News Release

26 August 2008

VAT Tribunal interim rules in Rank's favour

The Rank Group Plc ('Rank') is pleased to note today's interim decision from the VAT and Duties Tribunal ('The Tribunal'). The Tribunal has ruled that, from November 2003 at least, the UK's Value Added Tax ('VAT') treatment of certain types of gaming machine was inconsistent with European Union rules concerning fiscal neutrality. This resulted in an overpayment of VAT by Rank.

Rank's claim for repayment of overdeclared VAT may be worth as much as £25m. The claim was submitted to HM Revenue and Customs ('HMRC') in 2005. It relates to the fact that, prior to December 2005, certain types of gaming machine were exempt from VAT while similar gaming machines were subject to VAT.

This is an interim decision and a second stage of the litigation is due to be listed for later this year. The Tribunal has indicated that there is a strong likelihood that the case will be referred to the European Court of Justice. As such it is unlikely that there will be any material benefit to Rank in the current year.

Further information

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Notes

1) The ruling
A copy of the VAT and Duties Tribunal's judgement is expected to be made available shortly from http://www.financeandtaxtribunals.gov.uk

2) Rank Group's claim
Rank's claim covers the period 2002 to 2005 (inclusive) and relates to VAT paid on revenue from Section 31 and Section 34 gaming machines in its Mecca Bingo clubs and Grosvenor Casinos. In May 2008, the VAT and Duties Tribunal upheld a separate £36.3m claim from Rank that the payment of VAT on games of interval bingo (played in Mecca Bingo clubs) was in contravention to the European Union's law of fiscal neutrality.

3) Fiscal neutrality
The European Union's law of fiscal neutrality requires that supplies of services 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).

4) 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.