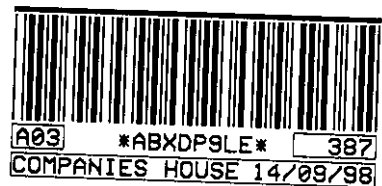


WILLIAM HILL LEISURE LIMITED
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 DECEMBER 1997



**WILLIAM HILL LEISURE LIMITED
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 DECEMBER 1997**

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**WILLIAM HILL LEISURE LIMITED
OFFICERS AND PROFESSIONAL ADVISERS**

DIRECTORS

Mr J M Brown
Mr F Duncan
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 statement for the year ended 30 December 1997.

PRINCIPAL ACTIVITY

The Company did not trade during the current or preceding financial year.

REVIEW OF BUSINESS

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

The Directors have decided not to declare a dividend for the year (1996 - £nil). Neither a profit nor a loss was made in the year (1996 - loss £83,000). Total capital and reserves at 30 December 1997 amounted to £1,639,000 (1996 - £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 | (appointed 2 December 1997) |
| Mr R Hart | (appointed 2 December 1997 and removed 15 June 1998) |
| Mr W L Haygarth | |
| Mr R Lambert | |
| Mr L J McGuigan | (appointed 12 February 1997) |

According to the register of Directors' interests maintained under the Companies Act 1985 none of the Directors had an interest in the shares in 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.

SALE OF WILLIAM HILL GROUP

In accordance with the share purchase agreement dated 9 October 1997, as amended, The Brent Walker Group PLC, the Company's then ultimate parent company, agreed to sell the entire issued share capitals of William Hill Organization Limited, the Company's intermediate parent company, Camec Limited, Laystall Limited and William Hill Trustee Limited to The Grand Bookmaking Company Limited. The sale was completed on 2 December 1997.

The Company's ultimate parent company is Le Grand Cap Limited.

**WILLIAM HILL LEISURE LIMITED
DIRECTORS' REPORT (CONTINUED)**

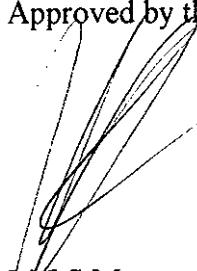
TERMS OF PAYMENT

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 30 December 1997 the number of creditor days outstanding for William Hill Organization Limited was 15 days.

AUDITORS

Deloitte and Touche have indicated their willingness to continue in office and a resolution to reappoint them will be proposed at the next Annual General Meeting.

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



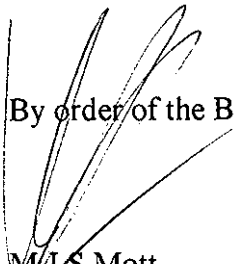
M J S Mott
Secretary
27 July 1998

WILLIAM HILL LEISURE LIMITED
DIRECTORS' STATEMENT OF RESPONSIBILITIES

As Directors we are required under company law to prepare financial statements for each financial year which give a true and fair view of the state of the Company's affairs 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, we 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;
- ◆ prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Company will continue in business.

We are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and enable us to ensure that the financial statements comply with the Companies Act 1985. We 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.



By order of the Board.

M/S Mott
Secretary
27 July 1998

AUDITORS' REPORT TO THE MEMBERS OF WILLIAM HILL LEISURE LIMITED

We have audited the financial statements on pages 6 to 11 which has been prepared under the accounting policies set out on page 8.

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

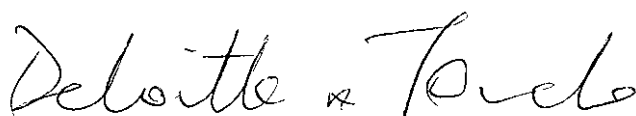
We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements 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 30 December 1997 and of its result for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



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

27 July 1998

WILLIAM HILL LEISURE LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30 DECEMBER 1997

| | Notes | 1997 £'000 | 1996 £'000 |
|--|-------|---------------|---------------|
| PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION | | - | - |
| | | — | — |
| Tax on profits on ordinary activities | 3 | - | (83) |
| | | — | — |
| RETAINED LOSS FOR THE FINANCIAL YEAR | 8 | - | (83) |
| | | == | == |

There are no recognised gains or losses or movements in shareholders' funds other than the result/retained (loss) for the current and preceeding financial years.

Movements in reserves are set out in Note 8.

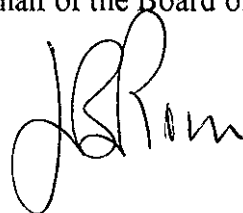
WILLIAM HILL LEISURE LIMITED
BALANCE SHEET AT 30 DECEMBER 1997

| | Notes | 30 December 1997 £'000 | 31 December 1996 £'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 | | 1,639 | 1,639 |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | 1,639 | 1,639 |
| CAPITAL AND RESERVES | | | |
| Called up share capital | 7 | 428 | 428 |
| Profit and loss account | 8 | 1,211 | 1,211 |
| EQUITY SHAREHOLDERS' FUNDS | | 1,639 | 1,639 |

Approved by and signed on behalf of the Board of Directors on 27 July 1998.

J M BROWN

)
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R LAMBERT

Directors



WILLIAM HILL LEISURE LIMITED
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 30 DECEMBER 1997

1. ACCOUNTING POLICIES

The financial statements has 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 The Grand Bookmaking Company Limited a company incorporated in Great Britain and the consolidated accounts of The Grand Bookmaking Company 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 (see Note 10).

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

2. STAFF COSTS

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 year between their services to each company. Therefore details of their remuneration, other than R Hart and F Duncan, for the year ended 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 financial year.

There are no employees of the Company.

3. TAX ON PROFIT ON ORDINARY ACTIVITIES

| | 1997 | 1996 |
|-----------------------------------|-------|-------|
| | £'000 | £'000 |
| Group relief payable: Prior years | — | 83 |

WILLIAM HILL LEISURE LIMITED
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 30 DECEMBER 1997

4. INVESTMENTS

| | 1997 and 1996 £'000 |
|-----------------------------------|---------------------------|
| Cost | 14 |
| Provision for diminution in value | (23) |
| Net book value | <u>(9)</u> |

The balance is included in Other Creditors (See Note 6).

The Company owns the whole of the issued ordinary share capital of the following companies which did not trade during the year and are registered in England and Wales.

Hearsport Limited
 Family Entertainments Limited

In the Directors' opinion the value of the Company's investment in its subsidiaries is not less than the amounts at which they are stated in the balance sheet.

5. DEBTORS

| | 1997 £'000 | 1996 £'000 |
|------------------------------------|---------------|---------------|
| Amounts owed by group undertakings | <u>1,650</u> | <u>1,650</u> |

WILLIAM HILL LEISURE LIMITED
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 30 DECEMBER 1997

| | | | |
|----|---|---------------|---------------------------|
| 6. | CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR | 1997 £'000 | 1996 £'000 |
| | Other creditors | 11 | 11 |
| | | <hr/> | <hr/> |
| 7. | CALLED UP SHARE CAPITAL | | 1997 and 1996 £'000 |
| | Authorised; 5,000,000 ordinary shares of 10p each | | 500 |
| | | | <hr/> |
| | Allotted and fully paid: 4,277,550 ordinary shares at 10p each | | 428 |
| | | | <hr/> |
| 8. | PROFIT AND LOSS ACCOUNT | | £'000 |
| | Balance at 1 January 1997 and 30 December 1997 | | <u>1,211</u> |

**WILLIAM HILL LEISURE LIMITED
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 30 DECEMBER 1997**

9. CONTINGENT LIABILITIES

The Company had given, jointly and severally, guarantees of and security for certain facilities to its previous parent company's bankers. The Company was released from these Guarantees and Securities on 2 December 1997 following the purchase of the Company by The Grand Bookmaking Company Limited.

10. ULTIMATE PARENT COMPANY AND RELATED PARTY TRANSACTIONS

The Company's ultimate parent company and ultimate controlling entity is Le Grand Cap Limited, a company incorporated in Great Britain.

The parent company of the largest and smallest groups which include the company and for which group accounts are to be prepared is The Grand Bookmaking Company Limited, a company incorporated in Great Britain. The Company's immediate parent company and immediate controlling entity is Windsor (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 not to disclose transactions with companies within The Grand Bookmaking Company Limited group who are related parties.

Copies of the financial statements of The Grand Bookmaking Company Limited and Windsors (Sporting Investments) Limited are available from Companies House, Crown Way, Maindy, Cardiff CF4 3UZ.