5m across all three channels, of which £10.7m was included in the first half of the year and £6.8m will be included in the second half. We estimate that roughly half of the gross win generated by this competition represented substitution of betting on other sports events.

William Hill PLC

Consolidated Income and Expense Statement

for the 26 weeks ended 27 June 2006

	Notes	**Unaudited 26 weeks ended 27 June 2006 £m**	Unaudited 26 weeks ended 28 June 2005 £m	52 weeks ended 27 December 2005 £m
Amounts wagered	2	**6,561.0**	5,054.5	10,746.1
Revenue	2	**460.2**	383.0	805.3
Cost of sales		**(80.7)**	(85.2)	(174.1)
Gross profit	2	**379.5**	297.8	631.2
Other operating income		**3.8**	3.0	5.9
Other operating expenses		**(225.0)**	(178.9)	(394.7)
Share of results of associate		**1.7**	1.4	2.6
Exceptional items	3	**-**	(7.2)	(26.9)
Operating profit	2	**160.0**	116.1	218.1
Investment income	4	**6.6**	5.6	11.1
Finance costs	5	**(33.1)**	(22.6)	(54.6)
Profit before tax	2	**133.5**	99.1	174.6
Tax	6	**(38.1)**	(31.5)	(61.5)
Profit for the period		**95.4**	67.6	113.1
Earnings per share (pence)				
Basic	8	**25.5**	17.2	29.0
Diluted	8	**25.1**	16.9	28.6

All amounts relate to continuing operations for the current financial period.

Consolidated Statement of Recognised Income and Expense

for the 26 weeks ended 27 June 2006

	Unaudited 26 weeks ended 27 June 2006 £m	Unaudited 26 weeks ended 28 June 2005 £m	52 weeks ended 27 December 2005 £m
Gain/(loss) on cash flow hedges	**9.5**	(1.3)	(0.5)
Actuarial gain/(loss) on defined benefit pension scheme	**9.0**	(5.7)	(1.6)
Exchange difference on translation of foreign operations	**-**	(0.1)	-
Tax on items taken directly to equity	**(5.8)**	2.2	0.2
Change in associate net assets due to share repurchase	**(1.6)**	-	-
Net income/(loss) recognised directly in equity	**11.1**	(4.9)	(1.9)
Transferred to income statement on cash flow hedges	**0.6**	0.4	1.4
Profit for the period	**95.4**	67.6	113.1
Total recognised income and expense for the period	**107.1**	63.1	112.6

William Hill PLC

Consolidated Balance Sheet

as at 27 June 2006

	Notes	**Unaudited 27 June 2006 £m**	Unaudited 28 June 2005 £m	27 December 2005 £m
Non-current assets				
Goodwill		**865.7**	876.4	865.7
Other intangible assets		**471.9**	477.7	467.0
Property, plant and equipment		**190.6**	162.6	174.5
Interest in associate		**3.5**	4.3	3.4
Deferred tax assets		**14.0**	25.5	17.5
		1,545.7	1,546.5	1,528.1
Current assets				
Inventories		**0.7**	0.3	0.4
Trade and other receivables		**34.4**	19.2	20.4
Assets held for resale		**-**	14.5	-
Cash and cash equivalents		**87.6**	160.1	76.6
		122.7	194.1	97.4
Total assets	2	**1,668.4**	1,740.6	1,625.5
Current liabilities				
Trade and other payables		**(108.6)**	(86.1)	(87.0)
Tax liabilities		**(80.6)**	(58.4)	(56.7)
Bank overdraft and loans		**(0.8)**	-	-
		(190.0)	(144.5)	(143.7)
Non current liabilities				
Bank loans due after more than one year		**(1,048.2)**	(1,075.6)	(1,016.1)
Retirement benefit obligations		**(41.2)**	(62.3)	(49.3)
Other provisions		**(1.7)**	-	(7.5)
Deferred tax liabilities		**(163.9)**	(161.8)	(160.3)
		(1,255.0)	(1,299.7)	(1,233.2)
Total liabilities	2	**(1,445.0)**	(1,444.2)	(1,376.9)
Net assets		**223.4**	296.4	248.6
Equity				
Called up share capital	9	**37.6**	40.5	39.1
Share premium account	9	**311.3**	311.3	311.3
Capital redemption reserve	9	**4.6**	1.7	3.1
Merger reserve	9	**(26.1)**	(26.1)	(26.1)
Own shares held	9	**(51.4)**	(59.3)	(57.5)
Hedging and translation reserves	9	**6.0**	(2.9)	(1.1)
Retained earnings	9	**(58.6)**	31.2	(20.2)
Total equity	9	**223.4**	296.4	248.6

William Hill PLC

Consolidated Cash Flow Statement

for the 26 weeks ended 27 June 2006

	Notes	**Unaudited 26 weeks ended 27 June 2006 £m**	Unaudited 26 weeks ended 28 June 2005 £m	52 weeks ended 27 December 2005 £m
Net cash from operating activities	10	**145.2**	91.7	156.6
Investing activities				
Dividend from associate		**-**	-	2.1
Interest received		**1.4**	1.4	2.6
Proceeds on disposal of property, plant and equipment		**2.3**	0.4	0.7
Purchases of property, plant and equipment		**(30.2)**	(23.1)	(52.0)
Purchases of betting licences		**(1.1)**	(0.9)	(1.9)
Expenditure on computer software		**(4.8)**	(2.0)	(2.5)
Acquisition of subsidiary		**-**	(500.2)	(498.6)
Disposal of LBOs net of costs		**-**	-	34.4
Net cash used in investing activities		**(32.4)**	(524.4)	(515.2)
Financing activities				
Purchase of own shares		**(88.9)**	-	(76.8)
SAYE share option redemptions		**0.1**	-	2.7
Dividends paid		**(45.4)**	(43.1)	(66.6)
Repayments of borrowings		**-**	(500.0)	(500.0)
New bank loans raised		**32.4**	1,080.0	1,020.0
New facility debt issue costs		**-**	(4.6)	(4.6)
Net cash used in financing activities		**(101.8)**	532.3	374.7
Net increase in cash and cash equivalents in the period		**11.0**	99.6	16.1
Cash and cash equivalents at start of period		**76.6**	60.5	60.5
Cash and cash equivalents at end of period		**87.6**	160.1	76.6

Notes to the Financial Information

for the 26 weeks ended 27 June 2006

1. Basis of accounting

William Hill PLC is a Company incorporated in the United Kingdom under the Companies Act 1985. The address of the registered office is Greenside House, 50 Station Road, London N22 7TP.

Prior to this accounting period, the Group prepared its audited annual financial statements under UK Generally Accepted Accounting Principles (UK GAAP). For periods commencing 28 December 2005, the Group is required to prepare its annual consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) including International Accounting Standards (IAS) and interpretations issued by the International Accounting Standards Board (IASB) and its committees, and as endorsed by the European Commission. As the financial statements for the 52 weeks ended 26 December 2006 will include comparatives for the 52 weeks ended 27 December 2005, the Group's date of transition to IFRS under IFRS 1 'First-time Adoption of International Financial Reporting Standards' is 29 December 2004 and the comparatives will be restated under the provisions of IFRS. Note 11 of this interim financial information sets out how the Group's previously reported performance and financial position are affected by the change to IFRS.

The interim financial information for the 26 weeks ended 27 June 2006, which have been approved by a committee of the board of directors on 31 July 2006, has been prepared on the basis of the accounting policies set out in pages 5 to 11 of the Group's pro-forma IFRS accounts for the 52 weeks ended 27 December 2005, which can be found on the Group's website *www.williamhillplc.co.uk*. This interim report should therefore be read in conjunction with the 2005 pro-forma information.

The accounting policies used in the preparation of the interim financial information have been consistently applied to all periods presented. The Group has not adopted all of the provisions of IAS 34 'Interim Financial Reporting' in this interim financial information.

IFRS 1 sets out the procedures that the Group must follow when it adopts IFRS for the first time as the basis for preparing its consolidated financial statements. Under IFRS 1 the Group will be required to establish its IFRS accounting policies as at 26 December 2006 and, in general, apply these retrospectively to determine the IFRS opening balance sheet at its date of transition, 29 December 2004. IFRS 1 provides a number of optional exceptions to this general principle. The most significant of these are set out below, together with a description in each case of whether an exception has been adopted by the Group.

Business combinations
The Group has elected not to apply IFRS 3 'Business Combinations' retrospectively to business combinations that took place before the 30 December 2003.

Employee benefits
The Group has recognised actuarial gains and losses in relation to employee benefit schemes at 29 December 2004. The Group has recognised actuarial gains and losses in full in the period in which they occur in the statement of recognised income and expense in accordance with the amendment to IAS 19 'Employee Benefits', issued on 16 December 2004.

Share-based payments
The Group has elected to apply IFRS 2 'Share-based Payment' to all relevant share based payment transactions granted after 7 November 2002 but not fully vested at 29 December 2004.

Financial instruments
The Group has applied IAS 32 'Financial Instruments: Disclosure and Presentation' and IAS 39 'Financial Instruments: Recognition and Measurement' for all periods presented and has therefore not taken advantage of the exemption in IFRS 1 that would enable the Group to only apply these standards from 28 December 2005.

The interim report for the 26 weeks ended 27 June 2006 does not constitute statutory accounts within the meaning of section 240 of the Companies Act 1985. The results for the 52 week period ended 27 December 2005 have been filed with the Registrar of Companies. The auditors' report contained therein, was unqualified and did not contain a statement under section 237 (2) or (3) of the Companies Act 1985.

2. Segmental information

For management purposes, the Group is currently organised into three principal operating divisions – retail, telephone and interactive. These divisions are the basis on which the Group reports its primary segment information.

Business segment information for the 26 weeks ended 27 June 2006:

	Retail £m	Telephone £m	Interactive £m	Other £m	Corporate £m	Group £m
Amounts wagered	5,695.8	324.4	526.9	13.9	-	6,561.0
Payout	(5,339.5)	(294.5)	(456.2)	(10.6)	-	(6,100.8)
Revenue	**356.3**	**29.9**	**70.7**	**3.3**	**-**	**460.2**
GPT, duty, levies and other cost of sales	(58.9)	(7.6)	(13.8)	(0.4)	-	(80.7)
Gross profit	297.4	22.3	56.9	2.9	-	379.5
Depreciation	(11.8)	(0.7)	(1.1)	(0.1)	(0.5)	(14.2)
Other administrative expenses	(161.5)	(15.2)	(19.9)	(3.8)	(6.6)	(207.0)
Share of result of associate	-	-	-	-	1.7	1.7
Operating profit/(loss)	**124.1**	**6.4**	**35.9**	**(1.0)**	**(5.4)**	**160.0**
Investment income	-	-	-	-	6.6	6.6
Finance costs	-	-	-	-	(33.1)	(33.1)
Profit/(loss) before tax	**124.1**	**6.4**	**35.9**	**(1.0)**	**(31.9)**	**133.5**
Balance sheet information						
Total assets	1,339.4	88.4	123.6	12.3	104.7	1,668.4
Total liabilities	(63.8)	(6.6)	(25.5)	(0.5)	(1,348.6)	(1,445.0)
Investment in associate	-	-	-	-	3.5	3.5
Capital additions	26.3	0.3	7.8	-	1.1	35.5

2. Segmental information (continued)

Business segment information for the 26 weeks ended 28 June 2005:

	Retail £m	Telephone £m	Interactive £m	Other £m	Corporate £m	Group £m
Amounts wagered	4,298.7	331.8	409.7	14.3	-	5,054.5
Payout	(4,009.7)	(303.2)	(347.8)	(10.8)	-	(4,671.5)
Revenue	**289.0**	**28.6**	**61.9**	**3.5**	**-**	**383.0**
GPT, duty, levies and other cost of sales	(65.3)	(7.7)	(11.7)	(0.5)	-	(85.2)
Gross profit	223.7	20.9	50.2	3.0	-	297.8
Depreciation	(8.0)	(0.3)	(0.5)	(0.1)	(0.4)	(9.3)
Other administrative expenses	(126.7)	(12.8)	(18.0)	(3.2)	(5.9)	(166.6)
Share of result of associate	-	-	-	-	1.4	1.4
Exceptional items	(4.4)	-	-	-	(2.8)	(7.2)
Operating profit/(loss)	**84.6**	**7.8**	**31.7**	**(0.3)**	**(7.7)**	**116.1**
Investment income	-	-	-	-	5.6	5.6
Finance costs	-	-	-	-	(22.6)	(22.6)
Profit/(loss) before tax	**84.6**	**7.8**	**31.7**	**(0.3)**	**(24.7)**	**99.1**
Balance sheet information						
Total assets	1,317.1	79.6	138.1	15.4	190.4	1,740.6
Total liabilities	(48.6)	(6.5)	(16.7)	(0.6)	(1,371.8)	(1,444.2)
Investment in associate	-	-	-	-	4.3	4.3
Capital additions	18.6	-	3.8	-	0.4	22.8

Business segment information for the 52 weeks ended 27 December 2005:

	Retail £m	Telephone £m	Interactive £m	Other £m	Corporate £m	Group £m
Amounts wagered	9,285.5	605.8	826.0	28.8	-	10,746.1
Payout	(8,664.5)	(552.4)	(702.7)	(21.2)	-	(9,940.8)
Revenue	**621.0**	**53.4**	**123.3**	**7.6**	**-**	**805.3**
GPT, duty, levies and other cost of sales	(136.3)	(13.8)	(23.0)	(1.0)	-	(174.1)
Gross profit	484.7	39.6	100.3	6.6	-	631.2
Depreciation	(17.4)	(1.3)	(1.8)	(0.4)	(0.7)	(21.6)
Other administrative expenses	(283.1)	(25.3)	(37.3)	(6.3)	(15.2)	(367.2)
Share of result of associate	-	-	-	-	2.6	2.6
Exceptional items	(23.9) [a]	-	-	-	(3.0)	(26.9)
Operating profit/(loss)	**160.3**	**13.0**	**61.2**	**(0.1)**	**(16.3)**	**218.1**
Investment income	-	-	-	-	11.1	11.1
Finance costs	-	-	-	-	(54.6)	(54.6)
Profit/(loss) before tax	**160.3**	**13.0**	**61.2**	**(0.1)**	**(59.8)**	**174.6**

[a] Included in £23.9m of exceptional items relating to the Retail channel are asset impairments of £5.4m in respect of technology and fascia assets acquired as part of Stanley Retail but of limited subsequent value to the integrated Group.

2. Segmental information (continued)

Business segment information for the 52 weeks ended 27 December 2005 (continued):

	Retail £m	Telephone £m	Interactive £m	Other £m	Corporate £m	Group £m
Balance sheet information						
Total assets	1,316.9	87.0	120.3	14.8	86.5	1,625.5
Total liabilities	(208.5)	(4.8)	(20.4)	(0.5)	(1,142.7)	(1,376.9)
Investment in associate	-	-	-	-	3.4	3.4
Capital additions	46.6	2.1	3.6	-	1.0	53.3

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

Net assets/(liabilities) have been allocated by segment where assets and liabilities can be identified with a particular channel. Corporate net assets include corporation and deferred tax, net borrowings and pension liability as well as any assets and liabilities that cannot be allocated to a particular channel other than on an arbitrary basis. Included within total assets by segment are £681.0m, £80.4m, £97.2m and £7.1m (28 June 2005 - £691.7m, £80.4m, £97.2m and £7.1m; 27 December 2005 - £681.0m, £80.4m, £97.2m and £7.1m), which relates to goodwill allocated to the retail, telephone, interactive and stadia operations respectively.

There are no inter-segmental sales within the Group.

In accordance with IAS 14 ‘Segment Reporting’, segmental information by geographical location is not presented as the Group’s revenue and profits arise primarily from customers in the United Kingdom with significantly less than 10% (the minimum required by IAS 14 to necessitate disclosure) of revenue and profits generated from customers outside of this jurisdiction. Similarly, only a small portion of the Group’s net assets is located outside of the United Kingdom.

3. Exceptional items

Exceptional items are those items the Group considers relevant to an understanding of the Group’s financial performance.

Exceptional operating costs are as follows:

	26 weeks ended 27 June 2006 £m	26 weeks ended 28 June 2005 £m	52 weeks ended 27 December 2005 £m
Costs of implementation of EPOS and text systems [1]	**-**	2.7	7.4
Costs of integration of Stanley acquisition [2]	**-**	1.7	19.0
Costs of aborted return of capital scheme [3]	**-**	2.8	3.0
Profit on sale of LBOs disposed [4]	**-**	-	(2.5)
	-	7.2	26.9

[1] Costs arose from the roll out of electronic point of sale and text systems across the LBO network and primarily encompass training and consultancy costs.

[2] Costs arose from the due diligence on and the integration of Stanley Retail and comprise primarily external consultancy costs, redundancy and related staff costs and asset impairments.

[3] Costs represent professional fees incurred in respect of an aborted plan to return capital.

[4] Gain made on the disposal of the 12 William Hill LBOs, as part of the sale of 76 LBOs undertaken after the Office of Fair Trading review of the purchase of Stanley Retail.

3. Exceptional items (continued)

Exceptional interest costs are as follows:

	26 weeks ended 27 June 2006 £m	26 weeks ended 28 June 2005 £m	52 weeks ended 27 December 2005 £m
Write off of previously capitalised bank facility fee	**-**	2.2	2.3
Breakage fee	**-**	0.1	0.1
	-	2.3	2.4

Following the negotiation of new banking arrangements and the consequent repayment of the old bank facility, the unamortised costs associated with the old facility were written off.

A tax credit of £1.8m was recognised in respect of the exceptional operating costs and interest costs in the 26 weeks ended 28 June 2005 and a tax charge of £0.6m was recognised in the 52 weeks ended 27 December 2005. These represented the corporation tax attributable to these exceptional items.

4. Investment income

	26 weeks ended 27 June 2006 £m	26 weeks ended 28 June 2005 £m	52 weeks ended 27 December 2005 £m
Interest on bank deposits	**1.4**	1.4	2.5
Expected return on pension scheme assets	**5.2**	4.2	8.6
	6.6	5.6	11.1

5. Finance costs

	26 weeks ended 27 June 2006 £m	26 weeks ended 28 June 2005 £m	52 weeks ended 27 December 2005 £m
Interest on bank loans and overdrafts	**27.2**	15.0	41.5
Amortisation of finance costs	**0.5**	0.4	1.0
	27.7	15.4	42.5
Interest on pension scheme liabilities	**5.4**	4.9	9.7
	33.1	20.3	52.2
Exceptional interest (note 3)	**-**	2.3	2.4
	33.1	22.6	54.6

6. Tax on profit on ordinary activities

The expected effective rate in respect of ordinary activities before exceptional costs and excluding associate income is 28.9% (26 weeks ended 28 June 2005 – 31.1%; 52 weeks ended 27 December 2005 – 30.3%). The tax charge on ordinary activities after taxation has been calculated by applying this rate to the interim profit (excluding associate income) of £131.8m. This is lower than the statutory rate of 30% due to adjustment in respect of prior periods.

7. Dividends proposed and paid

	26 weeks ended 27 June 2006 £m	26 weeks ended 28 June 2005 £m	52 weeks ended 27 December 2005 £m
Equity shares:			
- final dividend of 12.2p per share for the 52 weeks ended 27 December 2005 (11.0p per share for the 52 weeks ended 28 December 2004)	**45.4**	43.1	43.1
- interim dividend of 6.1p per share for the 26 weeks ended 28 June 2005	**-**	-	23.5
	45.4	43.1	66.6
Proposed interim dividend of 7.25p per share for the 26 weeks ended 27 June 2006	**26.2**	23.8	46.1

The proposed interim dividend was approved by a committee of the board of directors on 31 July 2006 and has not been included as a liability in this financial information. The proposed interim dividend of 7.25p will be paid on 5 December 2006 to all shareholders on the register on 3 November 2006.

Under an agreement signed in November 2002, The William Hill Holdings 2001 Employee Benefit Trust agreed to waive all dividends. As at 27 June 2006, the trust held 1.2m ordinary shares. In addition, the Company does not pay dividends on the 9.4m shares held in Treasury. The Company estimates that 361.9m 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 27 June 2006 Pence	26 weeks ended 28 June 2005 Pence	52 weeks ended 27 December 2005 Pence
Basic - adjusted	**25.5**	19.2	36.6
Basic	**25.5**	17.2	29.0
Diluted	**25.1**	16.9	28.6

8. Earnings per share (continued)

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

	26 weeks ended 27 June 2006 £m	26 weeks ended 28 June 2005 £m	52 weeks ended 27 December 2005 £m
Profit after tax for the financial period	**95.4**	67.6	113.1
Exceptional items – operating expenses	**-**	7.2	26.9
Exceptional items – interest	**-**	2.3	2.4
Exceptional items – tax	**-**	(1.8)	0.6
Profit after tax for the financial period before exceptional items	**95.4**	75.3	143.0

	26 weeks ended 27 June 2006 Number (m)	26 weeks ended 28 June 2005 Number (m)	52 weeks ended 27 December 2005 Number (m)
Basic weighted average number of shares	**374.8**	392.1	390.5
Dilutive potential ordinary shares:			
Employee share awards and options	**5.6**	7.1	5.5
Dilutive weighted average number of shares	**380.4**	399.2	396.0

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 in the 26 weeks ended 27 June 2006 by 11.2m (26 weeks ended 28 June 2005 – 13.3m; 52 weeks ended 27 December 2005 – 12.7m).

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.

9. Reserves

	Share capital £m	Share premium account £m	Capital redemp-tion reserve £m	Merger reserve £m	Own shares held £m	Hedging reserve £m	Retained earnings £m	Total £m
At 29 December 2004	40.5	311.3	1.7	(26.1)	(59.3)	(1.7)	9.9	276.3
Profit for the financial period	-	-	-	-	-	-	113.1	113.1
Dividends (note 7)							(66.6)	(66.6)
Items taken directly to statement of recognised income and expense	-	-	-	-	-	0.6	(1.1)	(0.5)
Expense recognised in respect of share remuneration	-	-	-	-	-	-	2.2	2.2
Treasury shares purchased and cancelled	(1.4)	-	1.4	-	-	-	(78.3)	(78.3)
Transfer of own shares to recipients	-	-	-	-	1.8	-	0.6	2.4
At 27 December 2005	**39.1**	**311.3**	**3.1**	**(26.1)**	**(57.5)**	**(1.1)**	**(20.2)**	**248.6**
Profit for the financial period	-	-	-	-	-	-	95.4	95.4
Dividends (note 7)	-	-	-	-	-	-	(45.4)	(45.4)
Items taken directly to statement of recognised income and expense	-	-	-	-	-	7.1	4.6	11.7
Expense recognised in respect of share remuneration	-	-	-	-	-	-	2.0	2.0
Treasury shares purchased and cancelled	(1.5)	-	1.5	-	-	-	(88.9)	(88.9)
Transfer of own shares to recipients	-	-	-	-	6.1	-	(6.1)	-
At 27 June 2006	**37.6**	**311.3**	**4.6**	**(26.1)**	**(51.4)**	**6.0**	**(58.6)**	**223.4**

Own shares held at 27 June 2006 amounting to £51.4m comprise 9.4m shares (nominal value - £0.9m) held in treasury purchased for £50.0m and 1.2m shares (nominal value - £0.1m) held in The William Hill Holdings 2001 Employee Benefit Trust purchased for £1.4m. The shares held in treasury were purchased at a weighted average price of £5.32. At 27 June 2006 the total market value of own shares held was £63.2m.

10. Notes to the cash flow statement

	26 weeks ended 27 June 2006 £m	26 weeks ended 28 June 2005 £m	52 weeks ended 27 December 2005 £m
Operating profit	**160.0**	116.1	218.1
Adjustments for:			
Share of result of associate	**(1.7)**	(1.4)	(2.6)
Depreciation of property, plant and equipment	**13.2**	8.3	24.3
Depreciation of computer software	**1.0**	1.0	2.7
Gain on disposal of property, plant and equipment	**(3.5)**	(0.3)	(0.2)
Gain on disposal of LBOs	**-**	-	(2.5)
Cost charged in respect of share remuneration	**2.0**	0.9	2.2
Defined benefit pension cost less cash contributions	**0.7**	0.6	(8.7)
Movement in provisions	**(5.9)**	-	7.2
	165.8	125.2	240.5
Operating cash flows before movements in working capital:			
Increase in inventories	**(0.3)**	-	-
Increase in receivables	**(2.4)**	(0.3)	(1.6)
Increase in payables	**30.8**	8.7	3.1
Cash generated by operations	**193.9**	133.6	242.0
Income taxes paid	**(21.5)**	(26.6)	(49.4)
Interest paid	**(27.2)**	(15.3)	(36.0)
Net cash from operating activities	**145.2**	91.7	156.6

Cash and cash equivalents (which are presented as a single class of assets on the face of the balance sheet) comprise cash at bank and other short-term highly liquid investments with a maturity date of three months or less.

Analysis and reconciliation of net debt:

	28 December 2005 £m	Cash flow £m	Other non-cash items £m	**27 June 2006 £m**
Analysis of net debt				
Cash and cash equivalents at bank and in hand	76.6	11.0	-	**87.6**
Debt due within one year	-	(0.8)	-	**(0.8)**
Debts due after more than one year	(1,016.1)	(31.6)	(0.5)	**(1,048.2)**
Total	(939.5)	(21.4)	(0.5)	**(961.4)**

Other non-cash items of £0.5m comprise written off and amortised debt issue costs.

11. Explanation of transition to IFRSs

This is the first period that the Group has presented its financial information under IFRS. The following disclosures are required in the year of transition under the provisions of IFRS 1 and show the effects of the transition to IFRS on the Group's reported performance and financial position for the comparative periods and on the date of transition.

The last financial statements prepared under UK GAAP were for the 52 weeks ended 27 December 2005 and the date of transition to IFRS is therefore 29 December 2004.

Reconciliation of equity at 29 December 2004:

	Notes	UK GAAP £m	Effects of transition to IFRS £m	IFRS £m
Goodwill	h	736.2	(2.9)	733.3
Other intangible assets	a,h	-	18.7	18.7
Property, plant and equipment	a	119.0	(14.8)	104.2
Interest in associate		2.9	-	2.9
Deferred tax assets	b,c,d,g	5.9	18.7	24.6
Total non-current assets		864.0	19.7	883.7
Inventories		0.3	-	0.3
Trade and other receivables		15.4	-	15.4
Cash and cash equivalents		60.5	-	60.5
Total current assets		76.2	-	76.2
Total assets		940.2	19.7	959.9
Trade and other payables	d,e,f	(106.9)	39.1	(67.8)
Tax liabilities		(46.9)	-	(46.9)
Bank overdraft and loans		(49.8)	-	(49.8)
Bank loans due after more than one year		(447.7)	-	(447.7)
Retired benefit obligations	b,g	(38.5)	(16.8)	(55.3)
Deferred tax liabilities	c,h,i	-	(16.1)	(16.1)
Total liabilities		(689.8)	6.2	(683.6)
Net assets		250.4	25.9	276.3
Equity				
Called up share capital		40.5	-	40.5
Share premium account		311.3	-	311.3
Capital redemption reserve		1.7	-	1.7
Merger reserve		(26.1)	-	(26.1)
Own shares		(59.3)	-	(59.3)
Hedging and other reserves	d	-	(1.7)	(1.7)
Retained earnings	e,f,g,i	(17.7)	27.6	9.9
Total equity		250.4	25.9	276.3

11. Explanation of transition to IFRS (continued)

Reconciliation of equity at 28 June 2005:

	Notes	UK GAAP £m	Effects of transition to IFRS £m	IFRS £m
Goodwill	f,h	1,193.9	(317.5)	876.4
Other intangible assets	a,h	-	477.7	477.7
Property, plant and equipment	a	178.3	(15.7)	162.6
Interest in associate		4.3	-	4.3
Deferred tax assets	b,c,d,g	1.6	23.9	25.5
Total non-current assets		1,378.1	168.4	1,546.5
Inventories		0.3	-	0.3
Trade and other receivables		19.2	-	19.2
Assets held for resale		14.5	-	14.5
Cash and cash equivalents		160.1	-	160.1
Total current assets		194.1	-	194.1
Total assets		1,572.2	168.4	1,740.6
Trade and other payables	d,e,f	(103.8)	17.7	(86.1)
Tax liabilities		(58.4)	-	(58.4)
Bank loans due after more than one year		(1,075.6)	-	(1,075.6)
Retired benefit obligations	b,g	(43.4)	(18.9)	(62.3)
Deferred tax liabilities	c,h,i	-	(161.8)	(161.8)
Total liabilities		(1,281.2)	(163.0)	(1,444.2)
Net assets		291.0	5.4	296.4
Equity				
Called up share capital		40.5	-	40.5
Share premium account		311.3	-	311.3
Capital redemption reserve		1.7	-	1.7
Merger reserve		(26.1)	-	(26.1)
Own shares		(59.3)	-	(59.3)
Hedging and translation reserves	d	-	(2.9)	(2.9)
Retained earnings	e,f,g,i	22.9	8.3	31.2
Total equity		291.0	5.4	296.4

11. Explanation of transition to IFRS (continued)

Reconciliation of equity at 27 December 2005:

	Notes	UK GAAP £m	Effects of transition to IFRS £m	IFRS £m
Goodwill	f,h	1,177.1	(311.4)	865.7
Other intangible assets	a,h	-	467.0	467.0
Property, plant and equipment	a	188.7	(14.2)	174.5
Interest in associate		3.4	-	3.4
Deferred tax assets	b,c,d,g	-	17.5	17.5
Total non-current assets		1,369.2	158.9	1,528.1
Inventories		0.4	-	0.4
Trade and other receivables		20.4	-	20.4
Cash and cash equivalents		76.6	-	76.6
Total current assets		97.4	-	97.4
Total assets		1,466.6	158.9	1,625.5
Trade and other payables	d,e,f	(129.6)	42.6	(87.0)
Tax liabilities		(56.7)	-	(56.7)
Bank overdraft and loans		-	-	-
Bank loans due after more than one year		(1,016.1)	-	(1,016.1)
Retired benefit obligations	b,g	(31.8)	(17.5)	(49.3)
Other provisions		(7.5)	-	(7.5)
Deferred tax liabilities	c,h,i	(5.0)	(155.3)	(160.3)
Total liabilities		(1,246.7)	(130.2)	(1,376.9)
Net assets		219.9	28.7	248.6
Equity				
Called up share capital		39.1	-	39.1
Share premium account		311.3	-	311.3
Capital redemption reserve		3.1	-	3.1
Merger reserve		(26.1)	-	(26.1)
Own shares		(57.5)	-	(57.5)
Hedging and other reserves	d	-	(1.1)	(1.1)
Retained earnings	e,f,g,i	(50.0)	29.8	(20.2)
Total equity		219.9	28.7	248.6

11. Explanation of transition to IFRS (continued)

Notes to the reconciliation of equity

(a) Software classification - application software, which can be run independently from any specific hardware configuration, is typically included within other intangibles under IFRS rather than tangible assets as is the norm under UK GAAP. The effect of this is to reclassify software of £14.2m (28 June 2005 - £15.7m; 29 December 2004 - £14.8m) from tangible assets to intangible assets. Total net assets are not affected by this adjustment.

(b) Deferred tax associated with pension liabilities – under IFRS deferred tax relating to the pension scheme cannot be netted off against the pension liability as it is under UK GAAP. This has the effect of increasing the Group's deferred tax asset by £13.6m (28 June 2005 - £18.6m; 29 December 2004 - £16.5m) with a consequent increase in the net pension liability presented. Net assets are not affected by this adjustment.

(c) Deferred tax offset - due to more restrictive rules on the ability to offset deferred tax liabilities and assets, the deferred tax liabilities and assets are grossed up by £2.2m (28 June 2005 - £3.9m; 29 December 2004 - £1.3m).

(d) Financial instruments - all derivative instruments are required by IFRS to be carried on the balance sheet at fair value. Under IFRS, hedge accounting for derivatives is only allowed where detailed documentation in accordance with IAS 39 is in place. This allows the movements in fair values of the relevant derivative instrument (but not the related borrowings) to be recognised directly in reserves and therefore not impact earnings. This issue will have no impact on the Group's earnings as acceptable hedge accounting documentation has been in place since 30 December 2003. However the balance sheet does reflect a financial liability of £1.6m (28 June 2005 - £4.2m; 29 December 2004 - £2.5m) representing the fair value of the relevant derivatives, as well as a related deferred tax asset of £0.5m (28 June 2005 - £1.3m; 29 December 2004 - £0.8m) offset by corresponding entries in a new 'hedging reserve'.

(e) Dividends – under IFRS dividends payable may only be recorded as a liability of the Group when a legal or constructive liability has been incurred. This is likely to be when the dividend proposed by the Board is made public on the announcement of the Group's results. Currently under UK GAAP, dividends are recorded in the period to which they relate, even if only proposed after the period end. This has the effect of increasing the net assets of the Group by the amount of the proposed dividend of £46.1m (28 June 2005 - £23.8m; 29 December 2004 - £43.1m).

(f) Holiday pay - it is accepted practice under IFRS to provide for pay for holidays to which staff are entitled but which they have not yet taken. This has resulted in the recognition of an accrual for holiday pay of £1.9m, £0.4m of which arises from the Stanley acquisition and therefore affects goodwill calculation (28 June 2005 - £1.9m; 29 December 2004 - £1.5m).

(g) Pensions - a difference arises in the valuation of the pension scheme assets under IFRS, because pension assets must be valued using bid prices rather than using mid-market prices as is the convention under UK GAAP and there are also differences in measuring the value of life assurance schemes. This results in an increase in the pension scheme liability of £3.9m (28 June 2005 - £0.3m; 29 December 2004 - £0.3m) and a consequent adjustment to deferred tax assets of £1.2m (28 June 2005 - £0.1m; 29 December 2004 - £0.1m).

(h) Acquisitions - the Group has elected not to apply IFRS 3 'Business Combinations' retrospectively to business combinations that took place before 30 December 2003. The Group has adopted IFRS 3 'Business combinations' in full for all acquisitions that have occurred after this date. This has resulted in the recognition of additional intangible fixed assets of £452.8m (28 June 2005 - £462.0m; 29 December 2004 - £3.9m) and related deferred tax liabilities of £141.0m (28 June 2005 - £144.1m; 29 December 2004 - £1.0m). Under UK GAAP the intangible fixed assets would have been recognised in goodwill and the deferred tax liability would not have arisen.

(i) Deferred tax on properties acquired via business combinations – under IFRS, a tax timing difference of £12.1m (28 June 2005 - £13.8m; 29 December 2004 - £13.8m) has been recognised in respect of properties previously acquired via acquisitions.

11. Explanation of transition to IFRS (continued)

Reconciliation of profit or loss for 26 weeks ended 28 June 2005:

	Notes	UK GAAP £m	Effects of transition to IFRS £m	IFRS £m
Revenue	a	5,054.5	(4,671.5)	383.0
Cost of sales	a	(4,756.7)	4,671.5	(85.2)
Gross profit		297.8	-	297.8
Other operating income		3.0	-	3.0
Other operating expenses		(186.1)	-	(186.1)
Share of results of associate	b	2.0	(0.6)	1.4
Operating profit		116.7	(0.6)	116.1
Investment income		5.6	-	5.6
Finance costs		(22.6)	-	(22.6)
Profit before tax		99.7	(0.6)	99.1
Tax	c	(32.1)	0.6	(31.5)
Profit for the period		67.6	-	67.6

Reconciliation of profit or loss for 52 weeks ended 27 December 2005:

	Notes	UK GAAP £m	Effects of transition to IFRS £m	IFRS £m
Revenue	a	10,746.1	(9,940.8)	805.3
Cost of sales	a	(10,114.9)	9,940.8	(174.1)
Gross profit		631.2	-	631.2
Other operating income		5.9	-	5.9
Other operating expenses		(421.6)	-	(421.6)
Share of results of associate	b	3.6	(1.0)	2.6
Operating profit		219.1	(1.0)	218.1
Investment income	b	11.2	(0.1)	11.1
Finance costs		(54.6)	-	(54.6)
Profit before tax		175.7	(1.1)	174.6
Tax	c	(64.3)	2.8	(61.5)
Profit for the period		111.4	1.7	113.1

11. Explanation of transition to IFRS (continued)

Notes to the reconciliation of profit or loss

(a) Revenue and cost of sales – under IFRS revenue represents gains and losses on betting activity for all revenue streams. This is different from UK GAAP where revenue from retail, telephone and internet sportsbook (including FOBTs, games on the online arcade and other numbers bets) represents total amounts wagered by customers. The effect of this change is to reduce both revenue and cost of sales by £9,940.8m (26 weeks ended 28 June 2005 - £4,671.5m). This has no impact on operating profit.

(b) Associate profit - under IFRS, the share of the associate's result included in the Group's operating profit is after a charge for interest and tax. These items were shown within the Group's interest and tax charges under UK GAAP. This has the effect of reducing operating profit by £1.0m (26 weeks ended 28 June 2005 - £0.6m), representing interest income of £0.1m (26 weeks ended 28 June 2005 - £nil) and the tax charge of the associate (see (c) below).

(c) Tax charge – the tax charge is £2.8m (26 weeks ended 28 June 2005 - £0.6m) lower under IFRS compared to UK GAAP reflecting a combination of:

- £1.1m reduction (26 weeks ended 28 June 2005 - £0.6m) arising from the different treatment of associate tax highlighted in (b) above; and
- £1.7m reduction (26 weeks ended 28 June 2005 - £nil) reflecting a deferred tax movement on properties acquired via business combinations, which are ignored under UK GAAP but provided for under IFRS.

Explanation of material adjustments to the cash flow statement for 2005 and 2004

There are no significant adjustments between the cash flow statements produced under IFRS as against UK GAAP.

INDEPENDENT REVIEW REPORT TO WILLIAM HILL PLC

Introduction

We have been instructed by the Company to review the financial information for the 26 week period ended 27 June 2006 which comprises the consolidated income statement, the consolidated statement of recognised income and expense, the consolidated balance sheet, the consolidated cash flow statement and related notes 1 to 11. We have read the other information contained in the interim report and considered whether it contains any apparent misstatements or material inconsistencies with the financial information.

This report is made solely to the Company in accordance with Bulletin 1999/4 issued by the Auditing Practices Board. Our work has been undertaken so that we might state to the Company those matters we are required to state to them in an independent review report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company, for our review work, for this report, or for the conclusions we have formed.

Directors' responsibilities

The interim report, including the financial information contained therein, is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the interim report in accordance with the Listing Rules of the Financial Services Authority which require that the accounting policies and presentation applied to the interim figures are consistent with those applied in preparing the preceding annual accounts except where any changes, and the reasons for them, are disclosed.

International Financial Reporting Standards

As disclosed in note 1, the next annual financial statements of the Group will be prepared in accordance with International Financial Reporting Standards as adopted for use in the EU. Accordingly, the interim report has been prepared in accordance with the recognition and measurement criteria of IFRS and the disclosure requirements of the Listing Rules.

Review work performed

We conducted our review in accordance with the guidance contained in Bulletin 1999/4 issued by the Auditing Practices Board for use in the United Kingdom. A review consists principally of making enquiries of Group management and applying analytical procedures to the financial information and underlying financial data and, based thereon, assessing whether the accounting policies and presentation have been consistently applied unless otherwise disclosed. A review excludes audit procedures such as tests of controls and verification of assets, liabilities and transactions. It is substantially less in scope than an audit performed in accordance with International Standards on Auditing (UK and Ireland) and therefore provides a lower level of assurance than an audit. Accordingly, we do not express an audit opinion on the financial information.

Review conclusion

On the basis of our review we are not aware of any material modifications that should be made to the financial information as presented for the 26 weeks ended 27 June 2006.

Deloitte & Touche LLP
Chartered Accountants
London
1 August 2006

A review does not provide assurance on the maintenance and integrity of the website, including controls used to achieve this, and in particular whether any changes may have occurred to the financial information since first published. These matters are the responsibility of the directors but no control procedures can provide absolute assurance in this area.

Legislation in the United Kingdom governing the preparation and dissemination of financial information differs from legislation in other jurisdictions.