

WILLIAM HILL LEISURE LIMITED

Report and Financial Statements

29 December 1998

**Deloitte & Touche
Hill House
1 Little New Street
London EC4A 3TR**



WILLIAM HILL LEISURE LIMITED

REPORT AND FINANCIAL STATEMENTS 1998

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REPORT AND FINANCIAL STATEMENTS 1998

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

Mr J M Brown
Mr W L Haygarth
Mr R Lambert
Mr L J McGuigan

SECRETARY

Mr M J S Mott

REGISTERED OFFICE

15 Mark Lane
Leeds
LS1 8LB

AUDITORS

Deloitte & Touche
Chartered Accountants
Hill House
1 Little New Street
London EC4A 3TR

WILLIAM HILL LEISURE LIMITED

DIRECTORS' REPORT

The directors present their report and audited financial statements for the 52 weeks ended 29 December 1998.

PRINCIPAL ACTIVITY

The Company acts as an intermediate holding company. It did not trade during the current or preceding financial year.

REVIEW OF BUSINESS DEVELOPMENTS AND FUTURE ACTIVITIES

The state of the company's affairs and trading results for the financial year are shown in the attached financial statements.

The directors do not recommend a dividend for the year (1997: £nil). Neither a profit nor a loss was made in the year (1997: £nil). Total capital and reserves at 29 December 1998 amounted to £1,639,000 (1997 - £1,639,000).

The company is not expected to trade in the foreseeable future.

DIRECTORS

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

The directors who served during the year and subsequently are:

Mr J M Brown	
Mr F Duncan	(resigned 8 February 1999)
Mr R Hart	(removed 15 June 1998)
Mr W L Haygarth	
Mr R Lambert	
Mr L J McGuigan	

According to the register of directors' interests maintained under the Companies Act 1985 none of the directors had an interest in the shares of any group undertaking and no rights to subscribe for shares in any group undertaking were granted to any of the directors or their immediate families or exercised by them during the financial year.

TERMS OF PAYMENT

William Hill Organization Limited, another operating company within the William Hill group of companies discharges all expenditure on behalf of the group. William Hill Organization Limited's normal practice is to agree terms of trading, including payment terms, with suppliers to all group undertakings and, provided suppliers perform in accordance with agreed terms, it is the group's policy that payment should be made accordingly. At 29 December 1998 the number of creditor days for William Hill Organization Limited was 15 days (1997 - 15 days).

YEAR 2000

The Company does not trade and is not expected to trade for the foreseeable future. The directors do not, therefore, consider the impact of the Year 2000 to be significant.

POST BALANCE SHEET EVENT

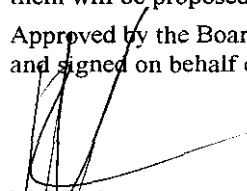
In accordance with a Sale and Purchase Agreement dated 20 February 1999, as amended on 26 March 1999, Nomura International plc agreed to procure the sale by Grand Financing Limited of the entire issued share capital and certain securities of William Hill Limited (formerly The Grand Bookmaking Company Limited), an intermediate parent company of William Hill Leisure Limited, to Baseflame Limited. The ultimate parent company of Baseflame Limited is Chartley Limited, a company formed for the purpose of the acquisition of William Hill Limited and controlled jointly by funds and investors managed or advised by Cinven Limited and CVC Capital Partners Limited or an affiliate thereof. The sale was completed on 29 March 1999.

DIRECTORS' REPORT

AUDITORS

Deloitte & Touche 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



M J S Mott
Secretary

28th April 1999

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company as at the end of the financial year 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, subject to any material departures disclosed and explained in the accounts; and
- prepare the financial statements on a 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 safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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



M J S Mott
Secretary

28th April 1999



**AUDITORS' REPORT TO THE MEMBERS OF
WILLIAM HILL LEISURE LIMITED**

We have audited the financial statements on pages 6 to 9 which have been prepared under the accounting policies set out on page 7.

Respective responsibilities of directors and auditors

As described on page 4 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of opinion

We conducted our audit in accordance with 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 29 December 1998 and of its result for the 52 weeks then ended and have been properly prepared in accordance with the Companies Act 1985.

Deloitte & Touche

DELOITTE & TOUCHE

Chartered Accountants and Registered Auditors

28 April 1999

WILLIAM HILL LEISURE LIMITED

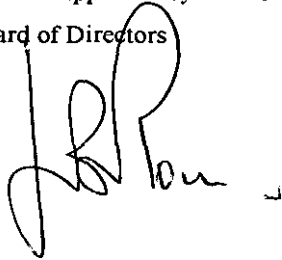
BALANCE SHEET
at 29 December 1998

	Note	1998 £'000	1997 £'000
FIXED ASSETS			
Investments	4	-	-
CURRENT ASSETS			
Debtors	5	1,650	1,650
CREDITORS:			
AMOUNTS FALLING DUE WITHIN ONE YEAR	6	(11)	(11)
NET CURRENT ASSETS		<u>1,639</u>	<u>1,639</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>1,639</u>	<u>1,639</u>
CAPITAL AND RESERVES			
Called up share capital	7	428	428
Profit and loss account	8	1,211	1,211
EQUITY SHAREHOLDERS' FUNDS		<u>1,639</u>	<u>1,639</u>

These financial statements were approved by the Board of Directors on 28th April 1999.

Signed on behalf of the Board of Directors

J M Brown
Director



R Lambert
Director



NOTES TO THE ACCOUNTS
52 weeks ended 29 December 1998

1. ACCOUNTING POLICIES

The significant accounting policies of the company are as follows:

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost convention.

A cash flow statement, as required by FRS 1 has not been prepared, as the company is a wholly owned subsidiary of William Hill Limited, a company incorporated in Great Britain and the consolidated accounts of William Hill Limited include a cash flow statement in the form prescribed by FRS 1.

These financial statements present information on the company itself 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.

Investments

Investments are stated at cost less provision, if any, for permanent diminution in value.

2. STAFF COSTS

There are no employees of the company in either the current or preceding financial years.

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 year between their services to each company. Therefore details of their remuneration, other than R Hart and F Duncan, for the 52 weeks ended 29 December 1998 and 30 December 1997 are disclosed in the financial statements of William Hill Organization Limited. R Hart and F Duncan did not receive any remuneration from any group undertaking during the current or preceding financial years.

	No.	No.
The number of directors who are members of:		
Defined benefit pension scheme	4	4

Disclosures in respect of the defined benefit pension scheme are provided in the financial statements of William Hill Organization Limited.

3. ACTIVITIES

The company has not traded and has made neither profit nor loss nor any recognised gain or loss in the financial years ended 29 December 1998 and 30 December 1997, and accordingly no profit and loss account or statement of total recognised gains and losses is presented.

WILLIAM HILL LEISURE LIMITED

NOTES TO THE ACCOUNTS
52 weeks ended 29 December 1998

4. INVESTMENTS

	1998 & 1997 £'000
Cost	14
Provision for diminution in value	(14)
	-
Net book value	-

The principal subsidiaries, all of which are wholly owned, registered in England and Wales, and did not trade throughout the current and preceding year are:

Family Entertainments Limited
Hearsport Limited

5. DEBTORS

	1998 £'000	1997 £'000
Amounts owed by group undertakings	1,650	1,650
	1,650	1,650

6. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	1998 £'000	1997 £'000
Other creditors	11	11
	11	11

7. CALLED UP SHARE CAPITAL

	1998 & 1997 £'000
Authorised: 5,000,000 ordinary shares of 10p each	500
Called up, allotted and fully paid: 4,277,550 ordinary shares at 10p each	428
	428

NOTES TO THE ACCOUNTS
52 weeks ended 29 December 1998

8. PROFIT AND LOSS ACCOUNT

	£'000
Balance at 31 December 1997 and 29 December 1998	1,211

9. ULTIMATE PARENT COMPANY AND RELATED PARTY TRANSACTIONS

At the balance sheet date, the company's ultimate parent company was Le Grand Cap Limited, a company incorporated in Great Britain. The Nomura Securities Group of companies, of which Nomura International plc is the principal UK subsidiary, had the ability to exercise a controlling influence over William Hill Leisure Limited through Nomura Group's holding of warrants to subscribe for the ordinary shares of Grand Financing Limited (formerly The Grand Bookmaking Holdings Limited), an intermediate parent company of William Hill Leisure Limited.

The parent company of the largest and smallest groups which include the company and for which group accounts are prepared are Le Grand Cap Limited and William Hill Limited respectively, companies incorporated in Great Britain. The company's immediate parent company and immediate controlling entity is Windsors (Sporting Investments) Limited, a company incorporated in Great Britain.

The company is taking advantage of the exemption granted by paragraph 3(c) of Financial Reporting Standard 8, Related Party Disclosures, not to disclose transactions with companies within the William Hill Limited group who are related parties.

Copies of the financial statements of Le Grand Cap Limited, William Hill Limited and Windsors (Sporting Investments) Limited are available from Companies House, Crown Way, Maindy, Cardiff CF4 3UZ.

10. POST BALANCE SHEET EVENT

In accordance with a Sale and Purchase Agreement dated 20 February 1999, as amended on 26 March 1999, Nomura International plc agreed to procure the sale by Grand Financing Limited of the entire issued share capital and certain securities of William Hill Limited (formerly The Grand Bookmaking Company Limited), an intermediate parent company of William Hill Leisure Limited, to Baseflame Limited. The ultimate parent company of Baseflame Limited is Chartley Limited, a company formed for the purpose of the acquisition of William Hill Limited and controlled jointly by funds and investors managed or advised by Cinven Limited and CVC Capital Partners Limited or an affiliate thereof. The sale was completed on 29 March 1999.