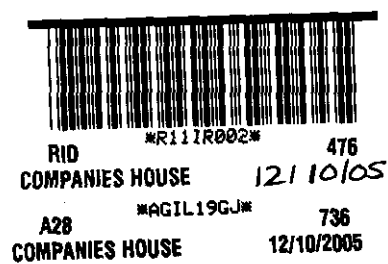


Company Registration No. 532389

Camec (Southern) Limited

Report and Financial Statements

28 December 2004



Camec (Southern) Limited

Report and financial statements 2004

Contents	Page
Officers and professional advisers	1
Directors' report	2
Statement of directors' responsibilities	4
Independent auditors' report	5
Profit and loss account	6
Balance sheet	7
Notes to the accounts	8

Camec (Southern) Limited

Report and financial statements 2004

Officers and professional advisers

Directors

Mr D Lowrey
Mr T D Singer
Mr J J Spearing
Mr S Wasani

Secretary

Ms A Macqueen

Registered office

Greenside House
50 Station Road
London N22 7TP

Auditors

Deloitte & Touche LLP
Chartered Accountants
London

Camec (Southern) Limited

Directors' report

The directors present their report and audited financial statements for the 52 week period ended 28 December 2004.

Principal activity

The principal activity of the Company is the operation of Licensed Betting Offices (LBOs). The Company is a subsidiary of William Hill PLC, which together with other subsidiaries of that company forms the William Hill Group of companies ("the Group").

Review of business developments and future activities

The Company's affairs and trading results for the period are shown in the attached financial statements.

The directors do not recommend the payment of a dividend for the period (period ended 30 December 2003 - £nil).

Trading performance

Growth in gross profit reflected a number of factors including the continuing roll out of fixed odds betting terminals (FOBTs), extended trading hours, and an expansion in the number of betting opportunities. Whilst there has been a staff cost associated with taking an increased volume of bets and extending opening hours, there is clear evidence that these initiatives are helping to drive growth.

Cost of content

In July 2005 the Court of Appeal agreed with the European Court of Justice ("ECJ") interpretation of the Database Directive which had previously been referred to the ECJ by the Court of Appeal in relation to the dispute with the British Horseracing Board (BHB) on the use of certain racing data. This judgement supported the Group's position. Subsequently the BHB has decided not to challenge this judgement thus bringing to an end a dispute that commenced in 2001.

Had the BHB been successful, their database would have been the basis of a commercial deal between racing and betting that would have allowed the statutory levy scheme to end. As a result of the decision, the government has extended the Levy until 2009 and appointed a committee, under the chairmanship of Lord Donoghue, to find an alternative basis for a commercial arrangement. It is anticipated that this committee will report back to the government in late 2005.

The betting industry has contractual arrangements in place with 58 of the country's 59 race tracks for the supply of horseracing pictures into licensed betting offices. These contracts expire between Spring 2007 and Summer 2009.

During the year the bookmaking industry agreed to an increase in the voluntary levy to support the greyhound industry. This three-year agreement will see a phased increase in contributions from 0.4% of turnover on greyhound betting in 2003 to 0.6% of turnover in 2006. It is the intention of the British Greyhound Racing Fund that the majority of the increase will be directed at improved welfare for greyhounds.

Despite the increase in greyhound funding, we believe that the ECJ ruling greatly reduces pressure for increases in the cost of content across all sports.

Business development

The Company intends to continue its investment in its retail business and to introduce new initiatives and products aimed at both retaining existing and attracting new customers.

Regulatory development

The Gambling Act 2005 passed its final parliamentary stage and received Royal Assent in April 2005. The directors are advised that it is unlikely to be fully implemented until the Gambling Commission is fully resourced and operational, which is unlikely to be before Autumn 2007.

Camec (Southern) Limited

Directors' report (continued)

Directors

The present membership of the Board of Directors is set out on page 1.

The directors who served throughout the period and subsequently, except as shown below, are:

Mr W L Haygarth (resigned 29 October 2004)

Mr D Lowrey

Mr T D Singer

Mr I J Spearing

Mr S Wasani

The directors' interests in the shares and rights to subscribe for shares in the Company's ultimate parent company (William Hill PLC) are disclosed in the financial statements of William Hill Organization Limited. Neither the directors nor the secretary had any interests in the share capital of the Company or any other Group company (except as disclosed in the accounts of William Hill Organization Limited) at any time during the period.

Terms of payment

William Hill Organization Limited, another operating company within the Group discharges all expenditure on behalf of the Group's UK subsidiaries. William Hill Organization Limited's normal practice is to agree terms of trading, including payment terms, with suppliers to all UK Group undertakings and, provided suppliers perform in accordance with agreed terms, it is the Group's policy that payment should be made accordingly. At 28 December 2004 the number of creditor days for William Hill Organization Limited was 20 days (30 December 2003 – 16 days).

Adoption of International Financial Reporting Standards (IFRS)

The Group will adopt IFRS as the primary basis for reporting for the 52 week period ending 26 December 2006. It does not expect the adoption of IFRS to have a material impact on the reporting of financial performance as compared to results prepared in accordance with UK GAAP.

The Company has evaluated the benefits of adopting IFRS and does not currently consider it beneficial to move away from producing financial statements under UK GAAP. This decision will be reassessed from time to time.

Post balance sheet events

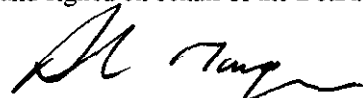
The Group has secured new loan facilities of £1.2bn with a consortium of banks (the 'new facilities'). The new facilities became available from 2 March 2005 on a committed and underwritten basis and are structured as a £600m five year term loan and a £600m five year revolving credit facility.

On 18 June 2005, the Group acquired Stanley Leisure's retail bookmaking operations in Great Britain, Northern Ireland, the Republic of Ireland, Jersey and the Isle of Man for a total cash consideration of £504m.

Auditors

Deloitte & Touche LLP have expressed their willingness to continue in office as auditors and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors
and signed on behalf of the Board



A Macqueen
Secretary

16 September 2005

Camec (Southern) Limited

Statement of directors' responsibilities

United Kingdom company law requires the directors to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the Company as at the end of the financial period and of the profit or loss of the Company for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for the system of internal control, for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent auditors' report to the members of Camec (Southern) Limited

We have audited the financial statements of Camec (Southern) Limited for the 52 week period ended 28 December 2004 which comprise the profit and loss account, the balance sheet and the related notes 1 to 14. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the Company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditors' 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 and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As described in the statement of directors' responsibilities, the Company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and auditing standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report if, in our opinion, the directors' report is not consistent with the financial statements, if the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the Company is not disclosed.

We read the directors' report for the above period and consider the implications for our report if we become aware of any apparent misstatements.

Basis of audit opinion

We conducted our audit in accordance with United Kingdom auditing standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the Company's affairs as at 28 December 2004 and of its profit for the 52 week period then ended and have been properly prepared in accordance with the Companies Act 1985.



Deloitte & Touche LLP

Chartered Accountants and Registered Auditors
London

16 September 2005

Camec (Southern) Limited

Profit and loss account

52 week period ended 28 December 2004

		52 week period ended 28 December 2004 £'000	52 week period ended 30 December 2003 £'000
	Note		
Turnover	1	52,727	34,750
Cost of sales		(49,270)	(31,616)
Gross profit		3,457	3,134
Net operating expenses	2	(2,517)	(2,437)
Operating profit	2	940	697
Net interest receivable	4	196	-
Profit on ordinary activities before taxation		1,136	697
Tax on profit on ordinary activities	5	(348)	(219)
Profit on ordinary activities after taxation and retained profit for the period transferred to reserves	12	788	478

There have been no recognised gains or losses other than those included in the profit and loss account for the current and preceding periods and accordingly no statement of total recognised gains and losses has been presented.

All transactions in the current and preceding financial periods are attributable to continuing activities.

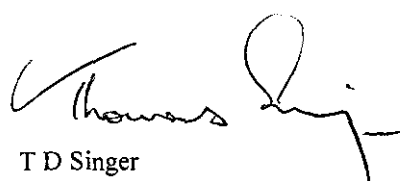
Camec (Southern) Limited

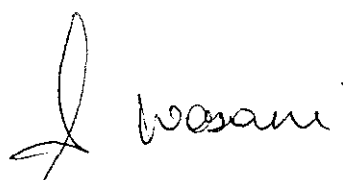
Balance sheet 28 December 2004

	Note	28 December 2004 £'000	30 December 2003 £'000
Fixed assets			
Intangible assets - goodwill	6	4	4
Tangible assets	7	248	305
Investments	8	-	-
		<u>252</u>	<u>309</u>
Current assets			
Debtors	9	4,673	3,871
Cash at bank and in hand		95	52
		<u>4,768</u>	<u>3,923</u>
Net current assets			
		<u>5,020</u>	<u>4,232</u>
Net assets			
		<u>5,020</u>	<u>4,232</u>
Capital and reserves			
Called up share capital	11,12	313	313
Capital reserves	12	10	10
Profit and loss account	12	4,697	3,909
		<u>5,020</u>	<u>4,232</u>
Equity shareholders' funds	12	<u>5,020</u>	<u>4,232</u>

These financial statements were approved by the Board of Directors on 16 September 2005.

Signed on behalf of the Board of Directors


T D Singer
Director


S Wasani
Director

Camec (Southern) Limited

Notes to the accounts

52 week period ended 28 December 2004

1. Accounting policies

The significant accounting policies of the Company are as follows. They have all been applied consistently throughout the current and prior period.

Basis of preparation

The financial statements have been prepared in accordance with applicable United Kingdom law and accounting standards and under the historical cost convention, modified to include the revaluation of certain tangible fixed assets.

A cash flow statement, as required by Financial Reporting Standard ("FRS") 1 (Revised) 'Cash flow statements', has not been prepared, as the Company is a wholly owned subsidiary of William Hill PLC, a company incorporated in Great Britain and the consolidated accounts of William Hill PLC include a cash flow statement in the form prescribed by FRS 1 (see note 13).

These financial statements present information about the individual Company and not about its group. The Company has not prepared group accounts as, in accordance with S228 of the Companies Act 1985, the Company is a wholly owned subsidiary of another company incorporated in Great Britain (see note 13).

William Hill Organization Limited, another operating company within the Group discharges all expenditure including auditors' remuneration on behalf of the Group's UK subsidiaries with appropriate charges being made to the Company for its share of the cost.

Revenue recognition and turnover

In accordance with Application Note G to Financial Reporting Standard 5 'Reporting the substance of transactions', revenue is recognised under an exchange transaction with a customer, when, and to the extent that, the Group obtains the right to consideration in exchange for its performance.

Turnover is the revenue resulting from exchange transactions under which the Group supplies to customers the services that it is in business to provide as set out below.

In the case of AWP's, turnover represents the net winnings (excluding VAT) from customers on gaming activity completed by the period end.

In the case of other LBO betting activity (including Fixed Odds Betting Terminals and other numbers bets), turnover represents the gross takings receivable from customers in respect of individual bets placed, on events that have occurred by the period end.

Turnover arises exclusively in the United Kingdom.

Acquisitions

On the acquisition of Licenced Betting Offices the excess of the purchase consideration over the fair value of tangible fixed assets, other assets and liabilities acquired represents goodwill, which is accounted for in accordance with the policy set out under intangible fixed assets.

Intangible fixed assets

The Company's intangible assets represent licence value, goodwill and brand value. Intangible assets such as licences and brands that are purchased as part of a business cannot be measured reliably and are therefore subsumed within purchased goodwill in accordance with paragraph 13 of FRS 10 'Goodwill and Intangible Assets'.

The Companies Act 1985 requires goodwill and intangible assets to be amortised over a finite period. The directors consider that the Company's intangible assets have an indefinite life due to; the fact that the Company is a significant operator in a well established market; the proven and sustained demand for bookmaking services; the operation of current law that acts as a barrier to entry for new entrants; and the Company's track record of successfully renewing its betting permits and licences.

Camec (Southern) Limited

Notes to the accounts

52 week period ended 28 December 2004

1. Accounting policies (continued)

Consequently, the directors consider that to amortise these assets would not provide a true and fair view and so the financial statements depart from this specific requirement of the Companies Act 1985. If this departure from the Companies Act 1985 had not been made the profit for the financial period would have been reduced by amortisation. The amount of this amortisation cannot be quantified because of the indefinite life of these assets.

The non-amortisation of the intangible assets means that they are subject to annual impairment testing in accordance with FRS 10 and FRS 11 'Impairment of Fixed Assets and Goodwill'.

Tangible fixed assets

Tangible fixed assets are stated in the balance sheet at cost, less provision, if any, for impairment together with additions at cost, less cumulative depreciation.

Depreciation is provided on all tangible fixed assets, other than freehold land, at rates calculated to write off the cost or valuation, less estimated residual value, of each asset on a straight-line basis over its expected useful life, as follows:

Freehold buildings	-	50 years
Short leasehold properties	-	over the unexpired period of the lease
Fixtures, fittings, equipment, plant and machinery	-	at variable rates between three and ten years

Fixed asset investments

Investments are valued at cost less provision, if any, for impairment in value.

Tax

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is not recognised when fixed assets are sold and it is more likely than not that the taxable gain will be rolled over, being charged to tax only if and when the replacement assets are sold.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

Camec (Southern) Limited

Notes to the accounts

52 week period ended 28 December 2004

2. Operating profit and profit on ordinary activities before taxation

	52 week period ended 28 December 2004 £'000	52 week period ended 30 December 2003 £'000
Operating profit is stated after charging:		
Administrative expenses:		
Depreciation	65	67
Management charge	2,452	2,370
Total administrative expenses and net operating expenses	<u>2,517</u>	<u>2,437</u>

Expenses of the Company and auditors' remuneration, which as explained in note 1 are borne by William Hill Organization Limited, are recharged to the Company and disclosed in total above as a management charge.

3. Staff costs

There are no employees of the Company in either the current or preceding financial period. All UK employees of the Group are employed by William Hill Organization Limited or William Hill Holdings Limited. The details of the average monthly number of employees and remuneration in the period are disclosed in the financial statements of William Hill Organization Limited.

The directors of the Company are also directors of other trading and holding companies within the Group and it is not practicable to allocate their remuneration for the current or preceding period between their services to each company. Therefore details of their remuneration, for the 52 week period ended 28 December 2004 and 52 week period ended 30 December 2003 are disclosed in the financial statements of William Hill Organization Limited.

	52 week period ended 28 December 2004 No.	52 week period ended 30 December 2003 No.
The number of directors who are members of:		
Defined benefit pension scheme	<u>4</u>	<u>5</u>

Disclosures in respect of the defined benefit pension scheme, which has a deficit at 28 December 2004 of £38,473,000 (2003: £31,727,000), are provided in the financial statements of William Hill Organization Limited.

Camec (Southern) Limited

Notes to the accounts

52 week period ended 28 December 2004

4. Net interest receivable

	52 week period ended 28 December 2004 £'000	52 week period ended 30 December 2003 £'000
Interest payable on loans from Group undertakings	(66)	-
Interest receivable on loans to Group undertakings	262	-
	<u>196</u>	<u>-</u>

5. Tax on profit on ordinary activities

	52 week period ended 28 December 2004 £'000	52 week period ended 30 December 2003 £'000
Current taxation:		
UK corporation tax	-	212
Group relief	346	-
Current tax	<u>346</u>	<u>212</u>
Deferred tax (note 10)	2	7
Total tax on profit on ordinary activities	<u>348</u>	<u>219</u>

Reconciliation to current tax charge:

	52 week period ended 28 December 2004 £'000	52 week period ended 30 December 2003 £'000
Profit before tax	1,136	697
Tax at 30% (30 December 2003: 30%)	341	209
Permanent differences	7	9
Accelerated capital allowances	(2)	(6)
Current tax charge	<u>346</u>	<u>212</u>

Camec (Southern) Limited

Notes to the accounts 52 week period ended 28 December 2004

6. Intangible fixed assets

	£'000
At cost and net book value:	
At 31 December 2003 and 28 December 2004	4

Intangible fixed assets represents licence value, goodwill and brand value. Intangible assets such as licences and brands that are purchased as part of a business cannot be measured reliably and are therefore subsumed within purchased goodwill in accordance with paragraph 13 of FRS 10 'Goodwill and Intangible Assets'.

Following the annual review for impairment, in the opinion of the directors, the recoverable amount of intangible assets is not less than as stated in the balance sheet.

7. Tangible fixed assets

	Land and buildings £'000	Fixtures, fittings, equipment, plant and machinery £'000	Total £'000
Cost:			
At 31 December 2003	485	608	1,093
Additions	1	7	8
	<u>486</u>	<u>615</u>	<u>1,101</u>
At 28 December 2004			
Accumulated depreciation:			
At 31 December 2003	298	490	788
Charge for period	21	44	65
	<u>319</u>	<u>534</u>	<u>853</u>
At 28 December 2004			
Net book value:			
At 28 December 2004	<u>167</u>	<u>81</u>	<u>248</u>
At 30 December 2003	<u>187</u>	<u>118</u>	<u>305</u>

	28 December 2004 £'000	30 December 2003 £'000
The net book value of land and buildings comprises:		
Freehold	81	82
Short leasehold	86	105
	<u>167</u>	<u>187</u>

Camec (Southern) Limited

Notes to the accounts 52 week period ended 28 December 2004

8. Investments held as fixed assets

	£'000
At 30 December 2003 and 28 December 2004:	
Cost	9
Less: provision for impairment	(9)
	<u>-</u>
	<u>-</u>

The Company owns 50% of the issued ordinary share capital of the following company which did not trade during the current or preceding period, and is incorporated in Great Britain:

Strathline Information Services Limited.

9. Debtors

	28 December 2004 £'000	30 December 2003 £'000
Amounts owed by Group undertakings	4,652	3,848
Deferred taxation (note 10)	21	23
	<u>4,673</u>	<u>3,871</u>

10. Deferred taxation

	28 December 2004 £'000	30 December 2003 £'000
Accelerated capital allowances	(21)	(23)

The deferred taxation assets have been computed at 30% (30 December 2003 – 30%).

The amounts of unprovided deferred tax in relation to rolled over capital gains was £nil (2003 - £nil).

Movement in the period:

	£'000
At 31 December 2003	(23)
Amount charged to profit and loss account (note 5)	<u>2</u>
At 28 December 2004	<u>(21)</u>

Camec (Southern) Limited

Notes to the accounts

52 week period ended 28 December 2004

11. Called up share capital

	28 December 2004 £'000	30 December 2003 £'000
Authorised:		
10,000,000 (2003: 10,000,000) 'A' ordinary shares of 5p each	500	500
Called up, allotted and fully paid:		
6,268,864 (2003: 6,268,864) 'A' ordinary shares of 5p each	313	313

12. Reconciliation of movements in equity shareholders' funds and statement of movements in reserves

	Share capital £'000	Capital reserves £'000	Profit and loss account £'000	Total £'000
At 31 December 2003	313	10	3,909	4,232
Retained profit for the financial period	-	-	788	788
Balance at 28 December 2004	313	10	4,697	5,020

13. Ultimate parent company and related party transactions

The Company is taking advantage of the exemption granted by paragraph 3(c) of FRS 8, Related Party Disclosures, not to disclose transactions with companies within the William Hill PLC Group which are related parties.

At the balance sheet date, the Company's ultimate parent company and controlling party was William Hill PLC, a company incorporated in Great Britain. The Company's immediate parent company and controlling entity is Camec Limited, a company incorporated in Great Britain.

The parent company of the largest and smallest groups for which group accounts are prepared of which this Company is a member is William Hill PLC, a company incorporated in Great Britain.

Copies of the financial statements of William Hill PLC and Camec Limited are available from Companies House, Crown Way, Maindy, Cardiff CF14 3UZ.

14. Post balance sheet events

The Group has secured new loan facilities of £1.2bn with a consortium of banks (the 'new facilities'). The new facilities became available from 2 March 2005 on a committed and underwritten basis and are structured as a £600m five year term loan and a £600m five year revolving credit facility.

On 18 June 2005, the Group acquired Stanley Leisure's retail bookmaking operations in Great Britain, Northern Ireland, the Republic of Ireland, Jersey and the Isle of Man for a total cash consideration of £504m.