News Release

21 May 2010

Rank receives £42.5m VAT repayment

The Rank Group ("Rank") has received from Her Majesty's Revenue and Customs ("HMRC") £42.5m in overpaid VAT. The repayment covers VAT paid on games of main stage bingo (£16.1m between 2004 and 2009) and amusement machines (£26.4m between 2002 and 2005).

The repayment follows 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 may be required to return the payment with interest.

The claims concern the inconsistent application of VAT to revenue from Rank's businesses, Mecca Bingo and Grosvenor Casinos. It is Rank's contention that this practice contravened the European Union 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
In successive statements issued on 11 December 2009 and 15 December 2009, Rank announced that it expected to receive repayment of VAT overpaid on revenue from main stage bingo and amusement machines. Today's announcement confirms receipt of those repayments.

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.