William Hill PLC

27 February 2015

A record result in a year of change

William Hill PLC (LSE: WMH) (William Hill or the Group) announces its final results for the 52 weeks ended 30 December 2014 (the period). The comparable period is the 52 weeks ended 31 December 2013 unless otherwise stated.

	52 weeks to 30 Dec 14 £m	52 weeks to 31 Dec 13 £m	Change
Net revenue	1,609.3	1,486.5	+8%
Operating profit[1]	372.2	335.0	+11%
Pre-exceptional profit before tax	317.3	279.8	+13%
Profit before tax	233.9	257.0	-9%
Profit after tax	206.3	226.5	-9%
Earnings per share – basic, adjusted[2]	29.9p	28.8p	+4%
Earnings per share – basic[2]	23.6p	25.2p	-6%
Dividend per share	12.2p	11.6p	+5%

Key financial highlights

- Record operating profit with continuing successful diversification: 40% of Group net revenue from our digital channels[3] (2013: 36%) and 18% from international markets (2013: 15%)
- Full year dividend 12.2 pence, up 5% slightly ahead of EPS growth
- Strong net cash inflow from operating activities of £368.2m and reducing debt levels (1.4x net debt to EBITDA for covenant purposes)

Key operational highlights

- Continued strong growth in Online Sportsbook: turnover up 28%, mobile wagering up 55% and record-breaking World Cup
- Online gaming net revenue up 17%: 117% growth in mobile driven by proprietary Vegas platform
- Strong growth in net revenue in Italy and Spain, up 39% and 64%, respectively
- Retail net revenue flat and operating profit[1] down 2%, with the impact of less favourable sports results partly mitigated through effective cost control
- Australian business substantially reshaped, delivering improvements in key performance indicators, net revenue[4] growth of 11% and operating profit[1,4] growth of 121%
- William Hill brand launched in Australia in February 2015
- Strong US performance ahead of expectations: net revenue +31% and operating profit[1] up 98%
- Significant progress in encouraging responsible gambling with implementation of ABB Code, launch of independent Senet Group, ground-breaking Responsible Gambling Trust (RGT) research and inaugural GambleAware Week

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

“2014 was a record year for William Hill, with good operating profit growth benefiting from the continued digital and international diversification of our revenue streams, and from a record-breaking World Cup performance. I am particularly pleased with the progress in our three strategic areas of focus: differentiation through technology; continued internationalisation; and maximising the omni-channel opportunity of Retail and Online.

“Online has delivered 21% compound annual net revenue growth since 2009 and is competitively at the leading edge in this market. Internationally, we have reshaped our Australian business and are moving it to the William Hill brand, enhancing its competitiveness in this attractive market. Our US operations continue to progress strongly and we are well positioned in the event of regulatory change. Retail remains resilient and, with the largest number of betting shops in the UK and as the leading UK digital operator, we are moving closer to a ‘one customer’ proposition to deliver a seamless experience for our customers across our channels.

"We are committed to working with the industry and the regulator to promote responsible gambling. We have put better tools in the hands of customers, increased awareness of the importance of responsible gambling and helped establish mechanisms for independent scrutiny of the industry. The RGT's ground-breaking research programme is an invaluable body of data and analysis, which will support what we all strive for – evidence-based decision-making.

"Excluding one significant loss-making week driven by customer-friendly football results, the sum of the remainder of the first eight weeks of Q1 2015 to 24 February 2015 has been in line with internal revenue expectations, benefiting from gross win margin growth. Whilst inclusion of the loss-making week leaves us behind internal expectations for the period as a whole, the Board's view is that this volatility in sporting results is now a normal part of the Group's trading given the increased proportion of accumulator football betting in Online as well as Retail. Therefore, the Board remains confident in its expectations for 2015."

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, amounting to £9.0m in 2014 (2013: £10.9m).
(2) Basic EPS is based on an average of 873.2 million shares for 2014 and an average of 838.3 million shares for 2013. Adjusted EPS is stated before exceptional items and amortisation of specific intangible assets recognised on acquisitions.
(3) References to digital businesses include Online and William Hill Australia.
(4) On a pro forma local currency basis.
(5) The contribution of Sportingbet Australia is included in the results from 19 March 2013 and tomwaterhouse.com is included from 12 August 2013.
(6) For the definition of net debt and EBITDA for covenant purposes, refer to note 21 in the financial statements.
(7) H2GC

Enquiries

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Analyst and investor presentation

Meeting	Friday, 27 February at 9.00 am GMT 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: 029 4355#. Available until 6 March 2015
Video webcast	www.williamhillplc.com

Debt investor conference call

Live conference call	11.00 am GMT. Tel: +44 (0) 20 3059 8125. Password: William Hill
Archive conference call	Tel: +44 (0) 121 260 4861. Passcode 029 5156#. Available until 6 March 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 the Sportingbet Australia business in March 2013 and tomwaterhouse.com in August 2013, two of the leading online corporate bookmakers in Australia, offering 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

William Hill has continued to perform strongly in 2014 through a period of significant change for the Group and challenge for the industry. We delivered an 8% increase in net revenue to £1.6bn and an 11% increase in operating profit[1] to £372.2m, benefiting from a record-breaking World Cup, continued growth in mobile revenues and successful international diversification.

We made good progress on our key strategies, with our digital businesses[3], Online and William Hill Australia[5], increasing to 40% of net revenue (2013: 36%) and with international markets increasing to 18% of net revenue (2013: 15%). Online's performance benefited from strong growth in mobile, both gaming and sports betting. Under our ownership, William Hill Australia has undergone significant change in terms of its management, operations, marketing, user experience and product range to increase its competitiveness in this attractive market and the rebranding as William Hill, commencing in 2015, is another key step. Retail remains resilient, with profit declining only slightly despite less favourable sporting results, with good cost control demonstrated. William Hill US outperformed our expectations and we continue to watch with interest the potential for regulatory change in that market.

The gambling industry has attracted attention in recent times, particularly in relation to gaming machines and problem gambling. We have taken an active and leading role in improving responsible gambling measures in 2014, particularly in helping to shape the industry's voluntary Code for Responsible Gambling, supporting RGT's ground-breaking machines research programme and being a founder member of the Senet Group, which has been set up as an independent industry oversight body. A robust approach in this area is critical to our credentials for successful diversification into regulated markets.

The Group's balance sheet remains healthy. Cash flow was strong, and net debt for covenant purposes[6] stood at £603m at 30 December 2014 (31 December 2013: £796m), equivalent to 1.4 times EBITDA, giving the Group headroom as it continues to monitor M&A opportunities.

The Board has approved a final dividend of 8.2p per share (2013: 7.9p), giving a full-year dividend of 12.2p per share (2013: 11.6p), an increase of 5%.

During 2014, we completed a successful transition to James Henderson as our new CEO, taking over from Ralph Topping. James has outlined the Group's priorities for continuing our strategic evolution and the Board is confident his 30 years' experience across all parts of the Group gives him a unique insight as he leads our next stage of growth.

Looking ahead, we face well-flagged significant additional indirect tax costs in 2015 with the introduction of the Point of Consumption Tax (POCT), a rise in Machine Games Duty (MGD) in the UK and increased race field fees in Australia. That said, we are well positioned to continue to gain share in our key markets, in particular as the UK online market evolves following the introduction of POCT. Our priorities for 2015 and beyond are to maximise the omni-channel potential of our UK customer base, to take advantage of growth opportunities in international markets and to enhance our technology infrastructure to support these growth strategies, alongside encouraging responsible gambling.

UPDATE ON STRATEGIC PRIORITIES

Maximising the omni-channel potential of Retail and Online

UK customers are increasingly using both digital and land-based channels to bet. With the largest number of betting shops in the UK and as the leading digital operator, we have a unique opportunity to drive towards a 'one customer' proposition, offering more consistent products and content across all our channels.

More than half of our Online customers are also regularly using betting shops and around a third of our Retail customers also regularly use digital services. Our first priority, therefore, is to ensure we attract as high a percentage of those customers as possible into William Hill businesses to maximise share of wallet of existing customers. Our goal is to drive innovations that differentiate us from competitors in a way that is not easily replicable.

We have established the necessary governance structures to improve collaboration between Retail and Online, and are focused on areas such as product range, customer data and technology. We have re-prioritised our 2015 Retail capital investment to deliver technology upgrades at the same time as continued estate expansion and are moving towards a more seamless experience between the two channels, for instance by using our Online football products in our self-service betting terminals and by deploying our Retail TV capability on williamhill.com.

Extending our expertise into international markets

William Hill is a rare example of a land-based market leader that has successfully transitioned into digital market leadership. The level of innovation required to become market-leading in the highly competitive UK market means we are very well placed to take advantage of regulatory change and the opening of other markets. By diversifying our revenue streams, we are reducing our exposure to tax and regulatory change in any single market.

In Australia, we are transitioning from Sportingbet to the William Hill brand and will launch a media campaign at the start of March, ahead of the Australian autumn racing and rugby seasons. We believe putting the full weight of our marketing investment and operational focus behind the William Hill brand is a critical step in increasing our competitiveness in this attractive market. This follows the substantial changes we made in 2014 to enhance William Hill Australia's potential by changing the management team, restructuring the operations, increasing marketing efficiency, enhancing the user experience and through the ongoing expansion of the product range.

Using the William Hill brand in Italy, Spain and the US, alongside Retail and Online, has already proved encouraging. We have continued to achieve good market share in Italy and Spain through strong revenue growth and are on track to be break-even in profit terms in those territories, taken together, by the end of 2015. In the US, our product expansion, mobile capability and investment in the refurbishment and William Hill branding of the sports books continue to drive strong growth while creating optionality for the Group as potential regulatory changes evolve.

Increased differentiation through technology

We have already successfully differentiated our customer offering through the breadth and depth of product expansion and via our high-quality user experience. By continuing to optimise the mix of in-house and third-party technology, we can differentiate further and bring customers an exclusive William Hill experience whether on their smartphone or tablet, online or in our shops. This can also increase the efficiency of the business and the flexibility of our business model, for instance by targeting multi-channel customers or extending our reach into other territories.

Project Trafalgar is a key enabler for development and flexibility, driven by proprietary ownership of our front-end interface. After two years' development, this will be predominantly phased in during 2015. This is one of the most significant changes we will have made to the Online customer experience in the last decade. The most visible consumer change will be the move to a responsive design front end, allowing us to build once and deploy everywhere, regardless of screen size or device. Combined with greater analytical tools, such as enhanced and real-time A/B testing, it will also provide us with richer data to drive a more relevant and personal user experience to our customers.

The other key project running into 2015 is the creation of a global trading platform, providing a single event and pricing infrastructure across the Group. Having built our capability through tactical responses to individual market opportunities, this moves us to a more strategic approach to our sports betting technology, better supporting international expansion. This project will deliver a more cost effective way to share products priced in one location seamlessly such that they can be traded and re-priced in other locations. This exploits the expertise we have on different sports in different locations as well as making the Group's extensive betting product range available to all parts of the business.

Encouraging responsible gambling

At the same time as progressing our narrower commercial goals, we aim to deliver sustainable growth by continuing to embed responsible gambling measures into all our customer channels, working productively with government, the industry and other stakeholders. We have taken big strides as a Group and as an industry in the last year in encouraging responsible gambling in our shops and online. We have put better tools in the hands of customers through the ABB Code for Responsible Gambling, increased awareness with the first GambleAware Week and established mechanisms for independent scrutiny of the industry through the Senet Group. The RGT's ground-breaking research programme has given all those who are interested in our sector an invaluable body of data, which will support what we all strive for – evidence-based decision making.

OPERATING REVIEW

Group net revenue increased by 8% to £1.6bn (2013: £1.5bn) and Group operating profit[1] was 11% higher at £372.2m, reflecting strong growth in Online and the US and a good performance allied to a full year of William Hill Australia. Retail profit fell only slightly, in spite of the impact of weaker sporting results year-on-year, benefiting from growth in gaming and from good cost control.

The Group also benefited from a very strong World Cup 2014 performance, with £226.8m of wagering and £40.5m of gross win at a margin of 17.8%. Encouragingly, compared with the 2010 World Cup performance, we only saw a modest c£4m decline in wagering in Retail whilst Online saw outstanding growth of c£108m, reinforcing our belief in the continued resilience of Retail.

Online (32% of Group revenue)

	2014 £m	2013 £m	Change
Sportsbook amounts wagered	**3,758.2**	**2,931.7**	**+28%**
Gross win margin	7.6%	8.1%	-0.5 ppts
Online net revenue	**527.4**	**446.3**	**+18%**
- Sportsbook net revenue	253.3	212.9	+19%
- Gaming net revenue	274.1	233.4	+17%
Operating costs	(298.7)	(258.3)	+16%
Operating profit[1]	**177.7**	**147.8**	**+20%**

Online continues to perform strongly as we move into the changed UK regulatory regime with the introduction of ‘Point of Consumption’ based licensing in November 2014 and taxation in December 2014. Our UK revenues grew by 18%, significantly ahead of estimated market growth rates of c8-10% per annum[7].

Growth in Sportsbook staking levels was strong again in 2014, helped by the World Cup (£158.6m of wagering), and Sportsbook net revenue has now grown at 43% CAGR over the last five years. Desktop staking grew 11% and mobile staking grew 55%. A weaker gross win margin reflected customer-friendly sporting results that more than offset a strong World Cup performance. Despite the volatility of football results during the year, football gross win margins were broadly flat (9.6% in 2014 versus 9.7% in 2013), with the major year-on-year adverse margin movement arising in horse racing. Pre-match margins fell from 10.0% in 2013 to 9.3% in 2014 and in-play margins were static at 5.3%. Mobile Sportsbook revenues continued to grow strongly, up 48%, and now represent 56% of total Sportsbook revenues, with mobile gross win margins continuing to outpace desktop margins at 9.0% versus 6.2% for the year.

Online returned to double-digit growth in gaming revenues during 2014 as a result of the technology and product developments made to enhance the mobile gaming product range and user experience. Within this, Casino net revenue (including our Vegas, Games and Live Casino platforms and the Playtech Casino) grew 23%, Bingo fell 2% and Poker fell 18%.

We continue to release further product innovations, including our proprietary Mayfair roulette and blackjack games, electronic scratchcard products, a darts app to further activate the sponsorship of the PDC’s World Darts Championship and a new Vegas iPad app. Mobile gaming revenues increased by 117% and represented 32% of total gaming revenues. Desktop gaming revenues fell by 3%.

During the period, 83% of Online revenues came from our core markets of the UK, Italy and Spain (2013: 81%). Performance in Italy and Spain has continued to be strong, with net revenue up 39% and 64%, respectively, and with attractive market shares. During 2014, we continued to expand our sports betting product range in Italy under *Palinsesto Supplementare* and launched mobile sports and gaming products in both markets. Since the start of 2015 we have launched Live Casino in Spain and are preparing to launch slots should regulation permit later this year. Together, these two markets made an operating loss[1] of c£6m in the period (2013 operating loss[1]: £9m). We continue to expect break-even in these two markets taken together by the end of 2015.

Marketing investment was c£10m or 8% higher, equating to 25% of net revenue. Sportsbook free bets were equivalent to 0.8% of amounts wagered, broadly in line with our guidance. Other operating costs grew 23%. We saw growth in headcount and employee costs, including staff incentives, as our operations grew and as we continue to invest in our product, platform and user experience. Other cost growth in areas such as IT and depreciation also arose as a result of this increased investment.

Retail (57% of Group revenue)

	2014 £m	2013 £m	Change
Over-the-counter (OTC) amounts wagered	**2,452.2**	**2,439.9**	**+1%**
Gross win margin	18.3%	19.4%	-1.1 ppts
Retail net revenue	**911.4**	**907.0**	**+0%**
- OTC net revenue	449.7	472.8	-5%
- Gaming machine net revenue	461.7	434.2	+6%
Operating costs	(508.3)	(507.4)	+0%
Operating profit[1]	**193.2**	**196.3**	**-2%**

OTC wagering grew slightly, albeit this included £44m of World Cup turnover. However, the combined effect of more customer-friendly sporting results in 2014 following an unusually high gross win rate in 2013 was a year-on-year swing in the gross win margin of 1.1 percentage points, resulting in lower OTC net revenue. The main driver of this margin weakness was in horseracing, although football gross win margin also fell.

Gaming machine net revenue was 6% higher, benefiting from the roll-out of the next-generation Eclipse machine to the first half of the estate that was completed in Q3. This growth rate also benefited from the transition to MGD in February 2013. Net revenue growth adjusting for this was 5%. We started the roll-out of Eclipse to the remainder of the estate in Q3 and completed 70% of the roll-out by the year-end. Gross win per machine per week increased by 5%, from £897 to £939.

There was an average of 2,406 shops in the period, in line with the prior year average (2013: 2,401). The year-end total was 2,362, reflecting the impact of a programme of 108 shop closures in the second half in response to the Government's plans to increase MGD on 1 March 2015 from 20% to 25%. In spite of this portfolio closure, we continue to invest in expanding and enhancing the estate, opening 52 new licences, re-siting eight shops and closing 14 in the normal course of business.

Operating costs were broadly in line with the prior year, benefiting from reduced staffing costs as we extended single manning, where appropriate, to evening hours from 1 April 2014. We also saw a reduction in repairs and maintenance. These two favourable movements were largely offset by increased picture and data costs and an increased cost of staff incentives.

Operating profit[1], reflecting the impact of lower OTC net revenue and an increase in cost of sales, was below the prior year despite this strong cost control performance.

William Hill Australia (8% of Group revenue)

	On a statutory reporting basis[5]			On a pro forma local currency basis[4]		
	2014 £m	2013 £m	Change	2014 A$m	2013 A$m	Change
Amounts wagered	**1,388.7**	**1,177.1**	**+18%**	**2,542.9**	**2,530.3**	**+0%**
Gross win margin	9.3%	7.9%	+1.4 ppts	9.3%	8.3%	+1.0 ppts
Net revenue	**121.9**	**86.7**	**+41%**	**223.0**	**200.5**	**+11%**
Operating costs	(67.1)	(54.5)	+23%	(122.7)	(133.6)	-8%
Operating profit[1]	**24.7**	**12.0**	**+106%**	**45.1**	**20.4**	**+121%**

The following narrative is on a pro forma local currency basis. William Hill Australia more than doubled its operating profit[1] in the period. We continued to improve its digital capability during 2014 to enable William Hill Australia to capitalise on the strong structural growth in the Australian digital sports betting market, which is projected to grow at 14% a year over the next five years[7].

We launched a new website with responsive design technology in the first half to provide an improved and consistent user experience across all platforms, from desktop to mobile devices. In April, we integrated the tomwaterhouse.com business, transferring its website onto the proprietary William Hill Australia technology platform and achieving the planned synergies from integrating the operational teams.

Wagering was flat in 2014 as a whole but reduced 9% in the second half, in part affected by the restructuring of the client base in response to increased race field fees from 1 July 2014. The improved gross win margin reflected both this restructuring and better results year-on-year, an outcome that led to double-digit growth in net revenue.

Cost of sales increased 19% as product fees on horseracing were increased by the racing authorities in Victoria, Queensland and Western Australia. This specific change equates to a A$10m increase on a full-year basis. Operating costs were 8% lower as we achieved synergy savings from the integration of tomwaterhouse.com in the first half and drove greater efficiencies in marketing.

We have delivered further improvements in key metrics over the year, benefiting from the range of activities we have undertaken. Unique active users were up 15%, new accounts were 4% higher and the cost per acquisition was 25% lower at A$352.

During the period, we appointed Tom Waterhouse as CEO of William Hill Australia and settled the tomwaterhouse.com earn-out ahead of schedule for A$5m (£2.6m) in cash.

William Hill US (2% of Group revenue)

William Hill US continues to perform strongly with amounts wagered up 21%. Net revenue was 31% higher at £29.7m (2013: £22.7m) with a gross win margin of 7.9% (2013: 7.3%). Operating costs were 11% higher and operating profit[1] increased by 98% to £9.7m (2013: £4.9m).

Other (1% of Group revenue)

Telephone made an operating loss[1] of £0.8m (2013: break-even). Amounts wagered were down 16% and net revenue was down 28% to £11.8m (2013: £16.5m) on a reduced gross win margin of 6.0% (2013: 6.9%). Operating costs reduced 24%.

FINANCIAL REVIEW

Benefiting from a successful World Cup, gaming net revenue growth in both Online and Retail and net revenue growth from its more recent international acquisitions in the US and Australia, the Group made £372.2m of operating profit[1] in 2014, up 11.1% on the prior year (2013: £335.0m), and £363.2m of pre-exceptional profit before interest and tax, up 12.1% on the prior year (2013: £324.1m).

The Group expensed £45.9m of pre-exceptional net financing costs versus £44.3m in 2013. The Group's pre-exceptional effective tax rate was 19.9%, which gave rise to a pre-exceptional tax charge of £63.1m. This is as compared to a substantially lower tax rate in the prior year (11.5%) which was driven by a deferred tax credit following an enacted reduction in corporation tax rates. Pre-exceptional profit after tax was £254.2m, up 2.7% on the prior year (2013: £247.6m), and the Group's non-controlling interest deduction fell to zero (2013: £15.3m) following the acquisition of the minority interest held by Playtech in Online. Basic adjusted earnings per share (EPS) grew by 3.8%, from 28.8p to 29.9p.

The Group successfully refinanced its revolving credit facility in 2014, further strengthening its balance sheet, with an extension to the average maturity of the Group's borrowings at a lower cost. Its key banking covenant improved year over year, with net debt to EBITDA for covenant purposes standing at 1.4 times as compared to 2.0 times in 2013. Year-end net debt for covenant purposes similarly fell, from £796m to £603m.

Pre-exceptional Income Statement

The Group made £1,609.3m of net revenue in 2014, up 8.3% or £122.8m on the prior year (2013: £1,486.5m). Whilst OTC net revenue in Retail fell 4.9% or by £23.1m impacted by weaker sports results, Retail gaming machine net revenue grew £27.5m or 6.3%. Of this latter amount, £5.7m of growth was generated as a result of the change in the nature of indirect machine taxes in February

2013 with the remainder arising from performance. Online saw £40.4m of increased net revenue benefiting from sports wagering growth and £40.7m from growth in gaming products, benefiting from mobile product innovation. William Hill Australia contributed an additional £35.2m of revenues, partly as a result of a full period of ownership in 2014 and partly through improved sporting results. The US contributed an additional £7.0m of revenue, benefiting both from greater levels of wagering and improved sports results.

Pre-exceptional cost of sales grew by 10.5% or £27.9m, from £266.6m in 2013 to £294.5m in 2014. Retail cost of sales grew £6.6m, of which £5.2m reflected the impact of one additional month of MGD in 2014, as compared to 2013. Pre-exceptional Online cost of sales grew £10.8m or 26.9%, largely driven by increased indirect taxes including £3.9m of tax relating to POCT. William Hill Australia cost of sales grew 49.0% or by £9.9m, driven by the combination of a full period of ownership, growth in net revenue and an increase in race field fees.

The Group saw pre-exceptional net operating expenses, including other operating income, of £952.6m in 2014, an increase of £53.4m or 5.9% on the prior year (2013: £899.2m). Within this, amortisation on specifically identified intangible assets arising on consolidation fell slightly, to £9.0m in 2014 from £10.9m in 2013, as assets acquired as part of the 2008 William Hill Online acquisition were fully amortised. Other operating income was £8.9m (2013: £7.4m). The Group saw £1.0m of contribution from its associate SIS (2013: £3.4m).

Online pre-exceptional net operating expenses before amortisation of acquired intangibles grew by £40.4m or 15.6%, from £258.3m to £298.7m. Within this, marketing was £132.1m, up 7.8% on the prior year (£122.5m) and other costs grew by 22.7% to £166.6m, from £135.8m in 2013. The main drivers of growth in this area were staff costs which include increased year over year levels of staff incentive payments, IT costs and IT-related intangible asset amortisation and bank charges. Retail pre-exceptional operating expenses were £508.3m. Versus the prior year this represented a very modest increase of less than a million pounds or growth of only 0.2% (2013: £507.4m). Retail benefited from a decline in staffing costs as a result of the extension of single manning, and spent less in repairs and maintenance. Offsetting these benefits, staff incentive costs were higher, picture and data costs rose and Retail also rolled over the benefit seen in 2013 relating to input VAT recovery, prior to the launch of MGD in February that year. The cost benefit of the closure of a portfolio of 108 shops following the announcement of an increase in MGD scheduled for March 2015 largely offset additional costs arising from new shop openings. Other areas of material cost growth included Australia, reflecting the full year ownership of the channel in 2014 versus a part year ownership in 2013, and corporate expenses, where staff incentive charges have driven up costs, particularly as compared to 2013 in which no annual incentive scheme payouts were accrued.

The Group made £372.2m of operating profit[1] (2013: £335.0m) and £363.2m of pre-exceptional profit before interest and tax (2013: £324.1m).

Pre-exceptional net finance costs were £45.9m in 2014, £1.6m or 3.6% higher than the prior year (2013: £44.3m), with the full year impact of the Group's £375m bond issued in June 2013 largely offset by reduced bank borrowings. Pre-exceptional pre-tax profit for the year was £317.3m (2013: £279.8m).

Taxation

Pre-exceptional tax on profit was £63.1m (2013: £32.2m) at an effective tax rate of 19.9%.

Total tax on exceptional items was a £35.5m credit (2013: £1.7m credit), which includes a £20.1m credit relating to the tax effect of exceptional items of which £13.4m relates to a deferred tax credit arising following the accelerated amortisation of the Australian brands outlined below. The remaining £15.4m credit relates to the release of a corporation tax provision no longer deemed necessary following discussions with a tax authority and which has been disclosed as exceptional given its materiality.

Total tax for the year was £27.6m (2013: £30.5m).

Looking ahead, the Group expects that the pre-exceptional effective tax rate on profit for 2015 will be around 19% and the cash tax effective rate will be 20%.

Exceptional costs

After charging £26.4m of pre-tax exceptional costs in the first half of 2014, the Group incurred a further £57.0m of exceptional charges in the second half of 2014, a total of £83.4m. Of this, £2.0m was an exceptional finance cost.

The items charged in the second half of 2014 are a £9.7m provision for indirect European gambling taxes, an additional £2.8m provision relating to the closure of a number of Retail shops in the second half of 2014 linked to the closure of a portfolio of 108 shops following the announcement of an upcoming increase in MGD and a £44.5m non-cash amortisation charge linked to the acceleration of amortisation of the Sportingbet and Centrebet intangible brand assets. This follows the announcement that the Group intends to phase out these brands in favour of William Hill Australia. The acceleration of the relevant brand intangible amortisation will bridge 2014 and 2015, with the un-amortised balance at the year-end (£64m) likely to be charged to profit in 2015. As with 2014, we expect to present the incremental amortisation as exceptional.

The costs taken in the first half include: a £16.6m provision relating to the Retail shop closure portfolio (£19.4m in total in 2014); exceptional William Hill Australia items relating to the restructuring of management (£1.8m); the completion of the tomwaterhouse.com integration (£3.3m) and the early settlement of the tomwaterhouse.com earnout agreement (£2.2m); a £0.5m cost relating to interest on a VAT refund received from HMRC in 2010 and repaid to them following legal action in 2013; and a £2.0m non-cash write off of arrangement fees following the early termination of the Group's existing revolving credit facility following the renegotiation of this agreement during the year.

Earnings per share

Pre-exceptional profit for the year was £254.2m versus £247.6m in 2013. Following the acquisition of the minority stake in William Hill Online in 2013, there was no deduction of non-controlling interest in 2014 (2013: £15.3m) so retained profit for the period before exceptional items grew by 9.4% from £232.3m in 2013 to £254.2m in 2014. Retained profit for the period was £206.3m (2013: £211.2m).

Basic adjusted EPS was 29.9p in 2014, 3.8% higher than the prior year comparable (2013: 28.8p). This metric is calculated by taking pre-exceptional profit for the year and adjusting for the after-tax amortisation of acquired intangible assets; these adjustments reflect the key business metric of operating profit[1] and give a better sense of underlying business progress. Adjusted pre-exceptional profit after tax grew by 8.0% (£260.8m in 2014 versus £241.5m in 2013) but the weighted average number of shares in issue grew by 4.2%, largely reflecting the full-year impact of the shares issued as a consequence of the equity raise in 2013 and to a lesser degree the issue of an additional 9.7 million shares in 2014 to settle share-based payment schemes.

Basic EPS was 23.6p (2013: 25.2p) and fully diluted EPS was 23.4p (2013: 24.7p).

Cash flow and balance sheet

The Group generated £368m of cash inflow from operating activities in 2014, up c£100m on the prior year (2013: £268m). Of this increase, around £40m was generated by an improved pre-exceptional profit before interest and tax. Other major favourable movements included c£21m of lower cash tax payments and a favourable swing on working capital. The Group saw a working capital outflow of c£12m in 2013 but an inflow of c£47m in 2014. The major factors in this 2014 movement were increased accruals for staff incentives and increased accruals relating to exceptional items, including indirect tax and shop closures.

The Group spent £74.6m on capital investment during the year, slightly below the expected £80-90m range and below the prior year total of £84.6m. Whilst dividend payments grew by c£17m, from £87.1m in 2013 to £104.0m in 2014, this was more than offset by the cessation of distributions to non-controlling interests, which were c£22m in 2013.

After £180m of debt repayments during the year, the Group added c£15m to its cash and cash equivalents, leaving the Group with £222.1m of cash in hand, of which £89.7m relates to amounts due to clients and for which a matching payable balance is held. The Group's net debt for covenant purposes fell from £796m at the end of 2013 to £603m at the end of 2014.

£675m of gross debt relates to the two bonds in issue: a £300m 7.125% bond due in November 2016 and a £375m 4.25% bond due in June 2020. The Group refinanced its existing revolving credit facility in

2014 and now has a £540m revolver in place through to May 2019. Of this, £50m was drawn at the year-end.

The Group's pension scheme swung from an accounting deficit of £17.5m at the end of 2013 to a £27.5m surplus at the end of 2014. This was largely driven by a strong performance in investment returns above expectation. Following a formal three-year actuarial revaluation of the scheme as at 30 September 2013, the Company agreed a new funding plan in early 2014 with the pension trustee, with annual deficit repair contributions of £9.4m per annum through to May 2019.

FISCAL AND REGULATORY UPDATE

On 1 November 2014, Online was licensed by the Gambling Commission to provide online gambling services in the UK. On 1 December 2014, POCT was implemented, charging 15% gross profits tax on Online's UK revenues.

In December 2014, the RGT published the results of its two-year gaming machine research programme. This set out to determine whether it is possible to distinguish between harmful and non-harmful gaming machine play and identifying measures to limit harmful play without impacting on those who do not exhibit harmful behaviours. The key conclusions of the research were: that it is possible to identify harmful patterns of play; that an holistic approach to identifying harm is required through understanding behaviour and patterns of play; and that further work is required to lead to more targeted campaigns tackling harmful behaviour. The researchers further concluded that no single approach is the answer to harm minimisation measures, problem gambling is found at all staking levels and problem gamblers use multiple products. The RGT recommended that 'it would be inadvisable to rush to policies on the basis of these foundational studies'.

In Retail, we will shortly be introducing 'the £50 journey', which requires account-based or over-the-counter depositing for customers staking at the £50-100 level on gaming machines. The deadline for implementation is 6 April 2015. We have undertaken extensive training of our colleagues together with customer segmentation to facilitate a smooth transition. This will provide valuable additional data to support our responsible gambling programmes.

The Senet Group, which was created in September 2014 as an independent industry watchdog, launched a responsible gambling advertising campaign on in January 2015 focusing on education. The industry also sponsored GambleAware Week, a new initiative which ran from 26 January to 1 February 2015 to raise the profile of the importance of responsible gambling.

There are ongoing consultations relating to the future funding of UK horse racing and responses are awaited from the Government on the review of gambling advertising and proposed changes to planning in England and Wales, and in Scotland.

The EU's 4th Money Laundering Directive is still to be finalised. Retail bookmakers are outside the scope of the current EU directive but will be brought within the scope of the new draft directive, unless exempted. Exemptions can be given by member states for areas deemed low risk through the 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.

DIVIDEND

The Board has approved a final dividend of 8.2p per share, giving a full year dividend of 12.2p per share (2013: 11.6p per share), an increase of 5%. It is payable on 5 June 2015, the ex-dividend date is 30 April 2015 and the record date is 1 May 2015. The Group estimates that approximately 882 million shares will qualify for the final dividend.

CURRENT TRADING

Excluding one significant loss-making week driven by customer-friendly football results, the sum of the remainder of the first eight weeks of Q1 2015 to 24 February 2015 has been in line with internal revenue expectations, benefiting from gross win margin growth. Whilst inclusion of the loss-making week leaves us behind internal expectations for the period as a whole, the Board's view is that this volatility in sporting results is now a normal part of the Group's trading given the increased proportion of accumulator football betting in Online as well as Retail. Therefore, the Board remains confident in its expectations for 2015.

PRINCIPAL RISKS

The key risks areas for 2015 for the Group are identified as:

- change in regulatory requirements;
- UK and overseas taxation and duties;
- 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.

2014 ANNUAL REPORT

The 2014 Annual Report and Accounts, incorporating the audited financial statements, have been published today and are available as a PDF document on the Group's corporate website at www.williamhillplc.com. Notifications will be sent to shareholders who have opted for electronic communication. Copies of the Annual Report will be posted to shareholders on 17 March 2015, together with the Notice of Annual General Meeting and proxy forms. A copy of each of the above documents is being uploaded today to the National Storage Mechanism and will shortly be available for viewing.

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

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

- the financial statements, prepared in accordance with the relevant financial reporting framework, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole;
- the Strategic Report (which includes the management report) includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face; and
- the Annual Report and financial statements, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the Company's performance, business model and strategy.

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
27 February 2015	27 February 2015

Consolidated Income Statement

For the 52 weeks ended 30 December 2014

	Notes	Before exceptional items £m	Exceptional items (note 3) £m	52 weeks ended 30 December 2014 Total £m	Before exceptional items £m	Exceptional items (note 3) £m	52 weeks ended 31 December 2013 Total £m
Continuing operations							
Amounts wagered	2	**8,945.7**	**–**	**8,945.7**	7,800.8	–	7,800.8
Revenue	2	**1,609.3**	**–**	**1,609.3**	1,486.5	–	1,486.5
Cost of sales	2,3	**(294.5)**	**(9.7)**	**(304.2)**	(266.6)	(5.6)	(272.2)
Gross profit	2	**1,314.8**	**(9.7)**	**1,305.1**	1,219.9	(5.6)	1,214.3
Other operating income		**8.9**	**–**	**8.9**	7.4	–	7.4
Other operating expenses	3	**(961.5)**	**(71.7)**	**(1,033.2)**	(906.6)	(15.5)	(922.1)
Share of results of associates		**1.0**	**–**	**1.0**	3.4	–	3.4
Profit before interest and tax	2	**363.2**	**(81.4)**	**281.8**	324.1	(21.1)	303.0
Investment income	4	**1.0**	**–**	**1.0**	1.1	–	1.1
Finance costs	3,5	**(46.9)**	**(2.0)**	**(48.9)**	(45.4)	(1.7)	(47.1)
Profit before tax	2	**317.3**	**(83.4)**	**233.9**	279.8	(22.8)	257.0
Tax	3,6	**(63.1)**	**35.5**	**(27.6)**	(32.2)	1.7	(30.5)
Profit for the period		**254.2**	**(47.9)**	**206.3**	247.6	(21.1)	226.5
Attributable to:							
Equity holders of the parent		**254.2**	**(47.9)**	**206.3**	232.3	(21.1)	211.2
Non-controlling interest		**–**	**–**	**–**	15.3	–	15.3
		254.2	**(47.9)**	**206.3**	247.6	(21.1)	226.5
Earnings per share (pence)							
Basic	8			**23.6**			25.2
Diluted	8			**23.4**			24.7

Consolidated Statement of Comprehensive Income

For the 52 weeks ended 30 December 2014

	52 weeks ended 30 December 2014 £m	52 weeks ended 31 December 2013 £m
Profit for the period	**206.3**	226.5
Items that will not be reclassified subsequently to profit or loss:		
Actuarial remeasurements in defined benefit pension scheme	**36.4**	(3.8)
Tax on remeasurements in defined benefit pension scheme	**(7.3)**	(1.7)
	29.1	(5.5)
Items that may be reclassified subsequently to profit or loss:		
Loss on cash flow hedges	**–**	(0.6)
Exchange differences on translation of foreign operations	**(5.4)**	(98.6)
	(5.4)	(99.2)
Other comprehensive income/(loss) for the period	**23.7**	(104.7)
Total comprehensive income for the period	**230.0**	121.8
Attributable to:		
Equity holders of the parent	**230.0**	106.5
Non-controlling interest	**–**	15.3
	230.0	121.8

Consolidated Statement of Changes in Equity

For the 52 weeks ended 30 December 2014

	Attributable to owners of the parent							
	Called-up share capital £m	Premium on ordinary shares £m	Capital redemption reserve £m	Merger reserve £m	Own shares held £m	Hedging and translation reserve £m	Retained earnings £m	Total equity £m
At 1 January 2014	**86.7**	**680.7**	**6.8**	**(26.1)**	**(3.8)**	**(99.9)**	**378.9**	**1,023.3**
Profit for the financial period	–	–	–	–	–	–	206.3	206.3
Other comprehensive (loss)/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 (note 10)	0.1	–	–	–	(5.8)	–	4.9	(0.8)
Transfer of own shares to recipients (note 10)	–	–	–	–	8.5	–	(8.5)	–
Other shares issued during 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 (note 7)	–	–	–	–	–	–	(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**

	Called-up share capital £m	Premium on ordinary shares £m	Capital redemption reserve £m	Merger reserve £m	Own shares held £m	Hedging and translation reserve £m	Retained earnings £m	Total attributable to owners of the parent £m	Non-controlling interest £m	Total equity £m
At 2 January 2013	70.6	321.4	6.8	(26.1)	(2.7)	(0.7)	653.1	1,022.4	14.6	1,037.0
Profit for the financial period	–	–	–	–	–	–	211.2	211.2	15.3	226.5
Other comprehensive loss for the period	–	–	–	–	–	(99.2)	(5.5)	(104.7)	–	(104.7)
Total comprehensive income for the period	–	–	–	–	–	(99.2)	205.7	106.5	15.3	121.8
Purchase and issue of own shares	0.2	–	–	–	(9.6)	–	9.0	(0.4)	–	(0.4)
Transfer of own shares to recipients	–	–	–	–	8.5	–	(8.5)	–	–	–
Rights issue, net of costs	15.7	357.7	–	–	–	–	–	373.4	–	373.4
Other shares issued during the period	0.2	1.6	–	–	–	–	–	1.8	–	1.8
Credit recognised in respect of share remuneration	–	–	–	–	–	–	8.9	8.9	–	8.9
Tax credit in respect of share remuneration	–	–	–	–	–	–	2.9	2.9	–	2.9
Dividends paid	–	–	–	–	–	–	(87.1)	(87.1)	–	(87.1)
Distributions to non-controlling interest	–	–	–	–	–	–	–	–	(21.6)	(21.6)
Purchase of non-controlling interest, net of costs	–	–	–	–	–	–	(414.8)	(414.8)	(8.3)	(423.1)
Reversal of non-controlling interest perpetuity creditor	–	–	–	–	–	–	9.7	9.7	–	9.7
At 31 December 2013	86.7	680.7	6.8	(26.1)	(3.8)	(99.9)	378.9	1,023.3	–	1,023.3

Consolidated Statement of Financial Position
As at 30 December 2014

	Notes	30 December 2014 £m	31 December 2013 £m
Non-current assets			
Intangible assets		**1,816.3**	1,854.8
Property, plant and equipment		**225.4**	249.2
Interest in associate		**14.0**	14.0
Deferred tax asset		**12.9**	18.6
Retirement benefit asset		**27.5**	–
Loans receivable		**2.3**	4.6
		2,098.4	2,141.2
Current assets			
Inventories		**0.1**	0.2
Trade and other receivables		**55.3**	56.4
Cash and cash equivalents		**222.1**	206.7
Investment property held for sale		**4.7**	9.4
		282.2	272.7
Total assets		**2,380.6**	2,413.9
Current liabilities			
Trade and other payables		**(314.6)**	(278.7)
Corporation tax liabilities		**(44.0)**	(37.6)
Derivative financial instruments		**(11.2)**	(12.3)
		(369.8)	(328.6)
Non-current liabilities			
Borrowings	9	**(716.1)**	(895.9)
Retirement benefit obligations		**–**	(17.5)
Deferred tax liabilities		**(134.4)**	(148.6)
		(850.5)	(1,062.0)
Total liabilities		**(1,220.3)**	(1,390.6)
Net assets		**1,160.3**	1,023.3
Equity			
Called-up share capital		**87.7**	86.7
Share premium account		**683.2**	680.7
Capital redemption reserve		**6.8**	6.8
Merger reserve		**(26.1)**	(26.1)
Own shares held	10	**(1.1)**	(3.8)
Hedging and translation reserves		**(105.3)**	(99.9)
Retained earnings		**515.1**	378.9
Total equity		**1,160.3**	1,023.3

Consolidated Cash Flow Statement

For the 52 weeks ended 30 December 2014

	Notes	52 weeks ended 30 December 2014 £m	52 weeks ended 31 December 2013 £m
Net cash from operating activities	12	**368.2**	267.6
Investing activities			
Dividend from associate		**1.0**	2.0
Interest received	4	**1.0**	1.1
Proceeds on disposal of property, plant and equipment		**2.2**	1.8
Proceeds on disposal of investment properties		**4.1**	–
Loans receivable		**2.3**	(6.9)
Acquisitions (net of cash acquired)		**(2.6)**	(451.4)
Purchase of non-controlling interest, net of costs		**–**	(423.1)
Purchases of property, plant and equipment		**(29.1)**	(49.6)
Expenditure on computer software		**(45.5)**	(35.0)
Net cash used in investing activities		**(66.6)**	(961.1)
Financing activities			
Proceeds on issue of shares under share schemes		**2.7**	1.8
Purchase of own shares		**(0.8)**	(0.4)
Proceeds on rights issue		**–**	384.3
Fees in respect of rights issue		**–**	(10.9)
Dividends paid	7	**(104.0)**	(87.1)
Distributions to non-controlling interests		**–**	(21.6)
(Repayments under)/net amounts drawn down on borrowing facilities	9	**(180.0)**	120.0
Debt facility issue costs		**(4.1)**	(1.9)
Issue of £375m Guaranteed Notes due 2020		**–**	375.0
Finance fees paid on £375m Guaranteed Notes		**–**	(4.0)
Net cash (used in)/from financing activities		**(286.2)**	755.2
Net increase in cash and cash equivalents in the period		**15.4**	61.7
Changes in foreign exchange rates		**–**	(6.7)
Cash and cash equivalents at start of period		**206.7**	151.7
Cash and cash equivalents at end of period		**222.1**	206.7

1. BASIS OF ACCOUNTING

GENERAL INFORMATION

William Hill PLC is a company incorporated in the United Kingdom under the Companies Act 2006. The address of the registered office is Greenside House, 50 Station Road, London N22 7TP. The nature of the Group's operations and its principal activities are set out in the Strategic Report within the Annual Report and note 2.

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

BASIS OF ACCOUNTING

The Group financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as issued by the IASB. The Group financial statements have also been prepared in accordance with IFRSs adopted by the European Union and therefore the Group financial statements comply with Article 4 of the EU IAS Regulation.

The Group financial statements have been prepared on the historical cost basis, except where certain assets or liabilities are held at amortised cost or at fair value as described in our accounting policies. The key accounting policies adopted are set out in our Annual Report.

The financial statements set out in this preliminary announcement do not constitute the Company's statutory accounts for the 52 week periods ended 30 December 2014 or 31 December 2013, but are derived from those accounts. The auditor has reported on those accounts and their reports were unqualified, did not draw attention to any matters by way of emphasis and did not contain statements under section 498 (2) or (3) of the Companies Act 2006.

Whilst the financial information included in this preliminary announcement has been computed in accordance with IFRS, this announcement does not itself contain sufficient information to comply with IFRS. The Company has published full financial statements that comply with IFRS on 27 February 2015.

ADOPTION OF NEW AND REVISED STANDARDS

The Group has adopted a number of new IFRSs, amendments to IFRSs and IFRS Interpretations Committee (IFRIC) interpretations, none of which have had a significant effect on the results or net assets of the Group. A list is provided in an appendix to the Annual Report.

STANDARDS IN ISSUE BUT NOT EFFECTIVE

A complete list of standards that are in issue but not yet effective is included with our full accounting policies in an appendix to the Annual Report.

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

GOING CONCERN

The Group meets its day-to-day working capital requirements from positive operational cash flow and its available cash resources. These are supplemented when required by additional drawings under the Group's bank loan facilities, which are committed until May 2019. Whilst there are a number of risks to the Group's trading performance, the Group does not have any material debt repayment obligations before November 2016. The Group's strategic 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 for the period of the strategic forecast.

After making enquiries and after consideration of the Group's existing operations, cash flow forecasts and assessment of business, regulatory and financing 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 Annual Report and Accounts.

2. SEGMENT INFORMATION

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

The Retail distribution channel comprises all activity undertaken in LBOs including gaming machines. The Online segment comprises all activity undertaken online 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 under the Centrebet, Sportingbet and tomwaterhouse.com brands in Australia. Other activities include on-course betting and greyhound stadia operations. There are no inter-segmental sales within the Group.

Segment information for the 52 weeks ended 30 December 2014 is as follows:

	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 results 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 specific 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.

As at 30 December 2014	Retail £m	Online £m	Telephone £m	US £m	Australia £m	Other £m	Corporate £m	Group £m
Statement of financial position information								
Total segment assets	1,384.8	372.1	–	52.5	388.5	11.1	158.7	2,367.7
Total segment liabilities	(90.2)	(139.4)	(0.5)	(10.1)	(44.4)	(0.1)	(757.2)	(1,041.9)
Included within total assets:								
Goodwill	680.7	183.9	–	19.3	274.4	7.1	–	1,165.4
Other intangibles with indefinite lives	484.3	–	–	–	–	–	–	484.3
Investment in associates	–	–	–	–	–	–	14.0	14.0
Capital additions	25.2	31.3	–	2.2	5.8	–	5.8	70.3

Net assets/(liabilities) have been allocated by segment based on the information reviewed by the Group's Chief Executive Officer. Corporate net assets include net borrowings and the net defined benefit pension asset as well as any assets and liabilities that cannot be allocated to a particular channel other than on an arbitrary basis.

Capital additions in the above table are stated on an accruals basis.

Segment information for the 52 weeks ended 31 December 2013:

	Retail £m	Online £m	Telephone £m	US £m	Australia £m	Other £m	Corporate £m	Group £m
Amounts wagered	2,874.1	3,165.0	252.0	310.2	1,177.1	22.4	–	7,800.8
Payout	(1,967.1)	(2,718.7)	(235.5)	(287.5)	(1,090.4)	(15.1)	–	(6,314.3)
Revenue	**907.0**	**446.3**	**16.5**	**22.7**	**86.7**	**7.3**	**–**	**1,486.5**
GPT, duty, levies and other costs of sales	(203.3)	(40.2)	–	(2.0)	(20.2)	(0.9)	–	(266.6)
Gross profit	703.7	406.1	16.5	20.7	66.5	6.4	–	1,219.9
Depreciation	(25.8)	(0.7)	–	(0.5)	(3.1)	(0.2)	(4.0)	(34.3)
Amortisation	(2.6)	(18.2)	(0.2)	–	–	–	–	(21.0)
Other administrative expenses	(479.0)	(239.4)	(16.3)	(15.3)	(51.4)	(6.0)	(25.6)	(833.0)
Share of results of associates	–	–	–	–	–	–	3.4	3.4
Operating profit/(loss)[1]	**196.3**	**147.8**	**–**	**4.9**	**12.0**	**0.2**	**(26.2)**	**335.0**
Amortisation of specific acquired intangibles	–	(4.0)	–	(2.5)	(4.4)	–	–	(10.9)
Exceptional operating items	(5.6)	–	–	–	(15.5)	–	–	(21.1)
Profit/(loss) before interest and tax[2]	**190.7**	**143.8**	**–**	**2.4**	**(7.9)**	**0.2**	**(26.2)**	**303.0**

Non-operating exceptional items	(1.7)	(1.7)
Investment income	1.1	1.1
Finance costs	(45.4)	(45.4)
Profit before tax		**257.0**

[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.

As at 31 December 2013	Retail £m	Online £m	Telephone £m	US £m	Australia £m	Other £m	Corporate £m	Group £m
Statement of financial position information								
Total segment assets	1,389.3	374.5	0.6	54.4	449.4	11.4	115.7	2,395.3
Total segment liabilities	(86.0)	(120.8)	(4.9)	(8.6)	(32.4)	(0.3)	(951.4)	(1,204.4)
Included within total assets:								
Goodwill	681.0	183.9	–	18.1	280.6	7.1	–	1,170.7
Other intangibles with indefinite lives	484.6	–	–	–	86.2	–	–	570.8
Investment in associates	–	–	–	–	–	–	14.0	14.0
Capital additions	39.6	34.7	–	2.6	2.8	–	8.8	88.5

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

Capital additions in the above table are stated on an accruals basis.

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

	Revenues		Non-current assets	
	52 weeks ended 30 December 2014 £m	52 weeks ended 31 December 2013 £m	**30 December 2014 £m**	31 December 2013 £m
United Kingdom	**1,322.4**	1,263.4	**1,454.2**	1,396.9
Rest of the World	**286.9**	223.1	**644.2**	744.3
	1,609.3	1,486.5	**2,098.4**	2,141.2

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

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

	Assets		Liabilities	
	30 December 2014 £m	31 December 2013 £m	**30 December 2014 £m**	31 December 2013 £m
Total segment assets/(liabilities)	**2,367.7**	2,395.3	**(1,041.9)**	(1,204.4)
Corporation tax liabilities	**–**	–	**(44.0)**	(37.6)
Deferred tax assets/(liabilities)	**12.9**	18.6	**(134.4)**	(148.6)
Total assets/(liabilities)	**2,380.6**	2,413.9	**(1,220.3)**	(1,390.6)

3. EXCEPTIONAL ITEMS

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

	52 weeks ended 30 December 2014 £m	52 weeks ended 31 December 2013 £m
Operating		
Portfolio shop closures[1]	**(19.4)**	–
tomwaterhouse.com acquisition and integration costs[2]	**(3.3)**	(2.0)
Revaluation of tom.waterhouse.com contingent consideration[3]	**(2.2)**	–
Australian management restructuring[4]	**(1.8)**	–
VAT repayment[5]	**(0.5)**	(5.6)
Indirect taxation[6]	**(9.7)**	–
Accelerated brand amortisation[7]	**(44.5)**	–
Sportingbet acquisition and integration costs	**–**	(13.5)
	(81.4)	(21.1)
Non-operating		
Costs in respect of refinancing[8]	**(2.0)**	(1.7)
	(2.0)	(1.7)
Total exceptional items before tax	**(83.4)**	(22.8)

Within the tax line, we present both exceptional tax items and the tax impact of exceptional items before tax, comprising the following:

	52 weeks ended 30 December 2014 £m	52 weeks ended 31 December 2013 £m
Tax credit in respect of portfolio shop closures[1]	**3.7**	–
Tax credit in respect of tomwaterhouse.com acquisition and integration costs[2]	**1.0**	–
Tax credit in respect of Australian management restructuring[4]	**0.5**	–
Tax credit in respect of VAT repayment[5]	**0.1**	1.3
Tax credit in respect of indirect taxation[6]	**1.0**	–
Tax credit in respect of accelerated brand amortisation[7]	**13.4**	–
Tax credit in respect of refinancing costs[8]	**0.4**	0.4
Release of historic corporation tax provisions[9]	**15.4**	–
	35.5	1.7

[1] As a result of HM Treasury's announcement in March 2014 of an increase in Machine Games Duty from 1 March 2015, the Group conducted a review of shop profitability and identified a portfolio of shops for closure. The Group closed 108 shops as part of this exercise during the year and has made provisions for onerous lease contracts and other costs of closure. A further 14 shops were closed during the year in the normal course of business and their costs are not included in this item.

[2] On 12 August 2013, the Group acquired tomwaterhouse.com. Costs relating to the acquisition and integration of tomwaterhouse.com into William Hill Australia were charged as exceptional items.

[3] Under the terms of the purchase of tomwaterhouse.com, a contingent earn-out payment was payable to the vendors, calculated with reference to the 2015 operating profits of tomwaterhouse.com. This earn-out was accounted for as a derivative liability with an initial fair value estimated at A$1.0m. The fair value was reassessed at 1 July 2014 to A$5.0m and changes in fair value were charged as an exceptional item. The earn-out was settled in the second half of 2014 for a cash value of A$5.0m.

[4] During the period, the management team of William Hill Australia was restructured. The costs of the associated staff changes were charged as exceptional items given their scale.

[5] During 2013, HM Revenue and Customs was successful in appealing against a 2010 court ruling, on the basis of which the Group had received a refund of VAT on the Group's gaming machines. The Group provided for repayment of this refund in 2013 and this sum was paid in 2014, along with £0.5m of interest which was not previously expected to be payable. Both the 2013 provision and the 2014 interest component are presented as an exceptional item, as was the original refund.

[6] The Group has begun to provide for certain indirect taxes that it now expects to pay. The retrospective element has been presented as exceptional in light of the material scale and one-off nature of the charge.

[7] William Hill Australia has begun 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, given its material scale.

[8] In June 2014, the Group entered into a £540m revolving credit facility, replacing the existing revolving credit facility. The remaining balance of finance fees on the terminated facility, which were being expensed over the life of the replaced facility, was charged as an exceptional item.

[9] During 2014, the Group released certain historical provisions for corporation tax, following resolution of discussions with a tax authority. This release has been presented as an exceptional item.

4. INVESTMENT INCOME

	52 weeks ended 30 December 2014 £m	52 weeks ended 31 December 2013 £m
Interest on bank deposits	**1.0**	1.1

5. FINANCE COSTS

	52 weeks ended 30 December 2014 £m	52 weeks ended 31 December 2013 £m
Interest payable and similar charges:		
Bank loans, bonds and overdrafts	**43.7**	41.0
Amortisation of finance costs	**2.6**	3.7
Net interest payable	**46.3**	44.7
Interest on net pension scheme assets or liabilities	**0.6**	0.7
	46.9	45.4

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

6. TAX ON PROFIT ON ORDINARY ACTIVITIES

The tax charge comprises:

	52 weeks ended 30 December 2014 £m	52 weeks ended 31 December 2013 £m
Current tax:		
UK corporation tax	**39.8**	48.9
Overseas tax	**16.9**	5.2
Adjustment in respect of prior periods	**(15.6)**	0.3
Total current tax charge	**41.1**	54.4
Deferred tax:		
Origination and reversal of temporary differences	**(12.8)**	(4.2)
Impact from changes in statutory tax rates	**–**	(18.8)
Adjustment in respect of prior periods	**(0.7)**	(0.9)
Total deferred tax credit	**(13.5)**	(23.9)
Total tax on profit on ordinary activities	**27.6**	30.5

The effective tax rate in respect of ordinary activities before exceptional items was 19.9% (52 weeks ended 31 December 2013: 11.5%). The effective tax rate in respect of ordinary activities after exceptional items was 11.8% (52 weeks ended 31 December 2013: 11.9%). The current period's charge excluding exceptional items was lower than the UK statutory rate of 21.5% mainly due to lower effective tax rates on overseas profits. The difference between the total tax shown above and the amount calculated by applying the standard rate of UK corporation tax to the profit before tax is as follows:

	52 weeks ended 30 December 2014		52 weeks ended 31 December 2013	
	£m	**%**	£m	%
Profit before tax	**233.9**		257.0	
Tax on Group profit at standard UK corporation tax rate of 21.5% (2013: 23.25%)	**50.3**	**21.5**	59.8	23.3
Impact of changes in statutory tax rates	**–**	**–**	(18.8)	(7.4)
Different tax rates in overseas territories	**(10.2)**	**(4.3)**	(12.9)	(5.0)
Tax on share of results of associates	**(0.2)**	**(0.1)**	(0.8)	(0.3)
Adjustment in respect of prior periods	**(16.3)**	**(7.0)**	(0.6)	(0.2)
Permanent differences – non-deductible expenditure	**4.0**	**1.7**	3.8	1.5
Total tax charge	**27.6**	**11.8**	30.5	11.9

William Hill plc pays taxes in the UK and therefore the tax rate used for tax on Group profit for the purposes of this analysis is the standard rate for UK corporation tax.

There are no material unrecognised deferred tax assets.

7. DIVIDENDS PROPOSED AND PAID

	52 weeks ended 30 December 2014 Per share	52 weeks ended 31 December 2013 Per share	**52 weeks ended 30 December 2014 £m**	52 weeks ended 31 December 2013 £m
Equity shares:				
– current period interim dividend paid	**4.0p**	3.7p	**35.1**	32.1
– prior period final dividend paid	**7.9p**	7.2p	**68.9**	55.0
	11.9p	10.9p	**104.0**	87.1
Proposed final dividend	**8.2p**	7.9p	**72.3**	69.1

The proposed final dividend of 8.2p will, subject to shareholder approval, be paid on 5 June 2015 to all shareholders on the register on 1 May 2015. In line with the requirements of IAS 10 – 'Events after the Reporting Period', this dividend has not been recognised within these results. The Group estimates that approximately 882 million shares will qualify for the final dividend.

Under an agreement signed in November 2002, The William Hill Holdings 2001 Employee Benefit Trust agreed to waive all dividends. Details of shares held by the William Hill Holdings 2001 Employee Benefit Trust are given in note 10.

8. EARNINGS PER SHARE

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

	52 weeks ended 30 December 2014			52 weeks ended 31 December 2013		
	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)	**206.3**	**–**	**206.3**	211.2	–	211.2
Exceptional items (note 3) (£m)	**83.4**	**–**	**83.4**	22.8	–	22.8
Exceptional items – tax credit (note 3) (£m)	**(35.5)**	**–**	**(35.5)**	(1.7)	–	(1.7)
Amortisation of intangibles (net of tax) (£m)	**6.6**	**–**	**6.6**	9.2	–	9.2
Adjusted profit after tax for the financial period (£m)	**260.8**	**–**	**260.8**	241.5	–	241.5
Weighted average number of shares (million)	**873.2**	**8.2**	**881.4**	838.3	15.3	853.6
Earnings per share (pence)	**23.6**	**(0.2)**	**23.4**	25.2	(0.5)	24.7
Amortisation adjustment (pence)	**0.8**	**–**	**0.8**	1.1	–	1.1
Exceptional adjustment (pence)	**5.5**	**(0.1)**	**5.4**	2.5	–	2.5
Earnings per share – adjusted (pence)	**29.9**	**(0.3)**	**29.6**	28.8	(0.5)	28.3

An adjusted earnings per share, based on profit for the period before exceptional items and before the amortisation of specific intangible assets arising on acquisitions, has been presented in order to highlight the underlying performance of the Group.

The basic weighted average number of shares excludes shares held by The William Hill Holdings 2001 Employee Benefit Trust and those shares held in treasury. The effect of this was to reduce the average number of shares by 0.3 million in the 52 weeks ended 30 December 2014 (52 weeks ended 31 December 2013: 0.8 million).

9. BORROWINGS

	30 December 2014 £m	31 December 2013 £m
Borrowings at amortised cost		
Bank loans	**50.0**	230.0
Less: expenses relating to bank loans	**(3.8)**	(2.5)
£300m 7.125% Guaranteed Notes due 2016	**300.0**	300.0
Less: discount on £300m 7.125% Guaranteed Notes due 2016 issued for £297.9m	**(0.7)**	(1.0)
Less: expenses relating to £300m 7.125% Guaranteed Notes due 2016	**(1.3)**	(1.9)
£375m 4.25% Guaranteed Notes due 2020	**375.0**	375.0
Less: expenses relating to £375m 4.25% Guaranteed Notes due 2020	**(3.1)**	(3.7)
Total Borrowings	**716.1**	895.9
Less: amount shown as due for settlement in 12 months	**–**	–
Amount shown as due for settlement after 12 months	**716.1**	895.9

The gross borrowings are repayable as follows:		
Amounts due for settlement within one year	**–**	–
In the second year	**300.0**	230.0
In the third to fifth years inclusive	**50.0**	300.0
After more than five years	**375.0**	375.0
	725.0	905.0

Bank facilities

As at 30 December 2014, the Group had the following bank facilities:

1. A committed revolving credit bank loan facility (RCF) of £540m provided by a syndicate of banks which expires in May 2019. At the period-end, £50m of this facility was drawn down (31 December 2013: £230m).
2. An overdraft facility of £5m, of which £nil was drawn down at the period-end (31 December 2013: £nil).

During the period, the Group repaid and cancelled the Revolving Credit Facility of £550m that was due to expire in 2015. The remaining unamortised finance fees on this facility have been charged as an exceptional item as described in note 3.

£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 December 2014, the Group had an overdraft facility with National Westminster Bank plc of £5m (31 December 2013: £5m). The balance on this facility at 30 December 2014 was £nil (31 December 2013: £nil).

Corporate bonds

(i) £300m 7.125% Guaranteed Notes due 2016

As part of its strategy to diversify its funds and strengthen its balance sheet, the Company issued £300m of corporate bonds to investors in 2009. These bonds mature in November 2016 and are guaranteed by the Company and 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 rate of 7.25%.

(ii) £375m 4.25% Guaranteed Notes due 2020

In June 2013, the Group issued £375m of corporate bonds and used the net proceeds to repay £275m borrowed under a Term Loan Facility used to part fund the acquisition of Sportingbet plc's Australian business and Playtech's stake in Online, with the remainder of the bond used to reduce outstanding amounts under the Group's RCF. The bonds, which are guaranteed by the Company and certain of its operating subsidiaries, bear a coupon rate of 4.25% and are due for redemption in June 2020.

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. OWN SHARES

	£m
At 1 January 2014	(3.8)
Purchase and issue of own shares	(5.8)
Transfer of own shares to recipients	8.5
At 30 December 2014	**(1.1)**

Own shares held comprise:

	30 December 2014			31 December 2013		
	Number of shares	**Nominal value £m**	**Cost £m**	Number of shares	Nominal value £m	Cost £m
William Hill Holdings Employee Benefit Trust (EBT)	**316,606**	**-**	**1.1**	843,732	0.1	3.8

11. NON-CONTROLLING INTEREST

The non-controlling interest related to the 29% share in Online owned by Playtech Limited (Playtech) during part of the prior period. The Group purchased Playtech's stake in the Online business during 2013.

12. NOTES TO THE CASH FLOW STATEMENT

	52 weeks ended 30 December 2014 £m	52 weeks ended 31 December 2013 £m
Profit before interest and tax, excluding exceptional items	**363.2**	324.1
Adjustments for:		
Share of result of associates	**(1.0)**	(3.4)
Depreciation of property, plant and equipment	**33.5**	34.3
Amortisation of intangibles	**85.8**	31.9
Gain on disposal of property, plant and equipment	**(1.5)**	(0.4)
Loss on disposal of investment properties	**0.1**	–
Cost charged in respect of share remuneration	**7.4**	8.9
Defined benefit pension cost less cash contributions	**(9.1)**	(8.1)
Fair value movements on investment property	**0.5**	1.4
Exceptional operating expense	**(79.1)**	(16.0)
Movement on financial derivatives	**(0.6)**	4.6
Operating cash flows before movements in working capital:	**399.2**	377.3
Decrease in inventories	**0.1**	–
Decrease/(increase) in receivables	**0.9**	(5.8)
Increase/(decrease) in payables	**46.1**	(6.7)
Cash generated by operations	**446.3**	364.8
Income taxes paid	**(34.5)**	(55.9)
Interest paid	**(43.6)**	(41.3)
Net cash from operating activities	**368.2**	267.6

13. CONTINGENT LIABILITIES

The Group has potential obligations in respect of legal action following the 2012 acquisition of businesses in Nevada, USA. The Group does not expect a material adverse outcome, but there can be no assurance that the results of this legal action will not have a material impact upon the Group's cash flows or results.

The value and timing of possible obligations in this regard are subject to a high degree of uncertainty and cannot be reliably measured. Accordingly, no amounts are provided.