News Release

22 March 2011

Rank receives £74.8m VAT repayment

The Rank Group ("Rank") has today received from Her Majesty's Revenue and Customs ("HMRC") £74.8m in overpaid VAT. The repayment covers VAT paid on games of bingo from 1973 to 1996. Rank is advised that it will receive around £79.5m of interest relating to this claim later in the month.

These repayments follow successive rulings in Rank's favour in both the First-tier Tribunal's tax chamber (formerly the VAT and Duties Tribunal) and the High Court. HMRC has appealed these rulings and the claims will now be considered by the European Court of Justice. It is expected that this appeal will be heard in 2011. If HMRC is successful in its appeal, Rank will make the appropriate repayments.*

The claims concern the inconsistent application of VAT to bingo revenue generated by Rank's businesses. It is Rank's contention that this inconsistency contravened the European Union's principle of fiscal neutrality.

Ends

Contacts

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Notes

Fiscal neutrality
The European Union's principle of fiscal neutrality requires that supplies that are the same or similar should be not be treated differently for VAT purposes. This position was confirmed in the European Court of Justice case *Finanzamt v Linneweber* (2005). In June 2009 the High Court (confirming the decisions of the VAT & Duties Tribunal (now the First-tier Tribunal's tax chamber) accepted that HMRC had breached this principle and that therefore Rank's claim should be accepted.

Previous announcements
Rank first announced that it was considering making a claim to receive repayment of VAT overpaid on revenue from bingo in this period on 26 February 2009 with successive updates providing such detail as was available at the time. The latest update on the estimated settlement was included in the financial results for the year to 31 December 2010, which was released on 25 February 2011. At the time, management's best estimate of the claim was £65m plus interest. Today's announcement confirms the conclusion of the subsequent negotiations for the VAT at stake and the interest due.

* full details of Rank's VAT claims can be found on pages 39 and 40 of the Group's 2010 annual report and financial statements,
http://www.rank.com/investors/annual_reports/2010/pdf/annual_report.pdf

About the Rank Group
Rank is a leading European gaming business, head-quartered in the UK and listed on the London Stock Exchange (RNK.L). The Group's principal activities are: the operation of bingo clubs and casinos in the UK with complementary on-line gaming and bookmaking services. For more information about The Rank Group, visit www.rank.com.