Rank Group

News Release

29 July 2010

The Rank Group Plc
Half-year results for the six months ended 30 June 2010

Financial highlights

- Group revenue* of £281.1m (2009: £266.0m)
- Statutory revenue of £269.6m (2009: £255.9m)
- Group EBITDA before exceptional items of £43.1m (2009: £42.7m)
- Group operating profit before exceptional items of £28.6m (2009: £30.2m)
- Group operating profit after exceptional items of £66.1m (2009: £31.6m)
- Adjusted profit before tax of £25.1m (2009: £24.7m)
- Adjusted earnings per share of 4.6p (2009: 4.5p)
- Basic earnings per share before exceptional items of 4.5p (2009: 4.6p)
- Net debt of £133.4m (£186.8m at 31 December 2009)
- Dividend per share of 0.74p (2009: nil)

Group key performance indicators

- Customers up 11.9% to more than 2.5 million**
- Customer visits up 3.6% to 11.3 million***
- Spend per visit up 1.5% to £22.48***

Review of key events

- Growth in customers and customer visits achieved across all businesses
- Grosvenor Casinos customers exceed 1 million for first time
- Growth in Mecca Bingo customer visits for first time in more than a decade
- Closer integration between online and offline operations
- Further increase in capital investment to support business growth
- Announcement of three new-build G Casinos to open by the end of 2012
- Continued refinement of Mecca Full House concept

* before adjustment for free bets, promotions and customer bonuses; ** customer numbers shown on a moving annual total ('MAT') basis; *** excludes Rank Interactive

Ian Burke, chief executive of The Rank Group Plc said: "I am encouraged by the Group's performance during the first half of 2010. All of our businesses have achieved growth in revenue as a result of increased numbers of customers and customer visits.

"We have engaged with our customers to identify the changes that we needed to make to our products and services; we have strengthened our senior management team in order to deliver performance change; and we have stepped up our capital investment to support the growth plans of the businesses.

"In spite of a challenging environment for consumer-facing businesses, the Group has made sustained progress and enjoys a strong balance sheet."

Enquiries

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Photographs available from www.rank.com

Analyst meeting and webcast details:
Thursday 29 July 2010
There will be an analyst meeting at the auditorium, Bank of America Merrill Lynch Financial Centre, 2 King Edward Street, London, EC1A 1HQ, starting at 9.30am. There will be a simultaneous webcast of the meeting.

For the live webcast, please register at www.rank.com. A replay of the webcast and a copy of the slide presentation will be made available on the website later. The webcast will be available for a period of six months.

Forward-looking statements
This announcement includes 'forward-looking statements'. These statements contain the words "anticipate", "believe", "intend", "estimate", "expect" and words of similar meaning. All statements, other than statements of historical facts included in this announcement, including, without limitation, those regarding the Group's financial position, business strategy, plans and objectives of management for future operations (including development plans and objectives relating to the Group's products and services) are forward-looking statements that are based on current expectations. Such forward looking statements involve known and unknown risks, uncertainties and other important factors that could cause the actual results, performance, achievements or financial position of the Group to be materially different from future results, performance, achievements or financial position expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding the Group's operating performance, present and future business strategies, and the environment in which the Group will operate in the future. These forward-looking statements speak only as at the date of this announcement. Subject to the Listing Rules of the UK Listing Authority, the Group expressly disclaims any obligation or undertaking, to disseminate any updates or revisions to any forward-looking statements, contained herein to reflect any change in the Group's expectations, with regard thereto or any change in events, conditions or circumstances on which any such statement is based. Past performance cannot be relied upon as a guide to future performance.

Chief executive's review

Review of results

Group revenue increased by 5.7% to £281.1m compared with the first half of 2009. Group operating profit before exceptional items declined by £1.6m or 5.3% to £28.6m, as a result of changes to taxation which cost Rank an additional £3.8m in the period. These changes are explained in detail within the finance review on page 19.

On a like-for-like basis, Group revenue grew by 1.9%.

£m	Revenue*		Operating profit**	
	2010 H1	2009 H1	**2010 H1**	2009 H1
Grosvenor Casinos	**116.6**	106.7	**17.6**	14.7
Mecca Bingo	**118.7**	116.3	**16.0**	19.0
Top Rank Espana	**18.4**	18.1	**3.0**	2.7
Rank Interactive	**27.4**	24.9	**2.3**	3.0
Central costs			**(10.3)**	(9.2)
Group	**281.1**	266.0	**28.6**	30.2

* before adjustments for free bets, promotions and customer bonuses; ** before exceptional items

Grosvenor Casinos delivered 9.3% growth in revenue and a 19.7% rise in operating profit as a result of increased customer visits and a sustained programme of investment to improve and expand the quality of its estate.

Mecca Bingo achieved a 2.1% increase in revenue as spend per visit increased slightly and customer visits increased for the first time in more than a decade. Operating profit declined by £3.0m to £16.0m largely as a result of increased taxation.

Top Rank Espana achieved 1.7% growth in revenue (4.3% growth in euros) and an 11.1% increase in operating profit as a result of increased customer visits and effective cost control.

Revenue from Rank Interactive grew by 10.0% as a result of continued strong performances from meccabingo.com and gcasino.com. However, investment in marketing as well as international development start-up costs resulted in a £0.7m decline in operating profit. We expect a marked profit improvement from the business during the second half of the year.

Central costs were £1.1m higher than in the first half of 2009, largely due to higher irrecoverable VAT and an increase in the share-based payments charge.

The Group's adjusted net financing charge of £3.5m was £2.0m lower than in the comparable period last year reflecting lower interest rates and a sustained reduction in debt levels. Adjusted earnings per share of 4.6p were slightly higher than in the first half of 2009.

Net debt

During the period, we reduced Group net debt from £186.8m to £133.4m as a result of positive operating cash flow and a number of VAT refunds. These items are explained in detail within the finance review on pages 19 and 20.

Rank's stated capital structure policy is to operate at or around 2.5 times net debt to EBITDA. At 30 June 2010, Rank's trailing 12-month net debt to EBITDA ratio was 1.6 times, substantially below its target range.

Rank believes that it is prudent to retain balance sheet flexibility until such time as HMRC's appeals against the Group's VAT refunds are fully and finally resolved.

Dividend
The board is pleased to declare an interim dividend of 0.74 pence per share to be paid on 10 September 2010 to shareholders on the register at 6 August 2010. This represents approximately one-third of the anticipated dividend for the full year.

The Group's dividend policy is to move over the medium term towards a dividend cover ratio of 3.0 times.

Current trading and outlook
The Group has maintained progress during the four weeks since the start of the second half, with increases in like-for-like revenue across each of its businesses.

The board is encouraged by the Group's trading performance in the year to date, with particular regard to the success achieved in growing customer visits. The board remains confident in the full-year prospects for the Group and its longer-term growth strategy.

Strategic update

Rank is focused on generating positive investment returns for shareholders based upon sustainable growth in earnings per share.

Our focus is on broadening the appeal of our gaming-based brands and extending their reach - both online and offline - in order to grow the number of customers we serve and to capture a greater part of their leisure expenditure.

In addition to financial measures, we also assess our long-term progress against a balanced set of customer-focused key performance indicators.

Group key performance indicators
During the period we achieved continued growth in Group customers and customer visits, with improvements in each of our businesses. Spend per visit increased with rising average expenditure in Mecca Bingo offsetting a dilution within Grosvenor Casinos.

	2010 H1	2009 H2	2009 H1
Customers (000s)	**2,563**	2,337	2,290
Customer visits (000s)*	**11,287**	11,177	10,891
Spend per visit (£)*	**22.48**	22.20	22.14

* Excludes Rank Interactive and shown on a moving annual total ('MAT') basis

Strategic priorities

1. Broaden appeal by gaining a deeper understanding of customer preferences
2. Extend reach by strengthening our position in the UK whilst assessing longer-term growth opportunities overseas
3. Underpinned by a positive approach to working with governments and regulators

1. Broaden appeal – gaining a deeper understanding of customer preferences in order to shape product innovation, create service differentiation and build enduring relationships. To achieve this we have focused on three key areas:
- 1.1 Insight & engagement
- 1.2 Products & services
- 1.3 Entertainment & accessibility

1.1 Insight & engagement
The desire to understand more about customer attitudes and behaviours in order to refine our products and services and drive innovation is the keystone of our approach. Driving this to the heart of our operations through systems development and customer and employee engagement is critical to the achievement of our goals.

H1 update and H2 priorities
Our insight programme is already delivering a variety of benefits, including modifications to the design of our venues, more targeted customer communications and service and product improvements in food and drink and gaming.

The continued development of customer rewards schemes, such as Play Points in our Grosvenor and G Casinos and Lucky Swipes in Mecca Bingo as well as our cross-channel VIP programmes allows us to engage more closely with our customers and to track their interaction with our brands.

In the clubs where we have introduced Play Points we have experienced higher than average increases in customer visits and improved spend per visit. At 30 June 2010, 254,000 customers were members of our rewards schemes - 152,000 within Play Points and 102,000 within Lucky Swipes.

During the second half of the year, we plan to launch Smart Focus, the first Group-wide customer relationship management system. Smart Focus will for the first time, allow us to assess customer activity across all of our UK businesses and will significantly enhance the synergies between our remote and land-based operations.

Focus	H1 update	H2 priorities
Customer insight		Launch of Smart Focus – single Group-wide customer database
Customer rewards	Play Points extended from eight to 13 casinos (including all 12 G Casinos)	Extend Play Points to at least two additional clubs
	Lucky Swipes extended from four Mecca Bingo clubs to six	Extend Lucky Swipes to at least two additional Mecca Bingo clubs

1.2 Products & services - electronic gaming

Over the course of the last decade, electronic gaming has grown in importance as a component of the Group's land-based operations. Electronic games - such as gaming and amusement machines and electronic versions of roulette and bingo - are popular with customers, provide high levels of entertainment and allow us to make games available across a broader range of staking levels.

Currently, Rank operates more than 15,000 electronic gaming units, including approximately 6,700 gaming and amusement machines, 7,600 electronic bingo terminals and 980 electronic roulette terminals. Revenue from gaming and amusement machines alone now constitutes more than 20% of Group revenue.

H1 update and H2 priorities

During the first half of the year, we have continued to improve the quality of our electronic gaming offer, with a particular focus on amusement machines in Mecca Bingo and electronic roulette in Grosvenor Casinos. We invested £10.8m in the acquisition of more than 360 of the latest 'Unity 2' electronic roulette terminals for Grosvenor Casinos and approximately 5,300 amusement machines for Mecca Bingo (previously rented).

Group revenue from gaming and amusement machines increased by 6.2% to £59.7m with strong performances in both Grosvenor Casinos and Mecca Bingo. This result was achieved despite a £1.1m increase in taxation, arising from the move in the standard rate of VAT from 15.0% to 17.5%.

In the second half of the year, we will continue to invest in this area with the commencement of a project to upgrade the quality of our electronic bingo terminals in Mecca Bingo. We will also replace approximately 180 electronic roulette terminals in seven casinos with 'Unity 1' terminals (cascaded from clubs with 'Unity 2' upgrades).

Focus	H1 update	H2 priorities
Improve quality of electronic games	Major upgrade of electronic roulette in six casinos via installation of 'Unity 2' system	'Unity 1' upgrade of electronic roulette in seven casinos
	Server-based gaming machines now deployed in all 103 Mecca Bingo clubs	Major upgrade of electronic bingo terminals within Mecca Bingo
Improve management information	PlaySafe (machines management system) now deployed in all 103 Mecca Bingo clubs	

1.2 Products & services - food & drink
Improving the quality of food and drink in Rank's land-based businesses remains a key area of opportunity. In recent years, the Group has made a range of improvements to the quality of food and drink offered to the 2.3 million customers who visit our land-based businesses.

H1 update and H2 priorities
During the first half of the year, we continued to improve the quality of our food and drink and to raise standards in service delivery, particularly in Mecca Bingo where we are replacing servery style food with table service. In the clubs where we have introduced table service, spend per visit on food and drink has grown by approximately 20p (18%).

Customer feedback has been positive and across the Group, revenue from sales of food and drink increased by 11.2% to £22.8m.

During the second half of the year, we will extend table service into a further 14 Mecca Bingo clubs and continue to make enhancements in Grosvenor Casinos.

Focus	H1 update	H2 priorities
Improve product and service quality	Table service extended from 16 to 33 Mecca Bingo clubs	Extend table service to a further 14 Mecca Bingo clubs

1.3 Entertainment and accessibility

Over the course of the last two years we have been progressively improving utilisation of our land-based assets by gaining extended opening hours and developing innovative products and services to attract customers to our casinos and bingo clubs during traditionally quieter trading periods.

H1 update and H2 priorities
During the first-half of the year, we continued to roll-out extended opening hours within Grosvenor Casinos and now operate 21 clubs on a 24-hour basis (some throughout the week; others weekend only).

We have also extended opening hours in a small number of Mecca Bingo clubs to test customer demand for late stay amusements. Our 'After Dark Presents' brand of late-night games has been extended from two clubs to four and expanded to include poker and karaoke as well as the popular Binglo and Rock and Roll Bingo.

In Grosvenor Casinos we achieved an 11.7% like-for-like increase in operating hours. This has helped the business to grow both customer visits and revenue.

Focus	H1 update	H2 priorities
Extend club operating hours	24-hour opening extended from 17 to 21 casinos	Extend 24-hour opening to at least one more casino
	Trial of extended opening carried out in 14 Mecca Bingo clubs	
Encourage trade in quieter periods	'After Dark Presents' extended from two to four Mecca Bingo clubs	Extend 'After Dark Presents' to at least two more Mecca Bingo clubs

2. Extend reach - Strengthen position in UK and explore opportunities overseas

Operational improvement is supported by a programme of capital investment to extend the reach of our brands, both online and offline. Our core market is Great Britain, where we currently generate more than 90% of our revenues. However, we are looking for opportunities to expand our presence in overseas markets, primarily through our remote gaming business, Rank Interactive.

During the first half of the year, the Group invested £27.1m of capital in strengthening and growing its businesses. This represented an 89.5% increase compared with the first half of 2009 and was in line with Rank's revised full-year guidance of approximately £50m.

Our capital is targeted on projects where we believe we will generate a minimum 15% pre-tax return on investment.

A more detailed analysis of the Group's capital investment expenditure is set out within the finance review on page 21.

2.1 Grosvenor Casinos

G Casino
G Casino is a gaming based leisure venue operated within Britain's licensing regime for casinos. It combines traditional casino gaming with good quality food and drink, entertainment and community games such as card room poker.

Launched in 2006, G Casino had grown to 12 casinos by June 2010. The brand's success in reaching out to a broader base of British adults is reflected in average weekly levels of customer visits more than 70% higher than the average for a provincial casino in Britain.

During the first half we added two properties to the G Casino estate through the conversion (at a combined capital cost of £2.7m) of the Grosvenor Casinos in Brighton and Newcastle-upon-Tyne.

G Casino development 2010

Location	Project	Opening date	Capital investment
Brighton	Conversion	April 2010	£1.3m
Newcastle-upon-Tyne	Conversion	May 2010	£1.4m

We remain on course to grow the brand to at least 20 G Casinos by the end of 2012. During 2011, we expect to convert at least three Grosvenor Casinos to the G Casino brand and to open one new G Casino at Stockton-on-Tees.

We expect to add a further two new casinos to the G Casino brand by 2012, subject to gaining the necessary licensing and planning approvals. Our provisional development plan is set out in the table below.

G Casino development 2011 to 2012

Location	Project	Provisional opening date
Birmingham	Conversion	2011
Walsall*	Conversion & extension	2011
Plymouth	Conversion	2011
Stockton	New casino	2011
Oldbury**	New casino	2012
South Manchester**	New casino	2012

* includes addition of Electronic Casino; ** subject to planning and licensing approval

Electronic casino
In addition to the G Casino pipeline, we have a further six casino licences in markets which are not at present suitable for a G Casino (or an additional G Casino). We have conceived a smaller format, principally electronic, casino concept for these locations. We plan to open electronic casinos in Scarborough, North Yorkshire and Liverpool during the second half of 2010.

2.2 Mecca 'Full House Destination'

Mecca 'Full House Destination' is a new gaming-based leisure concept, operated within the bingo clubs licensing regime. It is designed to appeal to a much wider range of customers than other bingo clubs and features a prominent bar, a large amusements arcade and a 'shush-free' electronic lounge as well as a traditional bingo auditorium.

The first Full House Destination club was launched in Beeston, Nottingham in May 2009 and a second site (a conversion of an existing Mecca Bingo club at Catford in London) was opened in December that year.

During the first half of 2010, we converted two more Mecca Bingo clubs to the Full House Destination format and we plan to convert a further two clubs before the end of the year.

Full House Destination development 2010

Location	Project	Opening date
Oldbury	Conversion	January 2010
Aberdeen	Conversion	April 2010
Southend-on-Sea	Conversion	Q4 2010
Dagenham	Conversion	Q4 2010

We have been encouraged by the early trading performances from the converted clubs with a higher number of customer visits and a more diverse customer mix.

However, further work is required to refine the model, including labour cost reduction and an increase in revenue from interval games. Work is underway to address these issues and the Full House Destination programme will be reviewed again during the first half of 2011 before further capital is committed to roll-out.

2.3 International opportunities

Currently, less than 10% of Rank's revenue is generated in markets outside Great Britain. We operate 11 licensed bingo clubs in Spain under Top Rank Espana and two casinos in Belgium under Grosvenor Casinos. Whilst we continue to improve the quality of our operations in these markets, we will also seek exposure to selected international markets through our remote gaming business, Rank Interactive.

During the first six months of the year, we invested £0.3m of capital on international development projects and we plan to invest a further £0.5m during the second half. As a consequence, we expect to launch new bingo and games web sites for both Spain and Italy (subject to licensing) during the first half of 2011.

3. Work positively with governments and regulators

The regulatory and fiscal environment for gaming businesses in Britain remains fluid. In addition to the changes attendant upon the establishment of a new government, both HM Treasury and the Department for Culture Media and Sport have recently consulted on changes to the taxation and regulation of gaming companies with particular regard to gaming machines and remote gaming.

In an attempt to frame a constructive debate on these issues and to position them within a broader context of fairness, simplicity and sustainability, Rank published two keynote papers during the first half of 2010.

- Responsible taxation: Fairness, Simplicity, Sustainability (February 2010) calls for the replacement of the current patchwork of tax legislation with a single duty for all of the UK's betting and gaming products
- Gaming and betting 2010: Fairness, Responsibility, Sustainability (March 2010) seeks to gain greater alignment between gaming and betting regulations and the aims of the Gambling Act

Both publications are available from www.rank.com/our_industry.

Rank will continue to seek engagement on these matters with all stakeholders, including the Government, political parties, constituency MPs, the Gambling Commission and industry peers.

Separately, Rank is encouraged by the fact that the Conservative Party, which forms part of the UK coalition Government, considers bingo to be taxed at an inappropriately high level. Nevertheless, the Group understands that the current economic situation may make tax reform difficult to achieve in the short term, unless it is part of the wider process of simplification and harmonisation outlined in its paper.

Similarly, the Group has been pleased to note a number of policy commitments made by the Conservative Party whilst in Opposition:

- Change in B3 'jackpot' machine entitlement for licensed bingo clubs from a cap of eight to a ratio of 20% of all machines;
- Increase in maximum stake on B3 'jackpot' machines from £1 to £2;
- Increase in maximum prize on a C machine from £70 to £100.

Rank will support the Bingo Association in securing timely adoption of these policies.

Business review

Grosvenor Casinos

	2010 H1	2009 H1
Revenue* (£m)	**116.6**	106.7
EBITDA (£m)**	**22.2**	18.7
Operating profit (£m)**	**17.6**	14.7
Like-for-like revenue	**3.9%**	

* before adjustments for free bets, promotions and customer bonuses; ** before exceptional items

Grosvenor Casinos grew first-half operating profit by 19.7% to £17.6m as a result of a 9.3% increase in revenue and effective cost control. Customer visits increased by 15.6%, offsetting a 5.5% reduction in average spend per visit.

On a like-for-like basis, revenue grew by 3.9% with a 5.9% increase in customer visits driven by a range of initiatives, including longer opening hours and our Play Points customer rewards system. Growth in new customers was responsible for a slight dilution in spend per visit, which declined by 1.9% on a like-for-like basis.

The difference between total revenue and like-for-like revenue was due to an increase in the provincial casino estate (2009 openings) and the effect of last year's tax increase on card room games such as poker and mah jong.

Key performance indicators

	2010 H1	2009 H1
Customers (000s)*	**1,021**	842
Customer visits (000s)	**2,624**	2,270
Spend per visit (£)	**44.41**	47.00
Net promoter score	**30%**	37%**

* Customers shown on a moving annual total ('MAT') basis
** 2010 net promoter score calculated using a revised methodology

Our casinos served 1,021,000 customers on a moving annual total basis ('MAT'), an increase of 21.3%. This is the first time that membership of our casinos has breached the one million mark.

Net promoter score, which measures our customers' propensity to recommend our casinos, decreased by seven percentage points compared with the first half of 2009.

During the period we re-launched two casinos under the G Casino brand. At 30 June 2010, we operated 37 casinos - 35 in Britain (including five in London) and two in Belgium. There were no casino openings or closures in the period.

Segmental analysis

	Customer visits (000s)		Spend per visit (£)		Revenue (£m)		Operating profit (£m)	
	2010 H1	2009 H1	**2010 H1**	2009 H1	**2010 H1**	2009 H1	**2010 H1**	2009 H1
London	**488**	453	**93.00**	91.07	**45.4**	41.2	**8.3**	5.3
Provinces	**1,988**	1,678	**31.83**	34.09	**63.3**	57.3	**8.7**	8.9
Belgium	**148**	139	**53.38**	59.24	**7.9**	8.2	**0.6**	0.5
Total	**2,624**	2,270	**44.41**	47.00	**116.6**	106.7	**17.6**	14.7

London – our London casinos grew revenue by 10.2% to £45.4m whilst operating profit increased by 56.6% to £8.3m, partly reflecting the effect of redundancies incurred during the first half of 2009. Customer visits were 7.7% higher than in the first half of 2009, reflecting the success of 24-hour opening at the G Casino Piccadilly and the Grosvenor Victoria Casino. Spend per visit grew by 2.1%.

Provinces – our provincial casinos grew revenue by 10.5% to £63.3m with customer visits up 18.5% and spend per visit down by 6.6%. Operating profit declined by 2.2% to £8.7m due to start-up costs relating to new casinos opened in 2009. On a like-for-like basis, revenue grew by 1.0% as a result of a 5.3% increase in customer visits and a 5.0% decline in spend per visit.

Belgium – Sterling revenue from our casinos in Belgium declined by 3.7% to £7.9m; and euro revenue declined by 0.5%. Customer visits increased by 6.5% with an expansion in the number of gaming machines helping to attract a higher number of customers. Operating profit of £0.6m was 9.4% higher than in the first half of 2009 as a result of greater cost control.

Revenue analysis – Britain only

£m	**2010 H1**	2009 H1
Casino games	**77.9**	72.4
Gaming machines	**17.7**	16.1
Card room games	**4.9**	3.6
Food & drink/other	**8.2**	6.4
Total	**108.7**	98.5

Casino games – Revenue from casino games (tables and electronic) increased by 7.6% to £77.9m, reflecting strong growth in customer visits.

Gaming machines – Revenue from gaming machines increased by £1.6m or 9.9% to £17.7m as a result of increased customer visits and improvements to game software and machine supply. This result was achieved in spite of a £0.4m cost increase relating to the rise in the standard rate of VAT.

Card room games – Revenue from card room games, including poker and mah jong increased by £1.3m to £4.9m. This was due in part to continuing improvements in the quality of our card rooms. Changes in taxation increased card room revenue but reduced operating profit by £0.6m.

Food & drink/other – Revenue from food and drink increased by £1.8m to £8.2m as a result of improvements to service and product quality.

Mecca Bingo

	2010 H1	2009 H1
Revenue* (£m)	**118.7**	116.3
EBITDA (£m)**	**22.4**	23.9
Operating profit (£m)**	**16.0**	19.0
Like-for-like revenue	**(1.0)%**	

* before adjustments for free bets, promotions and customer bonuses; ** before exceptional items

Mecca Bingo's first half operating profit declined by 15.8% to £16.0m despite a 2.1% rise in revenue to £118.7m. This was due in large part to a net £2.6m increase in taxation (a more detailed explanation is set out within the finance review on page 19).

Customer visits increased by 0.4% (the first six-monthly rise in more than a decade), driven by a range of improvements to our products and services, the performances of Full House Destination clubs and the positive effects of a programme of modest capital investment in traditional clubs.

On a like-for-like basis (excluding tax changes and one 2009 club opening), revenue declined by 1.0% with spend per visit in line with the first half of 2009 and customer visits 1.0% lower.

Key performance indicators

	2010 H1	2009 H1
Customers (000s)*	**943**	912
Customer visits (000s)	**7,521**	7,491
Spend per visit (£)	**15.78**	15.53
Net promoter score	**43%**	37%

* Customers shown on a moving annual total ('MAT') basis

Our bingo clubs served 943,000 customers on a moving annual total basis, an increase of 3.4%. Net promoter score, which measures our customers' propensity to recommend Mecca Bingo increased by six percentage points compared with the first half of 2009.

During the first half of the year, two clubs were converted to the Full House Destination format as a result of a combined capital investment of £3.1m. No clubs were closed or opened during the period and at 30 June 2010, Mecca Bingo operated 103 licensed clubs across Great Britain.

Revenue analysis

£m	**2010 H1**	2009 H1
Main stage bingo	**20.9**	20.2
Interval games	**52.6**	52.4
Amusement machines	**33.3**	32.7
Food & drink/other	**11.9**	11.0
Total	**118.7**	116.3

Main stage bingo – Revenue from main stage bingo increased by £0.7m or 3.5% to £20.9m. Changes to taxation (introduced in April 2009) resulted in a £1.7m increase in revenue but a £1.5m reduction in operating profit.

Interval games – Revenue from interval bingo increased by 0.4% to £52.6m as a result of minor increases in both spend per visit and customer visits.

Amusement machines – continued improvements to the quality of product, service and environment within our amusement machines arcades helped to grow revenue by £0.6m or 1.8% to £33.3m despite the £0.7m rise in taxation costs relating to the increase in the standard rate of VAT.

Food & drink/other – revenue from food, drink and ancillary items increased by 8.2% to £11.9m as a result of a 7.5% increase in spend per visit. The roll-out of table service (replacing servery food) to 33 clubs was one of the principal factors behind this. On average, these clubs generated approximately 20p in additional spend per visit (a rise of 18%).

Top Rank Espana

Our Spanish gaming business, Top Rank Espana, achieved growth in revenue and operating profit in the period, as a result of increased customer visits and effective cost control. This performance is set against a backdrop of the continuing economic difficulties facing consumers in Spain.

In May, we appointed Jorge Ibanez as managing director of Top Rank Espana. Jorge is an experienced leisure and gaming executive who has worked in the casinos and amusements sectors in Spain and Central America for Grupo Orenes and Cirsa.

	2010 H1	2009 H1
Revenue (£m)	**18.4**	18.1
EBITDA* (£m)	**4.4**	4.1
Operating profit* (£m)	**3.0**	2.7
Like-for-like revenue	**1.7%**	

* before exceptional items

Our clubs grew revenue by 1.7% to £18.4m. In euros, revenue was up by 4.3% as a result of a 1.1% increase in customer visits and a 2.7% uplift in spend per visit.

Operating profit improved 11.1% to £3.0m, helped in part by a slight reduction in bingo duty in Catalonia. During the period, the business incurred a £1.2m one-off charge relating to redundancies. Due to its materiality within the context of Top Rank Espana, this charge has been treated as exceptional.

Key performance indicators

	2010 H1	2009 H1
Customers* (000s)	**341**	316
Customer visits (000s)	**1,142**	1,130
Spend per visit (£)	**16.11**	16.02
Net promoter score**	**31%**	-

* Customers shown on a moving annual total ('MAT') basis; ** net promoter score not measured in Top Rank Espana during 2009

Our clubs served 341,000 customers on a moving annual total basis, an increase of 7.9%. Net promoter score, which measures customer propensity to recommend our clubs, was 31%. This is the first year that net promoter score is being measured within Top Rank Espana.

Revenue analysis

£m	**2010 H1**	2009 H1
Bingo	**11.8**	11.9
Amusement machines	**5.0**	4.2
Food & drink/other	**1.6**	2.0
Total	**18.4**	18.1

Bingo – Revenue from games of bingo of £11.8m was marginally lower than in the first half of 2009. In euros, revenue increased by 0.7%.

Amusement machines – Revenue from amusement machines increased by 19.0% to £5.0m. In euros, revenue increased by 22.6% largely as a result of improvements to the quality of electronic gaming in our three clubs in Madrid, following positive changes to regulations introduced during the second half of 2009.

Food & drink/other – Revenue from food and drink moved £0.4m lower to £1.6m. In euros, revenue decreased by 13.6%.

There were no changes to the portfolio during the period and at 30 June 2010, Top Rank Espana operated 11 bingo clubs across Catalonia, Madrid, Galicia and Andalucia.

Rank Interactive

	2010 H1	2009 H1
Revenue* (£m)	**27.4**	24.9
EBITDA (£m)	**4.0**	4.8
Operating profit (£m)	**2.3**	3.0
Like-for-like revenue	**10.0%**	

* before adjustments for free bets, promotions and customer bonuses

Revenue from Rank Interactive increased by 10.0% to £27.4m as a result of continued growth from meccabingo.com and – from a much lower base - gcasino.com.

Increased investment in marketing and product development as well as £0.3m of international start-up costs (relating to Spain and Italy) held back operating profit, which declined by £0.7m to £2.3m.

Our interactive brands served 258,000 customers on a moving annual total basis, an increase of 17.3%.

Revenue analysis

£m	**2010 H1**	2009 H1
Bingo & games	**19.8**	16.4
Casino	**3.0**	2.4
Poker	**1.0**	1.7
Sportsbook	**3.6**	4.4
Total	**27.4**	24.9

Bingo – Revenue from bingo increased by 20.7% to £19.8m, spurred on by increased investment in marketing (which included meccabingo.com's deal with Britain's Got Talent as well as a £0.7m TV advertising campaign) and improved cross-selling to customers from Mecca Bingo clubs. During the second half of the year, we will re-launch meccabingo.com following an extensive overhaul of the site.

Casino – Revenue from casino sites was up by 25.0% to £3.0m as a result of cross-selling to customers of G Casino and Grosvenor Casinos. Casino revenues have now grown for three consecutive quarters (following seven successive quarters of decline).

Poker – Revenue from poker declined by £0.7m to £1.0m. This reflects a reallocation of marketing support away from Bluesq.com to meccabingo.com and gcasino.com as well as a sector-wide reduction in online poker revenue. In April, we launched poker on gcasino.com and expect this to bolster the performance of poker during the second half.

Sportsbook – Revenue from sportsbook declined by 18.2% to £3.6m as a reduction in marketing support for Bluesq.com affected customer numbers and average staking levels. The Blue Square website was relaunched in June 2010 and is now faster and simpler for customers to use. Sportsbook revenue grew strongly in June 2010 as a result of the improved site and the high volumes and high margins triggered by the FIFA World Cup.

Key Results
For the period ended 30 June 2010
(from continuing operations)

	2010	2009
Group statutory revenue*	**£269.6m**	£255.9m
Operating profit:		
- before exceptional items	**£28.6m**	£30.2m
- after exceptional items	**£66.1m**	£31.6m
Adjusted net interest payable (note 4)	**£(3.5)m**	£(5.5)m
Adjusted profit before taxation**	**£25.1m**	£24.7m
Profit before taxation:		
- before exceptional items	**£24.3m**	£25.6m
- after exceptional items	**£67.4m**	£27.0m
Profit after taxation:		
- before exceptional items	**£17.5m**	£18.1m
- after exceptional items	**£48.6m**	£19.5m
Basic earnings per share:		
- before exceptional items	**4.5p**	4.6p
- after exceptional items	**13.0p**	5.0p
Adjusted earnings per share (note 7)	**4.6p**	4.5p
Dividend per share	**0.74p**	-
Group EBITDA before exceptional items	**£43.1m**	£42.7m
Net debt	**£133.4m**	£208.1m
Net debt to EBITDA* ratio**	**1.6**	2.4
Weighted average number of ordinary shares in issue	**389.5m**	389.5m

* Revenue is stated after adjustment for free bets, promotions and customer bonuses (see note 1 and note 2).
** Adjusted profit before taxation is calculated by adjusting profit from continuing operations before taxation to exclude exceptional items, the unwinding of discount in disposal provisions, other financial gains or losses and the amortisation of the equity component of the convertible bond.
*** Rolling 12 month EBITDA

Group revenue from continuing operations rose by £13.7m, driven largely by the improvement in Grosvenor Casinos while every business grew revenue despite the difficult economic environment.

Group operating profit before exceptional items was £1.6m lower than in 2009. This was largely driven by changes to taxation which cost Rank an additional £3.8m in the period. Further details are provided in the VAT and duty changes section on page 19.

Adjusted net interest payable of £3.5m was £2.0m lower than in 2009, which reflects lower net debt and interest rates.

Adjusted profit before tax and exceptionals of £25.1m was £0.4m higher than in 2009.

Growth in adjusted earnings per share of 4.6p (2009: 4.5p) reflects the higher adjusted pre-tax profit on an unchanged weighted average number of ordinary shares.

Effective tax rate

The Group's effective corporation tax rate is 28.0% (2009: 28.9%) based on a tax charge of £7.0m on adjusted profit before taxation and exceptionals of £25.1m. This is lower than the anticipated effective tax rate of 30% to 32% as a result of prior year adjustments arising in the UK. The effective tax rate is expected to increase to around 31% in 2011. Further details on the taxation charge are provided in note 5 to the Group financial information.

Cash tax rate

The Group paid tax in Spain and Belgium in the period but this was offset by tax refunds on discontinued operations received in the US (following changes in legislation relating to prior years), which resulted in an effective cash tax rate of -2% on adjusted profit. The Group is expected to have a cash tax rate of around 3% for the full year 2010, excluding any tax payable on the resolution of a number of outstanding legacy issues or exceptional items.

Exceptional items

In order to give a full understanding of the Group's financial performance and aid comparability between periods, the Group reports certain items as exceptional to normal trading.

	2010 £m	2009 £m
Grosvenor Casinos	**4.0**	-
Mecca Bingo	**34.7**	1.4
Top Rank Espana	**(1.2)**	-
Continuing operations	**37.5**	1.4
Discontinued operations	**0.7**	-
Total exceptional profit before financing and taxation	**38.2**	1.4

The key 2010 exceptional items are detailed below:

The Group received a £42.5m refund from Her Majesty's Revenue & Customs ('HMRC') in respect of VAT overpaid on games of main stage bingo and amusement machines between 2004-2009 and 2002-2005 respectively. After costs and associated taxes, this resulted in an exceptional profit of £34.7m in Mecca Bingo and £4.0m in Grosvenor Casinos. As set out in note 12, HMRC continues to appeal the basis of these refunds.

Top Rank Espana incurred £1.2m in restructuring costs during the period.

Exceptional items relating to discontinued businesses comprise overpaid VAT received from HMRC following claims relating to the former Holidays Division.

Further details on exceptional items, including 2009 exceptionals, are provided in note 3 to the Group financial information.

Disposal provisions

At 30 June 2010, the Group held £12.2m in provisions for costs associated with disposed businesses, including outstanding insurance claims, deferred payments arising from lease settlements and other directly attributable costs. The timing and exact amounts of the expenditure are uncertain as it is taking longer than originally anticipated to agree the settlement of remaining liabilities.

The provision increased by £0.4m as a result of currency translation (predominantly relating to US Dollar liabilities) and £0.1m due to the unwinding of discount on the provision.

The major expenditures in the period comprised:
- £0.3m on property related costs; and
- £0.4m on professional support with tax investigations by a number of regulatory authorities in Europe and North America.

VAT and duty changes

The reversal of the temporary reduction in the standard rate of VAT from 15.0% to 17.5% from 1 January 2010 cost Rank an additional £1.9m during the first half of the year, chiefly relating to gaming machine income and irrecoverable VAT. This effect is expected to be replicated during the second half of the year.

The further increase in the standard rate of VAT to 20.0% from 4 January 2011 (taken together with the revision of employer thresholds for National Insurance) is expected to cost the Group a further £2.5m on an annualised basis. Where appropriate, Rank will seek to minimise the impact of these tax changes on Group earnings.

The effect of changes to gaming taxation (chiefly affecting bingo and card room games) implemented during 2009 impacted Group profits by £1.9m during the first half of the year. During the second half, Rank anticipates a net £1.5m benefit (compared with the second half of 2009) as a result of the reduction in bingo duty from 22% to 20% brought in by the Budget in April 2010.

VAT refunds

On 21 May 2010, Rank received a £42.5m refund from HMRC in respect of VAT overpaid on games of main stage bingo and amusement machines between 2004-2009 and 2002-2005 respectively.

This payment is in addition to the £59.1m interval games VAT refund received in 2008. All of these claims are based upon Rank's assertion that the inconsistent VAT treatment of certain products and services contravened the European Union principle of fiscal neutrality.

Rank's claims have been upheld by the VAT Tribunal and by the High Court. HMRC continues to appeal these decisions and in May this year, the Court of Appeal referred the matter to the European Court of Justice ('ECJ'). Rank anticipates the case will be heard in 2011, with a ruling from the ECJ by the summer of 2012 at the latest.

Rank has submitted a number of additional claims under the Condé Nast ruling for overpaid or under-recovered VAT. Rank has requested payment of up to £35.0m relating to one of these claims although the timing and quantum of this receipt is currently uncertain.

The table below sets out the current position on the material claims (all amounts exclude interest):

Claim	Period	Amount	Status
Overpayment of output VAT on interval bingo	2003-2008	£59.1m	Money received in 2008 but HMRC is appealing. Case now referred to ECJ and expected to be heard in 2011.
Overpayment of output VAT on machine income	2002-2005	£26.4m	Money received in 2010 but HMRC is appealing. Case now referred to ECJ and expected to be heard in 2011.
Overpayment of output VAT on main stage bingo	2004-2009	£16.1m	Money received in 2010 but HMRC is appealing as noted above. Case relies on the principle that taxation of interval and main stage bingo should be consistent.
Incorrect introduction of 3 year cap on VAT reclaims	Various	not known at present	Claim lodged awaiting HMRC validation of calculations.
Overpayment of output VAT on interval bingo impacted by 3 year cap on VAT reclaims	1980-1996	as much as £35m	Claim lodged and being reviewed by HMRC. Rank is uncertain when or if it will be received.

Details on the claims are also set out in note 11 (Contingent assets) and note 12 (Contingent liabilities) and the Group believes it has a reasonable chance of success with each claim.

Cash flow and net debt

	2010	2009
	£m	£m
Continuing operations		
Cash inflow from operations	**40.4**	41.3
Capital expenditure	**(27.1)**	(14.3)
Fixed asset disposals	**-**	1.6
Operating cash inflow	**13.3**	28.6
Dividends	**(5.3)**	-
Acquisitions and disposals	**(0.1)**	(0.3)
Net receipts (payments) in respect of provisions and exceptional costs	**37.4**	(12.5)
	45.3	15.8
Net interest, hedge and tax receipts (payments)	**4.0**	(7.9)
Other (including foreign exchange translation)	**4.1**	10.5
Decrease in net debt	**53.4**	18.4
Opening net debt	**186.8**	226.5
Closing net debt	**133.4**	208.1

At the end of June 2010, net debt was £133.4m compared with £208.1m at the end of June 2009. The net debt comprised syndicated loan facilities of £215.7m, £9.5m in fixed rate Yankee bonds, £12.4m in finance leases and £4.7m in overdrafts, partially offset by cash and cash equivalents of £108.9m.

Financial structure and liquidity

The Group banking facilities comprise a syndicated £150.0m term loan and £200.0m multi-currency revolving credit facility, which were arranged in April 2007 and mature in April 2012. The revolving facility was reduced in May 2010 from £250.0m to £200.0m, with the effect of reducing non-utilisation fees by £0.2m on an annualised basis. These facilities require the maintenance of a minimum ratio of earnings before interest, tax, depreciation and amortisation (EBITDA) to net interest payable and a maximum ratio of net debt to EBITDA, both of which are tested bi-annually at June and December. The Group fully complied with all covenants in 2010 and 2009.

In addition, the Group has uncommitted borrowing facilities of £29.0m, repayable on demand but which are available for general use.

The Group's facilities are provided by a panel of banks with no single bank providing more than 10% of the facility. The Group treasury function sets counterparty limits for the lending banks with which it trades and regularly monitors their credit ratings to minimise risk of financial loss.

The Group carried out a capital structure review during 2009 and now expects, over the medium-term, to operate at around 2.5 times net debt to EBITDA.

Capital expenditure

	2010 £m	2009 £m	2010 FY* £m
Grosvenor Casinos	**13.5**	3.9	20
Mecca Bingo	**9.5**	8.1	20
Top Rank Espana	**1.1**	0.5	4
Rank Interactive	**2.3**	1.6	4
Central	**0.7**	0.2	2
Total	**27.1**	14.3	50

* 2010 full year forecast capital expenditure

Grosvenor Casinos spent £2.7m on two G Casino conversions (Brighton and Newcastle), £7.4m on electronic roulette terminals, £1.4m on completing G Casino conversions at Dundee, Sheffield and Coventry and £0.4m on the Play Points reward programme. The balance of the expenditure was on minor capital works.

Capital expenditure for Mecca Bingo comprised £3.1m on converting the clubs in Aberdeen and Oldbury to the Full House Destination concept, £3.6m on amusement machines and electronic gaming, £0.4m on smoking shelters, £0.3m on club refurbishment and the balance on minor capital works.

Rank Interactive spent £2.3m on website development and Top Rank Espana £1.1m on amusement machines, catering works and minor capital works.

There were no significant capital commitments at 30 June 2010.

In light of the challenging economic conditions, the Group continues to maintain strict control over committing expenditure to capital projects. Although we anticipate 2010 capital investment to be in the order of £50m, expenditure continues to be phased and dependent on operating performance and the success of the Mecca Full House conversions. This will allow quick reductions in the overall level of capital expenditure should business conditions deteriorate.

Financial risk

The Group's financial risk management strategy focuses on the minimisation of risks for the Group. The Group's funding, foreign exchange, liquidity, counterparty and interest rate risks are managed by the Group's treasury department in accordance with approved policies and are subject to internal audit review. All significant financing transactions and treasury policies are authorised by the board of directors. Implementation of these policies is closely managed by the finance director and the group treasury manager.

The key financial risks impacting the Group are liquidity risk, interest rate risk and credit risk. In addition, the Group hedges its material exposures to foreign currency translation risk through the use of foreign currency borrowings.

i) Liquidity risk

Liquidity risk is the risk that cash may not be available to pay obligations when they fall due. Quarterly cash flow forecasts are prepared that identify the requirements of the Group and these are regularly updated to ensure sufficient financial headroom exists for at least 12 months. This is coupled with a regular review of medium-term funding requirements which, in particular, are updated alongside the Group's strategic plan process. The Group negotiated new medium-term facilities in 2007, as noted above, which mitigate the liquidity risk it may face.

ii) Interest rate risk

The Group primarily finances itself through syndicated bank facilities and the public debt market. The bank facilities are multi-currency although borrowings are typically drawn in Sterling and Euros at floating interest rates. The Group currently has only $14.3m of public bonds outstanding, which mature in 2018. The Group normally uses interest rate swaps, caps and collars to manage its exposure to interest rate fluctuations and at the end of June 2010 4% of the Group's borrowings were at fixed rates. Group policy is to maintain between 40% and 60% of its borrowing at fixed rates. The current low interest rates combined with the high cost of moving to fixed rates have led the Group to operate outside of this policy for the time being.

iii) Credit risk

Credit risk is the risk that a counterparty may not be able to settle amounts owing in full, when due. Surplus cash is invested in short-term financial instruments using a limited number of financial institutions with strong credit ratings. Counterparty credit ratings are reviewed regularly and credit limits set to avoid significant concentration of risk with any one counterparty.

Principal risks

The principal risks and uncertainties facing the Group are:

i) Consumer weakness
- The effect of macro-economic conditions on consumer confidence may lead to a decline in customer visits and spending.
- Any failure of our businesses to provide an engaging experience may result in a decline in customer visits and spending.

ii) Competitive threats
- The attractiveness of Rank's businesses may be undermined by superior or better value propositions from direct and indirect competitors.

iii) Taxation
- Reversal of rulings on VAT reclaims.
- Increases in gaming taxation.

iv) Regulation
- Regressive changes in regulations, such as restrictions to advertise or to offer certain games.
- A serious breach of gambling regulations may result in the partial or complete loss of Rank's licences to operate.

v) Financing
- Absence of or withdrawal of financing facilities adequate to meet the Group's requirements.
- Significant increases in the cost of financing.

Going Concern

In adopting the going concern basis for preparing the financial statements the directors have considered the issues impacting the Group during 2010 as detailed in the business review above, and have reviewed the Group's projected compliance with its banking covenants detailed above. Based on the Group's cash flow forecasts and operating budgets, and assuming that trading does not deteriorate considerably from current levels, the directors believe that the Group will generate sufficient cash to meet its requirements for at least the next 12 months and comply with its banking covenants. Accordingly the adoption of the going concern basis remains appropriate.

Group Financial Information

Group Income Statement
For the period ended 30 June 2010
(unaudited)

	6 months to 30 June 2010			6 months to 30 June 2009 (restated)*		
	Before exceptional items £m	**Exceptional items (note 3) £m**	**Total £m**	Before exceptional items £m	Exceptional items (note 3) £m	Total £m
Continuing operations						
Revenue before adjustment for free bets, promotions and customer bonuses	**281.1**	**-**	**281.1**	266.0	-	266.0
Free bets, promotions and customer bonuses	**(11.5)**	**-**	**(11.5)**	(10.1)	-	(10.1)
Revenue	**269.6**	**-**	**269.6**	255.9	-	255.9
Cost of sales	**(146.7)**	**-**	**(146.7)**	(135.0)	-	(135.0)
Gross profit	**122.9**	**-**	**122.9**	120.9	-	120.9
Other operating (costs) income	**(94.3)**	**37.5**	**(56.8)**	(90.7)	1.4	(89.3)
Group operating profit	**28.6**	**37.5**	**66.1**	30.2	1.4	31.6
Financing:						
- finance costs	**(3.8)**	**-**	**(3.8)**	(6.6)	-	(6.6)
- finance income	**0.2**	**5.6**	**5.8**	0.7	-	0.7
- other financial (losses) gains	**(0.7)**	**-**	**(0.7)**	1.3	-	1.3
Total net financing income (charge)	**(4.3)**	**5.6**	**1.3**	(4.6)	-	(4.6)
Profit before taxation	**24.3**	**43.1**	**67.4**	25.6	1.4	27.0
Taxation	**(6.8)**	**(12.0)**	**(18.8)**	(7.5)	-	(7.5)
Profit for the period from continuing operations	**17.5**	**31.1**	**48.6**	18.1	1.4	19.5
Discontinued operations	**-**	**1.8**	**1.8**	-	-	-
Profit for the period	**17.5**	**32.9**	**50.4**	18.1	1.4	19.5
Earnings per share attributable to equity shareholders						
- basic	**4.5p**	**8.5p**	**13.0p**	4.6p	0.4p	5.0p
- diluted	**4.5p**	**8.5p**	**13.0p**	4.6p	0.4p	5.0p
Earnings per share - continuing operations						
- basic	**4.5p**	**8.0p**	**12.5p**	4.6p	0.4p	5.0p
- diluted	**4.5p**	**8.0p**	**12.5p**	4.6p	0.4p	5.0p
Earnings per share - discontinued operations						
- basic	**-**	**0.5p**	**0.5p**	-	-	-
- diluted	**-**	**0.5p**	**0.5p**	-	-	-

* Further details of the changes made to the disclosure of free bets, promotions and customer bonuses are disclosed in note 1.

Group Statement of Comprehensive Income

For the period ended 30 June 2010
(unaudited)

	6 months to 30.06.10 £m	6 months to 30.06.09 £m
Comprehensive income:		
Profit for the period	**50.4**	19.5
Other comprehensive income:		
Exchange adjustments net of tax	**(1.9)**	(6.2)
Total comprehensive income for the period	**48.5**	13.3

Group Statement of Changes in Equity

For the period ended 30 June 2010
(unaudited)

	6 months to 30 June 2010					
	Share capital £m	**Share premium £m**	**Capital redemption reserve £m**	**Exchange translation reserve £m**	**Other* £m**	**Total £m**
At 1 January 2010	**54.2**	**98.2**	**33.4**	**15.1**	**(169.5)**	**31.4**
Comprehensive income:						
Profit for the period	**-**	**-**	**-**	**-**	**50.4**	**50.4**
Other comprehensive income:						
Exchange adjustments net of tax	**-**	**-**	**-**	**(1.9)**	**-**	**(1.9)**
Total comprehensive income (expense) for the period	**-**	**-**	**-**	**(1.9)**	**50.4**	**48.5**
Transactions with owners:						
Dividends	**-**	**-**	**-**	**-**	**(5.3)**	**(5.3)**
Credit in respect of employee share schemes	**-**	**-**	**-**	**-**	**1.0**	**1.0**
At 30 June 2010	**54.2**	**98.2**	**33.4**	**13.2**	**(123.4)**	**75.6**

	6 months to 30 June 2009					
	Share capital £m	Share premium £m	Capital redemption reserve £m	Exchange translation reserve £m	Other* £m	Total £m
At 1 January 2009	54.2	98.2	33.4	18.4	(208.6)	(4.4)
Comprehensive income:						
Profit for the period	-	-	-	-	19.5	19.5
Other comprehensive income:						
Exchange adjustments net of tax	-	-	-	(6.2)	-	(6.2)
Total comprehensive income (expense) for the period	-	-	-	(6.2)	19.5	13.3
Transactions with owners:						
Credit in respect of employee share schemes	-	-	-	-	0.5	0.5
At 30 June 2009	54.2	98.2	33.4	12.2	(188.6)	9.4

* Other reserves at 30 June 2010 comprised retained losses of £123.4m (2009: £188.6m).

Group Balance Sheet
At 30 June 2010
(unaudited)

	At 30.06.10 £m	At 31.12.09 £m
Assets		
Non-current assets		
Intangible assets	**175.7**	178.0
Property, plant and equipment	**191.6**	187.5
Deferred tax assets	**20.7**	23.5
Trade and other receivables	**2.0**	2.1
	390.0	391.1
Current assets		
Inventories	**3.0**	3.7
Trade and other receivables	**32.6**	26.0
Income tax receivable	**0.3**	0.4
Cash and cash equivalents	**108.9**	64.1
	144.8	94.2
Total assets	**534.8**	485.3
Liabilities		
Current liabilities		
Trade and other payables	**(104.1)**	(105.9)
Income tax payable	**(26.0)**	(26.3)
Financial liabilities - borrowings	**(5.4)**	(7.8)
Provisions for other liabilities and charges	**(8.2)**	(9.0)
	(143.7)	(149.0)
Net current assets (liabilities)	**1.1**	(54.8)
Non-current liabilities		
Financial liabilities - borrowings	**(236.6)**	(242.3)
Deferred tax liabilities	**(5.8)**	(6.3)
Other non-current liabilities	**(36.4)**	(18.8)
Provisions for other liabilities and charges	**(33.9)**	(34.6)
Retirement benefit obligations	**(2.8)**	(2.9)
	(315.5)	(304.9)
Total liabilities	**(459.2)**	(453.9)
Net assets	**75.6**	31.4
Capital and reserves attributable to the Company's equity shareholders		
Share capital	**54.2**	54.2
Share premium	**98.2**	98.2
Capital redemption reserve	**33.4**	33.4
Exchange translation reserve	**13.2**	15.1
Other reserves	**(123.4)**	(169.5)
Total shareholders' equity	**75.6**	31.4

Group Cash Flow Statement
For the period ended 30 June 2010
(unaudited)

	6 months to 30.06.10 £m	6 months to 30.06.09 £m
Cash flows from operating activities		
Cash generated from operations	**77.8**	28.8
Interest received	**6.2**	1.0
Interest paid	**(2.6)**	(8.8)
Tax received	**0.4**	5.1
Net cash from operating activities	**81.8**	26.1
Cash flows from investing activities		
Acquisition of businesses including deferred consideration	**(0.1)**	(0.3)
Net payments in respect of hedges	**-**	(5.2)
Purchase of intangible assets	**(2.6)**	(1.4)
Purchase of property, plant and equipment	**(24.5)**	(12.9)
Proceeds from sale of property, plant and equipment	**-**	1.6
Net cash used in investing activities	**(27.2)**	(18.2)
Cash flows from financing activities		
Dividends paid to shareholders	**(5.3)**	-
Drawdown on syndicated facilities	**-**	91.2
Repayment of syndicated facilities	**(0.9)**	-
Repayment of Sterling borrowings	**-**	(158.2)
Finance lease principal repayments	**(0.4)**	(0.4)
Net cash used in financing activities	**(6.6)**	(67.4)
Net increase (decrease) in cash, cash equivalents and bank overdrafts	**48.0**	(59.5)
Net foreign exchange difference	**(0.6)**	(0.9)
Cash, cash equivalents and bank overdrafts at beginning of period	**56.8**	104.8
Cash, cash equivalents and bank overdrafts at end of period	**104.2**	44.4
Bank overdrafts at end of period	**4.7**	9.6
Cash and cash equivalents at end of period	**108.9**	54.0

Notes to the Group Financial Information
For the period ended 30 June 2010
(unaudited)

1. General information, basis of preparation and accounting policies

General information
The Company is a limited liability company incorporated and domiciled in the UK. The address of its registered office is Statesman House, Stafferton Way, Maidenhead SL6 1AY. The Company is listed on the London Stock Exchange.

This condensed consolidated interim financial information was approved for issue on 28 July 2010.

This condensed consolidated interim financial information does not constitute statutory accounts within the meaning of Section 434 of the Companies Act 2006. Statutory accounts for the year ended 31 December 2009 were approved by the board of directors on 24 February 2010 and delivered to the Registrar of Companies. The report of the auditors on those accounts was unqualified, did not contain an emphasis of matter paragraph and did not contain a statement made under Section 498 of the Companies Act 2006.

This condensed consolidated interim financial information has been reviewed but not audited.

Basis of preparation
This condensed consolidated interim financial information for the six months ended 30 June 2010 has been prepared in accordance with the Disclosure and Transparency Rules of the Financial Services Authority and with IAS 34 'Interim financial reporting' as adopted by the European Union. The condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2009, which have been prepared in accordance with IFRSs as adopted by the European Union.

Accounting policies
Except as described below, the accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2009, as described in those annual financial statements.

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.

The following new standards and amendments to standards are mandatory for the first time for the financial year beginning 1 January 2010.

- IFRS 2 Share-based Payment (amendment) - The standard has been amended to clarify the accounting for group cash-settled share-based payment transactions. This amendment also supersedes IFRIC 8 and IFRIC 11. The adoption of this amendment did not have any impact on the financial position or performance of the Group.

1. General information, basis of preparation and accounting policies (continued)

Accounting policies (continued)

- IFRS 3 Business Combinations (Revised) and IAS 27 Consolidated and Separate Financial Statements (Amended) - The revisions to the standards apply from 1 January 2010. IFRS 3 (Revised) introduces significant changes in the accounting for business combinations occurring after this date. Changes affect the valuation of non-controlling interest, the accounting for transaction costs, the initial recognition and subsequent measurement of contingent consideration and business combinations achieved in stages. These changes will impact the amount of goodwill recognised, the reported results in the period that an acquisition occurs and future reported results.

IAS 27 (Amended) requires that a change in the ownership interest of a subsidiary (without loss of control) is accounted for as a transaction with owners in their capacity as owners. Therefore, such transactions will no longer give rise to goodwill, nor will they give rise to gains or losses. Furthermore, the amended standard changes the accounting for losses incurred by the subsidiary as well as the loss of control of a subsidiary.

The revisions will affect future acquisitions or loss of control of subsidiaries and transactions with non-controlling interests. The revisions have been applied prospectively and had no impact during the period.

- IAS 39 Financial Instruments: Recognition and Measurement – Eligible Hedged Items - The amendment addresses the designation of a one-sided risk in a hedged item, and the designation of inflation as a hedged risk or portion in particular situations. The amendment had no effect on the financial position or performance of the Group.

- IFRIC 17 Distribution of Non-cash Assets to Owners - The interpretation provides guidance on accounting for arrangements whereby an entity distributes non-cash assets to shareholders either as a distribution of reserves or as dividends. The interpretation had no effect on the financial position or performance of the Group.

- IFRIC 18 Transfers of Assets from Customers – The interpretation provides guidance on accounting for transfers of assets received from customers. The interpretation had no effect on the financial position or performance of the Group.

- Improvements to IFRSs (issued April 2009) - In April 2009 the second set of amendments to standards was issued, primarily with a view to removing inconsistencies and clarifying wording. The adoption of the amendments had no effect on the financial position or performance of the Group.

The Group has not early adopted any other standard, interpretation or amendment that was issued but is not yet effective.

1. General information, basis of preparation and accounting policies (continued)

Change in revenue reporting

In previous years, the Group has reported revenue as gaming win net of VAT where applicable. This is consistent with internal information reviewed by the chief operating decision maker. However, an alternative definition of revenue has become more widely reported among betting and gaming companies. This revised definition makes a further deduction for the fair value of free bets, promotions and customer bonuses. The Group previously reported the fair value of these items as an expense in the income statement.

To bring the Group in line with this revised definition of revenue, the Group adopted the new policy in the annual financial statements for the year ended 31 December 2009. Accordingly, the 2009 interim comparatives have also been restated. The Group continues to report internal information based on the previous definition of revenue, and therefore in accordance with IFRS 8 Operating Segments, has presented a reconciliation between revenue reported internally and the revised basis disclosed in the income statement. The restatement has no impact on Group operating profit.

The following table provides a reconciliation of the impact of the change in definition on the income statement.

	6 months to 30 June 2010			6 months to 30 June 2009 (restated)		
	Previous policy £m	Adjustment £m	Revised policy £m	Previous policy £m	Adjustment £m	Revised policy £m
Revenue	281.1	(11.5)	269.6	266.0	(10.1)	255.9
Cost of sales	(154.1)	7.4	(146.7)	(141.7)	6.7	(135.0)
Gross profit	127.0	(4.1)	122.9	124.3	(3.4)	120.9
Other operating costs	(60.9)	4.1	(56.8)	(92.7)	3.4	(89.3)
Group operating profit	66.1	-	66.1	31.6	-	31.6

2. Segment information - continuing operations

	Six months to 30 June 2010					
	Grosvenor Casinos	**Mecca Bingo**	**Top Rank Espana**	**Rank Interactive**	**Central costs**	**Total**
	£m	**£m**	**£m**	**£m**	**£m**	**£m**
Continuing operations						
Group revenue reported in internal information	**116.6**	**118.7**	**18.4**	**27.4**	**-**	**281.1**
Free bets, promotions and customer bonuses	**(0.6)**	**(6.8)**	**-**	**(4.1)**	**-**	**(11.5)**
Segment revenue	**116.0**	**111.9**	**18.4**	**23.3**	**-**	**269.6**
Operating profit (loss) before exceptional items	**17.6**	**16.0**	**3.0**	**2.3**	**(10.3)**	**28.6**
Exceptional operating profit (loss)	**4.0**	**34.7**	**(1.2)**	**-**	**-**	**37.5**
Segment result	**21.6**	**50.7**	**1.8**	**2.3**	**(10.3)**	**66.1**
Finance costs						**(3.8)**
Finance income						**5.8**
Other financial losses						**(0.7)**
Profit before taxation						**67.4**
Taxation						**(18.8)**
Profit for the period from continuing operations						**48.6**

	Six months to 30 June 2009 (restated)					
	Grosvenor Casinos	Mecca Bingo	Top Rank Espana	Rank Interactive	Central costs	Total
	£m	£m	£m	£m	£m	£m
Continuing operations						
Group revenue reported in internal information	106.7	116.3	18.1	24.9	-	266.0
Free bets, promotions and customer bonuses	(0.9)	(5.9)	-	(3.3)	-	(10.1)
Segment revenue	105.8	110.4	18.1	21.6	-	255.9
Operating profit (loss) before exceptional items	14.7	19.0	2.7	3.0	(9.2)	30.2
Exceptional operating profit	-	1.4	-	-	-	1.4
Segment result	14.7	20.4	2.7	3.0	(9.2)	31.6
Finance costs						(6.6)
Finance income						0.7
Other financial gains						1.3
Profit before taxation						27.0
Taxation						(7.5)
Profit for the period from continuing operations						19.5

2. Segment information - continuing operations (continued)

The reconciliation of total costs by type and segment was as follows:

	Six months to 30 June 2010					
	Grosvenor Casinos	**Mecca Bingo**	**Top Rank Espana**	**Rank Interactive**	**Central costs**	**Total**
	£m	**£m**	**£m**	**£m**	**£m**	**£m**
Employment and related costs	**44.7**	**30.8**	**7.3**	**4.2**	**5.8**	**92.8**
Taxes and duties	**24.1**	**20.1**	**0.8**	**0.1**	**0.9**	**46.0**
Direct costs	**5.0**	**11.1**	**2.0**	**7.6**	**-**	**25.7**
Property costs	**8.7**	**12.3**	**1.0**	**0.4**	**0.4**	**22.8**
Marketing	**3.3**	**5.3**	**0.5**	**6.0**	**-**	**15.1**
Depreciation and amortisation	**4.6**	**6.4**	**1.4**	**1.7**	**0.4**	**14.5**
Other	**8.0**	**9.9**	**2.4**	**1.0**	**2.8**	**24.1**
Total costs before exceptional items	**98.4**	**95.9**	**15.4**	**21.0**	**10.3**	**241.0**
Cost of sales						**146.7**
Operating costs						**94.3**
Total costs before exceptional items						**241.0**

	Six months to 30 June 2009 (restated)					
	Grosvenor Casinos	Mecca Bingo	Top Rank Espana	Rank Interactive	Central costs	Total
	£m	£m	£m	£m	£m	£m
Employment and related costs	42.0	28.2	7.5	3.8	5.6	87.1
Taxes and duties	21.6	16.3	0.3	0.2	0.3	38.7
Direct costs	4.1	11.4	1.5	7.3	-	24.3
Property costs	8.2	12.0	1.5	0.4	0.5	22.6
Marketing	3.1	5.5	0.4	4.5	-	13.5
Depreciation and amortisation	4.0	4.9	1.4	1.8	0.4	12.5
Other	8.1	13.1	2.8	0.6	2.4	27.0
Total costs before exceptional items	91.1	91.4	15.4	18.6	9.2	225.7
Cost of sales						135.0
Operating costs						90.7
Total costs before exceptional items						225.7

2. Segment information - continuing operations (continued)

A reconciliation of total assets by segment was as follows:

	At 30 June 2010					
	Grosvenor Casinos	**Mecca Bingo**	**Top Rank Espana**	**Rank Interactive**	**Central costs**	**Total**
	£m	**£m**	**£m**	**£m**	**£m**	**£m**
Total segment assets	**185.0**	**99.4**	**49.0**	**65.6**	**5.9**	**404.9**
Unallocated assets	-	-	-	-	-	**129.9**
Total assets	**185.0**	**99.4**	**49.0**	**65.6**	**5.9**	**534.8**

	At 31 December 2009					
	Grosvenor Casinos	Mecca Bingo	Top Rank Espana	Rank Interactive	Central costs	Total
	£m	£m	£m	£m	£m	£m
Total segment assets	176.1	97.5	53.9	64.4	5.4	397.3
Unallocated assets	-	-	-	-	-	88.0
Total assets	176.1	97.5	53.9	64.4	5.4	485.3

3. Exceptional items

	6 months to 30.06.10	6 months to 30.06.09
	£m	£m
Exceptional items relating to continuing operations		
VAT refunded net of gross profits tax and associated costs	**38.7**	**-**
Restructuring costs	**(1.2)**	**-**
Net profit on disposal of property less associated closure costs	**-**	1.4
Exceptional items before financing and taxation relating to continuing operations	**37.5**	1.4
Finance income	**5.6**	-
Taxation	**(12.0)**	-
Exceptional items relating to continuing operations	**31.1**	1.4
Exceptional items relating to discontinued operations		
Additional profit arising on previously disposed subsidiary	**0.7**	**-**
Finance income	**0.5**	-
Taxation	**0.6**	-
Exceptional items relating to discontinued operations	**1.8**	-

3. Exceptional items (continued)

Continuing operations

VAT refunded net of gross profits tax and associated costs
On 21 May 2010, the Group received £42.5m in overpaid VAT from HMRC. The repayment covers VAT paid on games of main stage bingo (between 2004 and 2009) and amusement machines (between 2002 and 2005). On 7 June 2010, the Group received £5.6m of interest in respect of the repayment.

The repayment follows successive rulings in the Group'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, the Group may be required to return the payment with interest (see note 12).

The claims concern the inconsistent application of VAT to revenue from Mecca Bingo and Grosvenor Casinos. It is the Group's contention that this practice contravened the European Union principle of fiscal neutrality.

Further details of the exceptional profit arising on the VAT refunded are disclosed in the table below:

	Main stage bingo £m	Amusement machines £m	Total £m
Cash repayment received	16.1	26.4	42.5
Increase in gross profits tax payable	(2.5)	-	(2.5)
Costs, including contingent fees	(0.7)	(0.3)	(1.0)
Irrecoverable input VAT	(0.3)	-	(0.3)
Exceptional profit before financing and taxation	12.6	26.1	38.7
Finance income	1.2	4.4	5.6
Taxation	(3.8)	(8.6)	(12.4)
Total exceptional profit on VAT refund	10.0	21.9	31.9

Restructuring costs
The Group recognised an exceptional pre tax loss of £1.2m and a £0.4m exceptional tax credit following the restructuring of the Top Rank Espana business.

Discontinued operations

Additional profit arising on previously disposed subsidiary
The Group also recognised an exceptional profit of £0.7m, together with associated interest of £0.5m, following the successful outcome of certain VAT claims relating to a previously disposed subsidiary.

4. Financing

	6 months to 30.06.10 £m	6 months to 30.06.09 £m
Continuing operations:		
Finance costs:		
Interest on debts and borrowings	**(2.1)**	(4.7)
Amortisation of issue costs on borrowings	**(0.5)**	(0.4)
Interest payable on finance leases	**(0.5)**	(0.5)
Unwinding of discount in onerous lease provisions	**(0.6)**	(0.6)
Unwinding of discount in disposal provisions	**(0.1)**	(0.1)
Amortisation of equity component of convertible bond	**-**	(0.3)
Total finance costs	**(3.8)**	(6.6)
Finance income before exceptionals:		
Interest income on short term bank deposits	**0.2**	0.7
Total finance income before exceptionals	**0.2**	0.7
Other financial (losses) gains	**(0.7)**	1.3
Total net financing cost for continuing operations before exceptional items	**(4.3)**	(4.6)
Exceptional finance income	**5.6**	-
Total net financing income (charge) for continuing operations	**1.3**	(4.6)

The reconciliation of total net financing income (charge) to adjusted net interest included in adjusted profit is disclosed below:

	6 months to 30.06.10 £m	6 months to 30.06.09 £m
Total net financing income (charge) for continuing operations	**1.3**	(4.6)
Adjust for :		
Unwinding of discount in disposal provisions	**0.1**	0.1
Amortisation of equity component of convertible bond	**-**	0.3
Other financial losses (gains)	**0.7**	(1.3)
Exceptional finance income	**(5.6)**	-
Adjusted net interest payable	**(3.5)**	(5.5)

5. Taxation

Income tax expense is recognised based on management's best estimate of the weighted average annual income tax rate expected for the full financial year.

	6 months to 30.06.10 £m	6 months to 30.06.09 £m
Current income tax on continuing operations		
Current tax – UK	**(3.3)**	-
Current tax – overseas	**(0.7)**	(1.2)
Current tax charge	**(4.0)**	(1.2)
Current tax on exceptional items	**(12.0)**	-
Amounts over provided in previous year	**-**	1.2
Total current tax	**(16.0)**	-
Deferred tax on continuing operations		
Deferred tax – UK	**(4.5)**	(7.5)
Amounts over provided in previous year	**1.7**	-
Total deferred tax	**(2.8)**	(7.5)
Tax charge in the income statement on continuing operations	**(18.8)**	(7.5)

Current tax on exceptional items within continuing operations includes a £12.4m charge in relation to the net VAT refund and a £0.4m credit in respect of the restructuring costs.

	6 months to 30.06.10 £m	6 months to 30.06.09 £m
Current income tax on discontinued operations		
Current tax on exceptional items	**(0.1)**	-
Amounts over provided in previous year on exceptional items	**0.7**	-
Tax credit in the income statement on discontinued operations	**0.6**	-

The tax effect of items within other comprehensive income was as follows:

	6 months to 30.06.10 £m	6 months to 30.06.09 £m
Current tax charge on exchange movements offset in other comprehensive income	**(1.9)**	-
Deferred tax charge on exchange movements offset in other comprehensive income	**-**	(7.4)
Total tax charge on items within other comprehensive income	**(1.9)**	(7.4)

5. Taxation (continued)

Future tax issues
It was announced in the Budget on the 22 June 2010 that the UK corporation tax rate will be reduced from 28% to 27% from 1 April 2011, and by a further 1% per annum thereafter until 1 April 2014 when the corporate tax rate will be 24%.

The proposed rate reductions will reduce the amount of future cash tax payments to be made by the Group. Overall the reduction in the corporation tax rate from 28% to 24% is expected to reduce the Group's net deferred tax asset by approximately £2.1m.

The Budget also proposed that from 1 April 2012, the rate of capital allowances applicable to plant and machinery expenditure will be reduced from 20% to 18% on a reducing balancing basis. The rate of capital allowances applicable to long-term assets will be reduced from 10% to 8% on a reducing balancing basis.

If enacted, these changes to capital allowance rates will reduce the rate that tax relief is given to qualifying capital expenditure, which will advance cash tax payments. This will be offset by the proposed reductions to the rate of corporation tax.

6. Dividends

	6 months to 30.06.10 £m	6 months to 30.06.09 £m
Final for 2009 paid on 5 May 2010 - 1.35p per share	**5.3**	-

The board has resolved to pay an interim dividend of 0.74p per ordinary share (2009: Nil). The dividend will be paid on 10 September 2010 to shareholders on the register at 6 August 2010.

7. Adjusted earnings per share

Adjusted earnings is calculated by adjusting profit attributable to equity shareholders to exclude discontinued operations, exceptional items, other financial gains or losses, unwinding of the discount in disposal provisions, amortisation of the equity component of the convertible bond and the related tax effects. Adjusted earnings is one of the business performance measures used internally by management to manage the operations of the business. Management believes that adjusted earnings assists in providing a view of the underlying performance of the business.

Adjusted net earnings attributable to equity shareholders is derived as follows:

	6 months to 30.06.10 £m	6 months to 30.06.09 £m
Profit attributable to equity shareholders	**50.4**	19.5
Adjust for:		
Discontinued operations	**(1.8)**	-
Exceptional items after tax on continuing operations	**(31.1)**	(1.4)
Amortisation of equity component of convertible bond	**-**	0.3
Unwinding of discount in disposal provisions	**0.1**	0.1
Other financial losses (gains)	**0.7**	(1.3)
Taxation on adjusted items	**(0.2)**	0.3
Adjusted net earnings attributable to equity shareholders	**18.1**	17.5
Weighted average number of ordinary shares in issue (m)	**389.5m**	389.5m
Adjusted earnings per share (p)	**4.6p**	4.5p

8. Provisions for other liabilities and charges

	Onerous leases £m	**Disposal provisions £m**	**Total £m**
At 1 January 2010	**31.2**	**12.4**	**43.6**
Currency translation adjustment	**-**	**0.4**	**0.4**
Utilised in year	**(1.5)**	**(0.7)**	**(2.2)**
Unwinding of discount	**0.6**	**0.1**	**0.7**
Released to the income statement	**(0.4)**	**-**	**(0.4)**
At 30 June 2010	**29.9**	**12.2**	**42.1**
Current	**2.5**	**5.7**	**8.2**
Non-current	**27.4**	**6.5**	**33.9**
Total	**29.9**	**12.2**	**42.1**

9. Borrowings to net debt reconciliation

Under IFRS, accrued interest and unamortised facility fees are classified as borrowings. A reconciliation of borrowings disclosed in the balance sheet to the Group's net debt position is provided below:

	At 30.06.10 £m	At 31.12.09 £m
Total financial liabilities	**(242.0)**	(250.1)
Remove accrued interest	**0.7**	0.6
Remove unamortised facility fees	**(1.0)**	(1.4)
	(242.3)	(250.9)
Add: Cash and cash equivalents	**108.9**	64.1
Net debt	**(133.4)**	(186.8)

10. Cash generated from operations

Reconciliation of operating profit to cash generated from operations:

	6 months to 30.06.10 £m	6 months to 30.06.09 £m
Continuing operations		
Operating profit	**66.1**	31.6
Exceptional items	**(37.5)**	(1.4)
Operating profit before exceptional items	**28.6**	30.2
Depreciation and amortisation	**14.5**	12.5
Increase in working capital	**(3.0)**	(1.6)
Other	**0.3**	0.2
	40.4	41.3
Net cash receipts (payments) in respect of provisions and exceptional items	**37.4**	(12.5)
Cash generated from operations	**77.8**	28.8

11. Contingent assets

The Group has lodged a number of claims following the House of Lords decision in the Condé Nast/Fleming cases on the applicability of the three year cap that HMRC introduced to limit VAT reclaims. These claims, which had to be submitted by March 2009, are based on management's best estimates from the information available and the Group expects HMRC to closely review both the Group's right to the amounts claimed and the value of each claim before settlement. In a number of cases, the Condé Nast claims are subject to successful outcomes of other claims for the repayment of VAT (including the claims for interval bingo, main stage bingo and gaming machines already received by the Group) the outcome of which is not certain.

One of the claims identified above is for the repayment of VAT on some games of interval bingo covering the period from 1996 back to 1980, when the interval bingo product was introduced. This claim has been made under the Condé Nast/Fleming ruling detailed above and HMRC issued guidance in January 2010 that this type of claim could be paid once the amount has been verified. This claim could be worth as much as £35m plus interest but continues to be reviewed by HMRC. Consequently the Group is uncertain as to when or if it will be received.

The Group has not recognised any gain in its financial statements at 30 June 2010 in respect of the above items.

12. Contingent liabilities

On 10 November 2008, the Group received £59.1m in overpaid VAT from HMRC, following the VAT and Duties Tribunal's ruling in May 2008 that the application of VAT to some games of interval bingo contravened the European Union's principle of fiscal neutrality. HMRC has appealed rulings from the Tribunal and High Court and the case has now been referred to the European Court of Justice (ECJ). The Group expects the case will be heard in 2011. In the event of an adverse ruling, Rank would be required to repay the £59.1m and amounts not paid over for the period from July 2008 to 26 April 2009 plus interest.

On 21 May 2010, the Group received £42.5m in overpaid VAT from HMRC relating to main stage bingo and gaming machines. This payment was made in response to HMRC's stated guidance on settling main stage claims and following the Tribunal's ruling in 2009 that the application of VAT to certain types of gaming machine contravened the European Union's principle of fiscal neutrality. HMRC continues to appeal the claim, with the case also referred to the ECJ and again expected to be heard in 2011. In the event of an adverse ruling, Rank would be required to repay the £42.5m plus interest.

13. Related party transactions

There were no material related party transactions in either period.

Responsibility statement

The interim management report complies with the Disclosure and Transparency Rules ('DTR') of the United Kingdom's Financial Services Authority in respect of the requirement to produce a half-yearly financial report. The interim report is the responsibility of, and has been approved by, the directors. We confirm that to the best of our knowledge:

- the condensed set of financial statements has been prepared in accordance with IAS 34;

- the interim management report includes a fair review of the important events during the first six months and description of the principal risks and uncertainties for the remaining six months of the year, as required by DTR 4.2.7R; and

- the interim management report includes a fair review of disclosure of related party transactions and changes therein, as required by DTR 4.2.8R.

The directors of The Rank Group Plc ("Rank") are those individuals listed on pages 40 and 41 of its annual report for the year ended 31 December 2009 and Tim Scoble and Mike Smith, who were elected as additional directors at Rank's annual general meeting on 22 April 2010. Messrs Scoble and Smith are nominated representatives of Guoco Group Limited, a parent company of Rank's largest shareholder. Biographies of all Rank's directors can be found at http://www.rank.com/about_us/management.jsp.

For and on behalf of the board

Paddy Gallagher
Finance director

Independent Review Report to The Rank Group Plc

Introduction

We have been engaged by the Company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2010 which comprises the Group Income Statement, Group Statement of Comprehensive Income, Group Statement of Changes in Equity, Group Balance Sheet, Group Cash Flow Statement and related notes (one to 13). We have read the other information contained in the half yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

This report is made solely to the Company in accordance with guidance contained in International Standard on Review Engagements 2410 (UK and Ireland) "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company, for our work, for this report, or for the conclusions we have formed.

Directors' responsibilities

The half-yearly financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly financial report in accordance with the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority.

As disclosed in note 1, the annual financial statements of the Group are prepared in accordance with IFRSs as adopted by the European Union. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting", as adopted by the European Union.

Our responsibility

Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2010 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority.

Ernst & Young LLP
1 More London Place, London SE1 2AF
28 July 2010