

16 May 2003

Trading Update for the Four Months Ended 30 April 2003

Group profit* for the first four months of the year was 25% lower than last year with a strong performance from Ladbrokes partially offsetting the difficult trading conditions seen in the hotel division. Overall, however, the Group's performance is currently expected to be broadly in line with the market's full year expectations.

Trading conditions seen in hotels have been especially difficult in London, Continental Europe and Asia Pacific. Inevitably, the Group has been adversely affected, particularly in April, by the Iraq war and SARS. Looking ahead, our projections reflect a return to year on year revpar growth in late summer. Since the war ended, booking patterns have shown some improvement.

The revpar performance of our hotels over the period is as follows:

Change in revpar** 2003 versus 2002	January	February	March/April***
London	(2.7%)	(6.2%)	(14.1%)
UK Provinces	(8.8%)	(4.5%)	(1.8%)
Total UK	(5.7%)	(5.1%)	(7.5%)
Europe & Africa	8.2%	2.0%	(16.1%)
Middle East and Asia Pacific	15.5%	12.7%	(13.5%)
The Americas	0.8%	8.0%	(1.1%)
Total Hilton branded	5.1%	3.7%	(11.1%)
Scandic branded	(6.3%)	(0.2%)	(4.5%)
Total hotels division	3.3%	3.2%	(9.7%)

* Before taxation, goodwill amortisation and exceptional items

** Like for like at constant currencies

*** March and April combined due to the timing of Easter

During the period, Ladbrokes' operating profit growth continued and is expected to accelerate during the course of the year. Gross win increased by 14.3% in the UK retail shop estate. Fixed odds betting terminals remain popular though the propriety of certain types of bets offered on these terminals is currently being challenged. This matter is expected to be resolved later this year.

The growth in the eGaming and telephone betting business also continued with gross win up by 31.6% and 6.4% respectively.

The growth in eGaming was driven by the successful launch of various new products, in particular ladbrokespoker.com, which has surpassed expectations.

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