國浩集團有限公司
Guoco Group Limited

(Incorporated in Bermuda with limited liability)
(Stock Code: 53)

OVERSEAS REGULATORY ANNOUNCEMENT

(This overseas regulatory announcement is issued pursuant to Rule 13.10(B) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.)

Please refer to the attached announcement on the next page.

As at the date of this announcement, the board of directors of Guoco Group Limited comprises Mr. KWEK Leng Hai as Executive Chairman; Mr. CHEW Seong Aun as Executive Director; Mr. KWEK Leng San as Non-executive Director; Mr. Roderic N. A. SAGE, Mr. David Michael NORMAN and Mr. Lester G. HUANG, SBS, JP as Independent Non-executive Directors.

News release

LEI: 213800TXKD6XZWOFTE12

28 January 2021

The Rank Group Plc ("Rank" or the "Group")

Interim results for the six months ended 31 December 2020

- Challenging H1
- Decisive action taken to conserve cash and protect the balance sheet
- The end of lockdown, when it comes, will lead to a recovery of revenues and earnings

Financial highlights

		H1 2020/21	H1 2019/20	Change
Financial KPIs	Group underlying net gaming revenue ('NGR')[1]	**156.9m**	371.2m	(58)%
	Digital underlying NGR[1]	**66.0m**	65.2m	1%
	Venues underlying NGR[1]	**90.9m**	306.0m	(70)%
	Underlying operating (loss) / profit[2]	**(41.8)m**	58.7m	(171)%
	Underlying (loss) / earnings per share[2]	**(9.8)p**	10.9p	(190)%
		H1 2020/21	H1 2019/20	Change
Statutory reporting	Group NGR[2]	**177.6m**	391.8m	(55)%
	Operating (loss) / profit	**(52.9)m**	55.0m	(196)%
	(Loss) / profit after taxation	**(48.6)m**	39.8m	(222)%
	Cash (used) / generated from operations	**(17.5)m**	109.3m	(116)%
	Net (debt)	**(268.3)m**	(300.5)m	(11)%
	Basic (loss) / earnings per share	**(11.9)p**	10.2p	(217)%
	Dividend per share	**0p**	2.8p	-

1 On a like-for-like ('LFL') basis which removes the impact of club openings, closures, acquired business, foreign exchange movements and discontinued operations.
2 Excludes discontinued operations

Financial highlights

- The closure of our venues for much of H1 and restrictions when we could open led to a 58% reduction in Group LFL NGR in H1, however with closing cash and available facilities of £128.3m we are confident we will meet the £50m liquidity test through the going concern period even under plausible downside scenarios as described in the going concern section below

- Balance sheet strengthened through equity placing of £70m in November 2020 alongside lending banks agreeing to 12-month extension to the existing debt covenant waivers with a £50m minimum liquidity test until March 2022

- Venues LFL NGR down 70% due to venues being closed 45% of the available operating days due to COVID-19 restrictions and the additional significant impact of curfew when Grosvenor's casinos have been allowed to open. Customer demand has however been strong when trading has been possible

- Proforma Digital NGR (including the Stride brands) decreased 14% with LFL revenue up 1%. Strong position taken restricting customer expenditure based on affordability and also venue closures impacting omni-channel performance, however Q1 to Q2 trajectory provides confidence looking forward

Operational highlights

- 10% growth in active customers in UK digital brands helping to offset much of the impact of a strict application of affordability restrictions

- Good progress in the development of Stride's proprietary technology platform, with Bella Casino successfully migrated, and Mecca and Grosvenor on track for H2 2020/21 and H1 2021/22, respectively

- Continued to progress the initiatives in the Group's Transformation 2.0 programme focusing on revenue growth and cost efficiencies

- Agreement to dispose of Blankenberge Casino in Belgium to Kindred Group Plc for £25m. Disposal subject to regulatory approval expected in Q3 2020/21

In light of the pandemic, the Board has not proposed an interim dividend. The Board is committed to restarting dividends when circumstances permit.

John O'Reilly, Chief Executive of The Rank Group Plc said:

"There is no doubt that the impact of the COVID-19 pandemic has been far beyond anything we or any other leisure operator could have imagined or planned for. The ever-changing restrictions coupled with curfews, which in particular have a seismic impact on our Grosvenor venues, have resulted in an exceptionally challenging first half for the Group. I have remained incredibly impressed with our teams who have displayed high levels of professionalism and adaptability under the continuously changing circumstances. Despite the difficulties we are facing, they have continued, through a range of initiatives, to help our local communities, front line workers and those who are vulnerable.

"We have taken a stringent approach in applying affordability restrictions, particularly on higher staking customers, which has impacted revenues in our UK facing digital business in the half. We have been making good progress in the development of our proprietary technology platform to prepare the digital business for its exciting future. Once we have successfully completed the migrations of Mecca and Grosvenor, our in-house technology and development capability will give us much greater agility and speed in delivering developments, providing the Group with a platform for growth both in the UK and internationally.

"There continues to be uncertainty looking ahead, particularly as our venues remain closed and we have no firm guidance as to when we will be able to reopen. We remain focused on managing our liquidity position and, following the successful £70m equity placing in November 2020, combined with the support of our lending banks, I believe we have the balance sheet strength to survive an extended period of closure. We are now focusing on delivering the next stage of our Transformation plan and are ready to reopen our venues when the virus is under control and the vaccine roll-out has achieved its purpose."

Current trading and outlook

We are seeing an improving performance across the UK facing digital business and good growth continuing in the Yo brands.

The outlook for the Group reflects the successful roll-out of the vaccine and the speed with which hospitality reopens and restrictions are eased.

Hopefully by the summer we will be fully open, our colleagues will be back at work doing what they do best, we will be cash generative again and we can recommence investing in the many opportunities which, through the Transformation 2.0 programme, will drive the Group's growth.

Definition of terms:

- Net gaming revenue ("NGR") is revenue less customer incentives;
- H1 2020/21 and H1 2019/20 reported results are unaudited;
- Underlying measures exclude the impact of amortisation of acquired intangibles; profit or loss on disposal of businesses; acquisition and disposal costs including changes to deferred or contingent consideration; impairment charges; reversal of impairment charges; restructuring costs as part of an announced programme; retranslation and remeasurement of foreign currency contingent consideration and the tax impact of these, should they occur in the period. Collectively these items are referred to as Separately Disclosed Items ("SDIs");
- Underlying earnings per share is calculated by adjusting profit attributable to equity shareholders to exclude SDIs;

- “H1 2020/21" refers to the six-month period to 31 December 2020 and "H1 2019/20" refers to the six-month period to 31 December 2019;
- Proforma measures include the pre-acquisition performance of Stride Gaming plc;
- Like-for-like (“LFL”) measures have been disclosed in this report to show the impact of club openings, closures, acquired businesses, foreign exchange movements and discontinued operations;
- Prior year LFL measures are amended to show an appropriate comparative for the impact of club openings, disposals, closures, acquired businesses and discontinued operations;
- The Group results make reference to “underlying” results alongside our statutory results, which we believe will be more useful to readers as we manage our business using these adjusted measures. The directors believe that SDIs impair visibility of the underlying performance of the Group’s business because these items are often material, non-recurring and do not relate to the underlying trading performance. Accordingly, these are excluded from our non-GAAP measurement of revenue, operating profit, profit before tax and underlying EPS. Underlying measures are the same as those used for internal reports. For further detail regarding underlying measures please refer to the Alternative Performance Measures section; and
- Venues includes Grosvenor venues, Mecca venues and International venues.

Enquiries

The Rank Group Plc

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Photographs available from www.rank.com

Conference Call

There will be a virtual meeting for sell-side analysts and investors at 9:30am GMT today, the details of which can be obtained from FTI Consulting by emailing them at rank.sc@fticonsulting.com.

A replay of the webcast 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 Financial Conduct 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 review

The impact of the COVID-19 pandemic on the hospitality sector has been particularly hard on Rank during the first half of 2020/21. We have been closed nearly as much as we have been open with 45% of available operating days in our venues lost to COVID-19 enforced restrictions. Added to the closures has been the very severe impact of the curfew which has effectively halved both the trading day and our revenues in casinos.

The recent vaccine approvals and subsequent roll-out is welcome news and we are very much looking forward to being permitted to fully reopen our venues and once again being able to provide exciting, entertaining and safe gambling environments for our customers. Nevertheless, our venues remain closed and they are likely to remain so for much of Q3 and quite possibly into Q4.

At this time of global uncertainty, as well as the specific challenges our business has faced through enforced closures, I have been deeply impressed with the way all my colleagues have responded. The teamwork and resolve that has been displayed throughout the company points to a strong cohesive culture within Rank and provides confidence that, as we are allowed to re-open, the benefits of the work we have undertaken will continue to aid the Group's performance in the months and years ahead.

Group liquidity

We have taken strong and decisive action throughout the pandemic to preserve cash and protect the Group's liquidity position.

At 31 December 2020, cash and available facilities were £128.3m, marginally ahead of the Group's projections and an £11.7m reduction since the end of June 2020.

With our venues closed for 45% of the available operating days and the introduction of the curfew at the end of September, the net trading cash outflow in the half was £52.5m, which incorporates H1 related CJRS claims received in the half. During September, when a majority of our venues were open, albeit operating under social distancing restrictions, the Group traded at a cash break even position, demonstrating that Rank can quickly return to financial health when it is able to operate under any reasonable trading conditions.

We are grateful to HMRC for granting the Group a deferral of £37.5m regarding its prior year gaming duty liability. The deferred duty was settled in full in the half and all other tax liabilities were paid on time.

We continued to work with our landlords, to agree rent reductions and deferrals. The Group entered the half with £13.2m of deferred rent and ended the half with £17.3m of deferred rent which will be settled in line with agreed payment plans. We also maintained constructive and supportive discussions with our supplier base agreeing a series of reductions particularly where we were contracted to pay for services and products unused due to enforced closures.

A total of £34.2m of CJRS receipts were received in the half, with £11.9m relating to 2019/20 and £22.3m relating to claims made in H1 2020/21. A further £5.9m was received in January 2021 relating to the December 2020 claim. We continue to claim under the scheme with circa £7m receivable for every month we are fully closed.

The Group's total available facilities at 31 December 2020 were £55m of undrawn Revolving Credit Facilities ('RCF'), a £30m reduction since 30 June 2020 due to the expiration of a £30m RCF in September 2020. The Group's debt comprises a £128.1m term loan of which £19.7m is due to be repaid in May 2021.

Additional liquidity of £70m was raised through an equity placing at 90p per share, a 4% premium to the closing price, which completed on 23 November 2020. Simultaneously, a 12-month extension to the existing bank debt covenant waivers was also secured with the testing of the two bank debt financial covenants (net debt to EBITDA of less than 3x and EBITDA to interest charge of no less than 3x) now to resume from the 30 June 2022 testing date. During the waiver period the Group must meet a minimum available cash and available facilities of no less than £50m which is tested quarterly.

In October 2020, the Group reached agreement to sell its Blankenberge Casino to Kindred Group Plc for £25m. The disposal is subject to regulatory approval which we expect to receive in Q3 2020/21.

In November 2020, the Supreme Court agreed a claim by another taxpayer on the gaming duty treatment of gaming chips given to casino customers for no payment. Rank's claim associated with this case is £13.3m.

The Group is positioned to weather a prolonged period of enforced closure. The Group's average cash outflow in a month of full closure is circa £15m, net of CJRS claims but excluding payment deferrals. Our current planning is based around full closure of our venues until after Easter with gradual reopening under social distancing constraints thereafter. In this scenario where our venues can re-open under some constraints, we would expect to return to neutral or positive cash generation within the first three months of re-opening as experienced when we re-opened after the first national lockdown.

With cash and available facilities of £128.3m, we believe we have sufficient liquidity to meet our £50m liquidity test, even under plausible downside scenarios as detailed below. Full details of our base case and sensitivity scenarios are included below in the going concern section.

Business performance

Our venues businesses, Grosvenor, Mecca and Enracha, which accounted for 78% of Group revenues in H1 2019/20, have seen like-for-like revenues cut 70% in the first half of the year. The resultant impact has been Group underlying operating profit[1] falling from £57.7m in the first half of 2019/20 to an underlying operating loss[1] of £33.2m in 2020/21.

	NGR			Operating profit		
£m	**H1 2020/21**	H1 2019/20	Change	**H1 2020/21**	H1 2019/20	Change
Digital[1]	**66.0**	65.2	1%	**9.7**	10.5	(8)%
Grosvenor venues[1]	**43.1**	198.1	(78)%	**(20.9)**	48.1	(143)%
Mecca venues[1]	**38.8**	88.8	(56)%	**(5.2)**	14.0	(137)%
International venues[1]	**9.0**	19.1	(53)%	**(0.6)**	4.3	(114)%
Central costs				**(16.2)**	(19.2)	16%
Underlying LFL	**156.9**	**371.2**	**(58)%**	**(33.2)**	**57.7**	**(158)%**
Impact of Stride, venue closures and FX*	**20.7**	20.6		**(8.6)**	1.0	
Underlying	**177.6**	**391.8**	**(55)%**	**(41.8)**	**58.7**	**(171)%**

1 On a like-for-like ("LFL") basis which removes the impact of club openings, closures, acquired business, foreign exchange movements and discontinued operations.
* A full analysis of these adjustments can be found in the Alternative Performance Measures ('APMs') section

Digital

The first half has been a difficult trading period with overall proforma digital revenue down 14% year on year and like-for-like revenue (excluding Stride) up 1%. The challenges have all been UK facing, where proforma net gaming revenues were down 18% year-on-year, down 5% excluding Stride. The strong stance we have taken implementing safer gambling initiatives, principally affordability restrictions placed on customers, particularly high spending customers, across all UK facing brands has impacted digital revenues in the half.

For Grosvenor and Mecca, the additional safer gambling measures restricted deposits to assessed levels of affordability, in the absence of documented source of funds information from customers. This limited customers from playing beyond their likely levels of affordability and significantly impacted revenues from higher spending customers. Comparing H1 customer metrics with the equivalent metrics for last year highlights sharp increases in active customer volumes failing to offset the decline in the average revenue per customer as a direct result of these affordability restrictions.

Grosvenor	**H1 2020/21**	H1 2019/20	Change
Active customers (000s)	**135**	119	13%
NGR (£m)	**21.9**	24.3	(10)%
Average NGR per player (£)	**162.22**	204.20	(21)%
Mecca			
Active customers (000s)	**281**	206	36%
NGR (£m)	**33.8**	34.2	(1)%
Average NGR per player (£)	**120.28**	166.02	(28)%

Grosvenor NGR, down 10% in H1, improved following a tough Q1 with revenues up 31% in Q2 over Q1. Ongoing enhancements to customer journeys were the principal drivers of the Q2 improvement, however changes to the management team and our venues reopening from 15 August, when we were able to reinvigorate our multi-channel offer and again benefit from the inflow of new customers, also positively impacted NGR. With Q2 revenues down 2% year on year compared with a 19% decline in Q1 we are confident that momentum will continue beyond Q2 albeit with some further impact from the current lockdown.

Whilst being a higher volume lower value customer business model, Mecca has also been impacted by affordability restrictions and other tightened safer gambling measures. Overall revenue in the half was down 1% with Q2 revenue growing 4% over Q1. TV advertising to support the brand recommenced during the Christmas holiday period and is planned to continue through Q3, further accelerating our growth in active customers.

The growth in customer volumes for Mecca and Grosvenor is very encouraging and provides a healthy leisure base for the future.

For the Stride business, the measures taken to harmonise safer gambling standards with those of the Rank brands, a programme of work completed before the start of the financial year, have had a material impact on revenues and resulted in a 41% decline in Stride's NGR on a proforma basis. Performance stabilised during Q2 as we started to rebuild customers and revenues.

Our Yo branded Spanish bingo and casino business performed strongly in the half with NGR up 52%.

We delivered the first important integration milestone in the half by successfully migrating across one of Rank's smaller brands, Bella Casino, onto Stride's technology platform. The migration of Mecca and Grosvenor remains on track for H2 2020/21 and H1 2021/22 respectively and we are very confident we will achieve the planned £15m of cost synergies. Migrating onto our own proprietary technology will provide the digital business with greater agility and speed in delivering developments to the market and importantly provide the Group with the platform for growth. We move into the second half firmly focused on integration but alongside a full delivery plan of improvements to return our UK digital brands to a solid growth trajectory before we end the financial year. The experience of the enforced closures on our venues has shown that, to date, there has been a significant connectivity between our digital business and our venues. As we look forward, and as a result in particular of the benefits of acquiring and integrating Stride, we expect to see much more standalone revenue being created by our digital business, and its strong reliance on our physical venues to reduce materially.

Venues

Grosvenor started and ended the year with all of its casinos closed. The intermittent lockdowns led to Grosvenor being closed for 56% of its available operating days. From the end of September, a national curfew was introduced impacting 25% of Grosvenor's available operating days. Over half of Grosvenor's revenue is generated after 10pm and, with many customers not willing to visit a casino knowing it will close at 10pm, the curfew severely impacted Grosvenor's performance. In total Grosvenor was only able to operate without curfew restrictions, but under social distancing, for 19% of the available operating days resulting in like-for-like NGR declining by 78%.

Mecca also started and ended the half with all of its venues closed. Throughout the half, closures were intermittent with Mecca closed for 41% of its available operating days resulting in like-for-like NGR declining by 56%.

Our customers have shown amazing resilience despite the frequency with which we have closed our venues, reopened them and then been forced to close them again. When open, customer demand across our venues was strong despite the capacity constraints, social distancing measures and the inevitable constraints on table gaming. We also saw increasing demand in the run up to the various enforced closures. When able to operate without curfew, Grosvenor traded at 61% and Mecca traded at 70% of pre-COVID levels, demonstrating the latent demand for our casino and bingo offer.

The Group's International venues were also heavily impacted in the half with severe operating restrictions in terms of occupancy levels and enforced closures resulting in NGR declining 53% in the half.

Throughout the half our teams have become experts at opening and closing venues. Their efforts have been remarkable in what have been extremely difficult circumstances, often with very little notice of the requirement to close our doors, and despite the numerous closures, they have continued to display high levels of professionalism, commitment and enthusiasm. In addition, our teams have worked tirelessly to support the local communities in which we operate with a range of initiatives including our community kitchens which continued to serve thousands of free meals and delivered thousands of Christmas food hampers to those most in need.

Customers have recognised that our casinos and bingo venues lend themselves very effectively to social distancing measures and that our health and safety regimes ensure that they are COVID-safe places to visit. This bodes well for the post-pandemic recovery when it comes.

Transformation 2.0

We have continued to focus on the next stage of the Group's transformation programme. The programme takes account of the current cash constraints to ensure we deploy our cash most effectively and provides sufficient flexibility so we can pivot quickly once our venues have reopened and we are back generating cash for investment. The new seven workstreams have an emphasis on revenue growth and cost efficiencies. Below are a few of the key initiatives:

1. Grosvenor venues
    - Developments to the repositioning of the Grosvenor brand
    - Complete the planning for a targeted investment programme in selected high potential Grosvenor venues
    - Work alongside our rostering software provider to develop demand-based functionality to further improve our operational efficiency

2. Mecca venues
    - Further develop the Mecca proposition with enhancements to the mainstage bingo game
    - Further develop Mecca's food and beverage proposition and roll out across the estate
    - Complete design of a new Mecca venue for the changes to the proposition
3. International venues
    - Invest in new electronic gaming product across the Enracha estate
    - Improve the existing Enracha loyalty programme to increase customer contactability
4. Omni-channel
    - Introduce joint liquidity across Mecca's venues and online to create large cash prizes
    - Develop and enhance the sports offer within Grosvenor venues
    - Develop new omni-channel brands e.g. Vic.com, to provide a more rounded omni-channel experience for our casino customers
5. Digital
    - Complete the migrations of Mecca and Grosvenor to the Stride proprietary platform and embark on a programme of product additions and enhancements across the full suite of brands
    - Further develop the Grosvenor sports digital offering including in venues
    - Enhance Yo's CRM capabilities and launch the Yo brand into Portugal
6. Safer gambling
    - Reduce friction in customer interaction, particularly in digital, through more effective use of player data to assess risk in real time
    - Launch functionality that allows gaming machine customers to set loss and time limits across Grosvenor's casinos
    - Further initiatives to drive the safer gambling culture across the Group
7. Ongoing development of Group capabilities

Regulatory update

The UK Government launched the planned review of gambling legislation with a three month call for evidence in December 2020. The review focuses heavily on online regulation but also outlines a review of the new categories of casinos introduced under the 2005 Gambling Act and what the next steps should be for regulation across the casino sector. We are heavily engaged in providing evidence to the Government's review to help ensure an equitable approach to the regulation of the online and land-based sectors.

The UK Gambling Commission issued a consultation and call for evidence in early November on remote customer interaction requirements, including thresholds for affordability assessments. We have a strong body of evidence surrounding the customer's acceptance of affordability restrictions and their willingness to provide source of funds documentation which we will be sharing with the Commission. We would hope that our implementation of affordability restrictions will not be exacerbated by more extreme prescriptive measures imposed upon operators and customers through this consultation process.

Management changes

UK digital

Following the first phase of the development of the technology platform acquired through the Stride acquisition and the successful migration of the Bella Casino brand, Eitan Boyd, formerly Chief Executive of Rank's UK digital business, has been appointed as Chief Innovation Officer focused on new growth initiatives for the Group including international opportunities to exploit our proprietary technology. John O'Reilly, Group Chief Executive, will lead the UK digital business while a recruitment process is carried out for Eitan's successor.

International

During the half the Group appointed Jon Martin as International Managing Director. Jon joined the Group in 2019 as Digital Finance and Strategy Director and has been a key member of Rank's digital leadership team.

Board changes

On 10 December 2020, Mr Chew Seong Aun was appointed as a non-executive director following the retirement of Mr Tang Hong Cheong.

Mr Chew Seong Aun is Executive Director and the Group Chief financial Officer of Guoco Group Limited, a controlling shareholder of the Group.

Dividend

The COVID-19 pandemic continues to materially impact our business and therefore the Board has not proposed an interim dividend. The Board is committed to restarting dividends when circumstances permit and this will be kept under regular review.

Operating review – Digital

Key financial performance indicators

£m		**H1 2020/21**	H1 2019/20	Change
Underlying LFL NGR		**66.0**	65.2	1%
	Grosvenor	**21.9**	24.3	(10)%
	Mecca	**33.8**	34.2	(1)%
	Enracha	**0.6**	0.3	100%
	Yo	**9.7**	6.4	51%
Underlying LFL operating profit[1]		**9.7**	10.5	(8)%
Underlying NGR		**86.5**	83.2	4%
	Grosvenor	**21.9**	24.3	(10)%
	Mecca	**33.8**	34.2	(1)%
	Enracha	**0.6**	0.3	100%
	Yo	**9.7**	6.3	54%
	Stride[2]	**20.5**	18.1	13%
Underlying operating profit[1]		**1.5**	11.9	(87)%
Operating (loss) / profit		**(5.8)**	8.1	(172)%

1. Before the impact of Separately Disclosed Items.
2. Includes post acquisition performance only from 4 October 2019.

The priority activity in the first half has been the development of the Group's proprietary technology in readiness for the migrations of the Mecca and Grosvenor online services during 2021. As part of this programme several key milestones have been delivered including the development of a new in-house content management system for rapid deployment of new sites and services, the integration of most of our key gaming software suppliers and the further in-housing of our development capabilities.

During the half, Rank's small digital brand, Bella Casino, was successfully migrated onto the proprietary platform. The migration of Rank's other two brands, Mecca and Grosvenor, are on track with Mecca scheduled for H2 2020/21 and Grosvenor H1 2021/22.

Underlying LFL digital NGR, excluding Stride, was up 1% in the period with a strong performance from Yo principally offset by declines in Grosvenor.

Grosvenor's NGR was down 10% in the half following the introduction of tougher affordability restrictions at the end of 2019/20. During the half, performance improved as customer journey enhancements were delivered and with venues reopening in mid-August. The Group has also experienced a slowing in the delivery of site improvements on the Grosvenor and Mecca sites and other developments due to focus on the ongoing development programme to migrate the Rank brands to the proprietary technology platform.

Mecca NGR was down 1%, also impacted by the stricter affordability measures being applied.

A strong promotional programme delivered healthy growth in both Grosvenor and Mecca customer numbers, up 13% and 36% respectively.

Stride's NGR in the half was down 41% on a proforma basis, reflecting the impact of harmonisation of safer gambling standards with those of Rank's brands, a programme of work which was started on completion of the acquisition and finished in H2 2019/20. Stride's Indian rummy business, Passion Gaming, whilst small, had a good start to the year but the business has been impacted by the Indian states of Andhra Pradhesh and Tamil Nadu legislating in recent months to prohibit online rummy.

Yo's LFL NGR grew by 52% with strong performance in bingo and casino. Growth has been driven by a combination of key operational hires, improvements to our product offering, the successful launch of a casino led brand, YoCasino, and improvements to our marketing capabilities, successfully adding new acquisition channels.
Underlying Digital NGR, which includes the post-acquisition performance of Stride, grew by 4%. Underlying LFL operating profit was down 8% in the year.

Operating review – Grosvenor venues

Key financial performance indicators

£m	**H1 2020/21**	H1 2019/20	Change
Underlying LFL NGR	**43.1**	198.1	(78)%
Underlying LFL operating (loss) / profit[1]	**(20.9)**	48.1	(143)%
Underlying NGR	**43.1**	198.1	(78)%
Underlying operating (loss) / profit[1]	**(21.2)**	48.1	(144)%
Operating (loss) / profit	**(22.0)**	48.1	(146)%

1. Before the impact of Separately Disclosed Items.

After initially hoping Grosvenor venues would be treated in line with pubs, restaurant and bingo venues, we were unable to reopen our casinos in England until the middle of August. Throughout September the majority of our casinos were open and trading ahead of expectations, with our casinos outside of London performing better, unlike our venues in London which have a greater dependency on visiting tourists and office workers, both severely impacted by the pandemic.

At the end of September, a national 10pm curfew was introduced significantly impacting our casinos, which take more than half of their revenues after 10pm. All of Grosvenor's casinos were closed throughout the November lockdown apart from two casinos in Wales. The change to 11pm post the November lockdown improved revenues marginally but was against a backdrop of increased closures through the tiering system in England and similar restrictions in Scotland and Wales. In total Grosvenor was closed or under curfew for 81% of the total available days and led to a 78% decline in underlying like-for-like NGR.

Operating review – Mecca venues

Key financial performance indicators

£m	**H1 2020/21**	H1 2019/20	Change
Underlying LFL NGR	**38.8**	88.8	(56)%
Underlying LFL operating (loss) / profit[1]	**(5.2)**	14.0	(137)%
Underlying NGR	**39.0**	91.9	(58)%
Underlying operating (loss) / profit[1]	**(5.3)**	13.7	(139)%
Operating (loss) / profit	**(6.1)**	15.5	(139)%

1. Before the impact of Separately Disclosed Items.

Mecca began reopening its venues at the start of the half, with most of its venues open by the end of August. Disappointingly, following a stronger than expected September performance, Mecca was forced to close a significant amount of its venues in October as the number of local lockdowns increased prior to the imposed national lockdown in November. After the November lockdown we were only able to reopen around a third of the estate. In total Mecca was closed for 41% of the total available days due to the COVID-19 pandemic and with visits down 65% underlying like-for-like NGR declined by 56%.

During the half, work continued on the repositioning of Mecca's product and service offering focused on mainstage bingo providing more entertainment and better value for money. Elements of the changed offering included hourly bingo sessions throughout the day, enhancements to the mainstage game and prize boards, a stronger emphasis on the quality of Mecca's F&B offering at attractive price points, with less focus on the interval game alongside ongoing improvements to the gaming machine offer.

In six Mecca venues we extended these propositional changes with learnings for further propositional changes across the estate to give better value to customers and increasing the enjoyment of an afternoon or evening at Mecca when our venues reopen their doors.

Across the estate, when open, spend per visit grew 25% partly driven by a younger customer base reflecting the impact of the pandemic on the willingness of our older customers to leave home, together with the propositional changes introduced increasing value for money and consequently spending.

Operating review – International venues

Key financial performance indicators

£m	**H1 2020/21**	H1 2019/20	Change
Underlying LFL NGR	**9.0**	19.1	(53)%
Underlying LFL operating (loss) / profit[1]	**(0.6)**	4.3	(114)%
Underlying NGR[2]	**9.0**	18.6	(52)%
Underlying (loss) / operating profit[1,2]	**(0.6)**	4.2	(114)%
Operating (loss) / profit	**(0.6)**	4.2	(114)%

1. Before the impact of Separately Disclosed Items.
2. Excludes discontinued operations.

Enracha's underlying LFL NGR fell by 53% due to a combination of enforced closures and, when open, occupancy and opening hour restrictions. Underlying operating profit fell by 114%.

Following the Group entering a conditional agreement to sell its Blankenberge casino in Belgium in the half, the International segment now comprises just the performance of its ten Enracha venues in Spain. The disposal of the Belgium casino is subject to regulatory approval which we expect to be received in Q3 2020/21. During the half, the Belgium casino generated NGR of £4.0m and an operating profit of £1.3m.

Alternative Performance Measures

When assessing, discussing and measuring the Group's financial performance, management refer to measures used for internal performance management. These measures are not defined or specified under International Financial Reporting Standards (IFRS) and as such are considered to be Alternative Performance Measures ('APMs').

By their nature, APMs are not uniformly applied by all preparers including other operators in the gambling industry. Accordingly, APMs used by the Group may not be comparable to other companies within the Group's industry.

Purpose

APMs are used by management to aid comparison and assess historical performance against internal performance benchmarks and across reporting periods. These measures provide an ongoing and consistent basis to assess performance by excluding items that are materially non-recurring, uncontrollable or exceptional. These measures can be classified in terms of their key financial characteristics.

Profit measures allow management and users of the financial statements to assess and benchmark underlying business performance during the year. They are primarily used by operational management to measure operating profit contribution and are also used by the Board to assess performance against business plan.

The following table explains the key APMs applied by the Group and referred to in these statements:

APM	**Purpose**	**Closest equivalent IFRS measure**	**Adjustments to reconcile to primary financial statements**
Underlying like-for-like ('LFL') net gaming revenue ('NGR')	Revenue measure	NGR	• Separately Disclosed Items • Excludes contribution from any venue openings, closures, disposals, acquired businesses and discontinued operations • Foreign exchange movements
Underlying LFL operating (loss) / profit	Profit measure	Operating (loss) / profit	• Separately Disclosed Items • Excludes contribution from any venue openings, closures, disposals, acquired businesses and discontinued operations • Foreign exchange movements
Underlying LFL (loss) / profit before taxation	Profit measure	(Loss) / profit before tax	• Separately Disclosed Items • Excludes contribution from any venue openings, closures, disposals, acquired businesses and discontinued operations • Foreign exchange movements
Underlying LFL (loss) / profit after taxation	Profit measure	(Loss) / profit before tax	• Separately Disclosed Items • Excludes contribution from any venue openings, closures, disposals, acquired businesses and discontinued operations • Foreign exchange movements
Underlying earnings per share	Profit measure	Earnings per share	• Separately Disclosed Items

Rationale for adjustments – Profit and debt measure

1. Separately Disclosed Items ('SDIs')

SDIs are items that bear no relation to the Group's underlying ongoing performance. The adjustment helps users of the accounts better assess the underlying performance of the Group, helps align to the APMs used to run the business and still maintains clarity to the statutory reported numbers. The following provides the rationale for treating these items as SDIs.

Further details of the SDIs can be found in the Financial Review and note 3 of the Financial Statements.

2. Contribution from any venue openings, closures, disposals, acquired businesses and discontinued operations

In the prior year, the Group sold five Mecca venues and acquired Stride Gaming plc. In the current year the Group reached agreement to sell its Blankenberge casino in Belgium. For the purpose of calculating like-for-like ('LFL') measures their contributions have been excluded from prior year (2019/20) numbers and current year (2020/21) numbers, to ensure comparatives are made to measures calculated on the same basis.

3. Foreign exchange movements

During the year the exchange rates may fluctuate, therefore by using an exchange rate fixed throughout the year the impact on overseas business performance can be calculated and eliminated.

The tables below reconcile the underlying performance measures to the reported measures of the continuing operations of the Group.

£m	**H1 2020/21**	H1 2019/20
Underlying LFL net gaming revenue (NGR)	**156.9**	371.2
Stride Gaming NGR	**20.5**	18.1
Closed venues NGR	**0.2**	3.1
Foreign exchange	**-**	(0.6)
Underlying NGR - continuing operations	**177.6**	391.8

Calculation of comparative underlying LFL NGR

	H1 2019/20
Underlying LFL NGR	**377.5**
Reversal of 2019/20 closed clubs	2.3
Reversal of 2019/20 FX	(0.5)
2020/21 closed clubs	(3.1)
2020/21 FX	0.6
Belgium casino NGR allocated to discontinued operations	(5.6)
Restated underlying LFL NGR	**371.2**

£m	**H1 2020/21**	H1 2019/20
LFL underlying operating (loss) / profit	**(33.2)**	57.7
Acquired businesses - Stride	**(8.2)**	1.4
Opened and closed venues	**(0.4)**	(0.3)
Foreign exchange	**-**	(0.1)
Underlying operating (loss) / profit – continuing operations	**(41.8)**	58.7
Separately disclosed items	**(11.1)**	(3.7)
Operating (loss) / profit – continuing operations	**(52.9)**	55.0

Calculation of comparative underlying LFL operating profit

£m	**H1 2019/20**
Underlying LFL reported operating profit pre IFRS16	**55.1**
Reversal of 2019/20 closed clubs	(0.4)
Reversal of 2019/20 FX	(0.1)
IFRS16 impact	3.8
2020/21 closed clubs	0.3
2020/21 FX	0.1
Blankenberge casino operating profit allocated to discontinued operations	(1.1)
Underlying LFL operating profit	**57.7**

£m	**H1 2020/21**	**H1 2019/20**
Underlying current tax credit / (charge)	**8.0**	**(9.9)**
Tax on separately disclosed items	**1.5**	**0.4**
Tax credit / (charge)	**9.5**	**(9.5)**

pence	**H1 2020/21**	H1 2019/20
Underlying EPS	**(9.5)**	11.0
Separately disclosed items	**(2.4)**	(0.8)
Reported EPS	**(11.9)**	10.2

Financial review

Reported NGR

For the six months ended 31 December 2020, NGR decreased by 55% to £177.6m due to the impact of the COVID-19 pandemic on our venues.

Operating profit

In line with NGR, operating profit was adversely impacted by the closures of our venues during the half with the loss of venues NGR resulting in operating profit declining by 196% to an operating loss of £52.9m, reflecting the operational leverage in the business and the impact of the Separately Disclosed Items.

Separately Disclosed Items ('SDIs')

SDIs are items that are infrequent in nature and/or do not relate to underlying business performance. They are effectively "exceptional items" as per the prior year plus other items that do not relate to underlying business performance.

Total net SDIs for the period were £(9.6)m, a 200% increase from the prior period.

The key SDIs in the year were as follows:

- Integration costs of £1.4m regarding the costs incurred in integrating the Stride acquisition and preparing the proprietary platform ready for the migration of Rank's legacy brands;
- Business transformation costs of £3.8m relating to redundancy costs arising from the transformation programme;
- Amortisation costs of £5.9m relating to the acquired intangible assets of Stride and Yo; and
- The related £1.5m deferred tax credit on the above items.

Further details of Separately Disclosed Items can be found in note 3.

Net financing charge

The £6.5m underlying net financing charge for the period is 6% lower than the comparable period due to a reduction in IFRS 16 lease interest.

Taxation

On a statutory basis, the Group had an effective tax rate of 16.5% (H1 2019/20 18.7%) based on a tax credit of £9.8m and total losses of £59.4m. This is lower than the UK statutory tax rate of 19% because of amortisation costs that are not deductible for tax purposes.

The Group's effective underlying corporation tax rate in H1 2020/21 was 17.0% (2019/20: 18.7%) based on a tax credit of £8.0m on underlying loss before taxation. This is lower than the Group's anticipated effective tax rate of 23% to 25% for the period as a result of the mix of UK losses being higher than previously forecast and Maltese profits.

Further details on the tax charge are provided in note 5.

Earnings per share

Basic EPS fell by 217% to (11.9) pence. Underlying EPS was down 186% to (9.5) pence. For further details refer to note 8.

Cash flow and net debt

As at 31 December 2020, net debt was £268.3m. Debt comprised £128.1m in bank loans and £223.1m in finance leases, offset by cash at bank and in hand of £82.9m.

In September 2020, Revolving Credit Facilities ('RCF') of £30m expired leaving a total RCF of £55m at 31 December 2020.

£m	**H1 2020/21**	H1 2019/20
Cash (outflow) / inflow from operations	**(12.4)**	109.1
Net cash (payments) / receipts in respect of provisions and Separately Disclosed Items	**(5.1)**	0.2
Cash (used) / generated from operations	**(17.5)**	109.3
Capital expenditure	**(11.2)**	(23.4)
Acquisition of Stride Gaming plc	**-**	(85.5)
Net interest and tax payments	**(7.7)**	(16.3)
Repayment of acquired loans	**-**	(2.5)
Dividends paid	**-**	(21.5)
Net proceeds from equity placing	**68.1**	-
Loan arrangement fees	**-**	(2.0)
Lease payments	**(19.6)**	(18.9)
Other (including exchange translation)	**(0.3)**	-
Cash (outflow) / inflow	**11.8**	(60.8)
Opening net (debt) / cash pre IFRS 16	**(57.0)**	8.1
Closing net (debt) / cash pre IFRS 16	**(45.2)**	**(52.7)**
IFRS 16 lease liabilities	**(223.1)**	**(247.8)**
Closing net (debt) post IFRS 16	**(268.3)**	**(300.5)**

Net debt for covenant purposes at 31 December 2020 was £58.3m, a £8.8m decrease from 30 June 2020.

Cash tax rate

In the period ended 31 December 2020, the Group had an effective cash tax rate of -3.8% on underlying loss before taxation (H1 2019/20: 18.9%). The cash tax rate is lower than the effective tax rate because losses arising in the period do not result in immediate cash repayment.

Going concern

In adopting the going concern basis for preparing the financial information the directors have considered the circumstances impacting the Group during the period as detailed in the operating review, and have reviewed the Group's projected compliance with the liquidity tests for the period to 31 January 2022 ('the going concern period').

In light of the continued effects of the COVID-19 pandemic on the Group's operations, including national and localised lockdowns in the United Kingdom and Spain, the directors updated the base case plan to reflect current circumstances and projections for the going concern period. In building these assumptions, the directors considered that there is, as yet, no timetable for the end of lockdown permitting the reopening of venues, which is the most sensitive assumption in the going concern period. The directors note the early success of the vaccine rollout in line with the United Kingdom Government's targets as well as the reduction in both reported infections and the R number.

The key considerations for the going concern period are the assumptions on the timing of venues reopening and the levels of achievable revenue upon reopening given the likely operating restrictions in comparison to pre-COVID levels. The key revenue assumptions are as follows:

- All UK venues will remain closed until Easter 2021. Venues start to re-open thereafter on a phased basis with 50% of clubs open in April, 75% open in May and June, and all venues open from July. Venues initially open under an 11pm curfew, in line with opening hours in place prior to the current national lockdown. Mecca and Enracha venues generate revenues at 70% of pre-COVID levels and rising to pre-COVID levels by the end of FY22. Grosvenor venues initially generate revenues of 30% of pre-COVID levels due to curfew, then rising to pre-COVID levels by the end of FY22.

The key assumptions on costs are as follows:

- Payroll costs are forecast at reduced levels to reflect current venue closures and shorter opening hours upon reopening from April 2021, with offsets from the CJRS in line with the current scheme rules. The directors have assumed that the CJRS will remain in place if venues are not permitted to open;
- Rent deferrals are paid in line with agreements with landlords;
- All tax and duty is adjusted to reflect reduced revenue forecasts and is paid on time;
- Capital expenditure is constrained to £25m in FY21 covering essential expenditure;
- Standard payment terms are assumed for supplier payments from July 2021; and
- Allowance is made for one-off costs in relation to the Group's transformation programme.

The key financing assumptions in the base case are that the Group continues to have access to its committed facilities and that term loan amortisation payments are made on time. The directors expect to receive £25m disposal proceeds for the Belgium business in H2 FY21, which is dependent upon regulatory approval.
The base case contains certain discretionary costs within management control that could be reduced in the event of a revenue downturn. These include reductions to overheads, reduction to marketing costs, reductions to the venues' operating costs and further reductions to capital expenditure.

Sensitivity analysis
The base case plan reflects the directors' best estimate of the future prospects of the business. The directors recognise that Government's response to the pandemic is significant and it is not possible to predict with any certainty the timing, extent or conditions that would result in an easing of the restrictions or the impact that the vaccine may have. Consequently, a number of plausible but severe downside risks, including consideration of possible mitigating actions, have been modelled with particular focus on the potential impact to cash flows and compliance with liquidity tests through the going concern period. The potential impact on the Group of a combination of scenarios over and above those included in the plan has also been tested

The main downside risk is the timing of, and potential revenue levels achieved on venues re-opening. In a sensitivity scenario, we have modelled the impact of full closure of our venues businesses (Grosvenor, Mecca and Enracha) until 1 July, re-opening thereafter but only achieving 70% of pre-COVID levels through FY22, with related cost lines managed accordingly. Under this scenario and with cost reduction initiatives taken by the directors to conserve cash such as reducing capital expenditure, and managing supplier and rent liabilities through the going concern period, the Group continues to meet its liquidity tests. The directors recognise that there is a greater level of forecasting uncertainty at this time but consider that the timing of cash flows and liquidity testing allows further mitigation plans to be developed.

The directors have not considered the prospect of a further UK national lockdown post reopening, based on the progress being made on the vaccine roll-out and the timelines currently envisaged by the UK Government for vaccination being available to the entire UK adult population. Whilst it is not implausible that venues could be closed again after 1 July, the directors do not currently consider it to be a reasonable scenario based on the progress being made on the vaccine roll out to date. Accordingly, a further full national lockdown and the closure of our venues business is not a scenario envisaged at this time.

As such, the directors have a reasonable expectation that the Group is able to manage its business risks and to continue in operational existence for 12 months from the date of approval of the interim financial information and will comply with its liquidity tests. Accordingly, the adoption of the going concern basis remains appropriate.

Principal risk and uncertainties

The Group's enterprise risk strategy focuses on the minimisation of the risks for the Group.

Key risks are periodically reviewed by the risk committee, executive and the Board, where appropriate, actions are taken to mitigate these.

The principal risks and uncertainties faced by the Group remain those set out in the Group's annual report and financial statements for the year ended 30 June 2020 and include:

- COVID-19 pandemic;
- Changing customer needs (venues);
- Gambling laws and regulations;
- Health and safety;
- Taxation;
- Integration, transformation and technology projects and programmes;
- Business continuity planning and disaster recovery;
- Data management;
- Cyber resilience;
- Dependency on third parties and supply chain; and
- People.

The principal emerging risks faced by the Group include changes to gambling regulations and the impact of Brexit. Greater detail on these risks and uncertainties are set out in pages 73 to 76 of the Group's 2020 annual report and financial statements.

Directors' Responsibility Statement

Each of the directors named below confirm that to the best of his or her knowledge:

- The financial statements, prepared under International Financial Reporting Standard (IFRS) as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and profit of the Company and the undertakings included in the consolidation taken as a whole; and
- The management report includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the risk and uncertainties that they face.

The directors of The Rank Group Plc are:

Chris Bell

Chew Seong Aun

Steven Esom

Bill Floydd

Susan Hooper

John O'Reilly

Alex Thursby

Karen Whitworth

Signed on behalf of the board on 27 January 2021

John O'Reilly Chief Executive	Bill Floydd Chief Financial Officer

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 31 December 2020 which comprises the Consolidated Income Statement, Consolidated Statement of Comprehensive Income, Consolidated Statement of Changes in Equity, Consolidated Balance Sheet, Consolidated Cash Flow Statement and the related explanatory notes that have been reviewed. 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 Guidance and Transparency Rules of the United Kingdom's Financial Conduct 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 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 31 December 2020. is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

Ernst & Young LLP
Glasgow, United Kingdom
27 January 2021

Consolidated Income Statement
for the six months ended 31 December 2020

	Note	**Six months ended 31 December 2020 (unaudited)**			Six months ended 31 December 2019 (unaudited) (restated - note 6)		
	Note	**Underlying £m**	**Separately disclosed items (note 3) £m**	**Total £m**	Underlying £m	Separately disclosed items (note 3) £m	Total £m
Continuing operations							
Revenue	2	**177.6**	**-**	**177.6**	391.8	-	391.8
Cost of sales	2	**(135.0)**	**-**	**(135.0)**	(208.9)	-	(208.9)
Gross profit		**42.6**	**-**	**42.6**	182.9	-	182.9
Other operating costs	2	**(113.2)**	**(11.1)**	**(124.3)**	(124.2)	(3.7)	(127.9)
Other operating income	2, 9	**28.8**	**-**	**28.8**	-	-	-
Operating (loss) profit	2	**(41.8)**	**(11.1)**	**(52.9)**	58.7	(3.7)	55.0
Financing:							
– finance costs		**(6.5)**	**-**	**(6.5)**	(6.9)	-	(6.9)
– finance income		**0.1**	**-**	**0.1**	0.3	-	0.3
– other financial (losses) gains		**(0.1)**	**-**	**(0.1)**	(0.3)	0.1	(0.2)
Total net financing (charge) income	4	**(6.5)**	**-**	**(6.5)**	(6.9)	0.1	(6.8)
(Loss) profit before taxation		**(48.3)**	**(11.1)**	**(59.4)**	51.8	(3.6)	48.2
Taxation	5	**8.3**	**1.5**	**9.8**	(9.4)	0.4	(9.0)
(Loss) profit for the period from continuing operations		**(40.0)**	**(9.6)**	**(49.6)**	42.4	(3.2)	39.2
Discontinued operations							
Profit after tax for the period from discontinued operations	6	**1.0**	**-**	**1.0**	0.6	-	0.6
(Loss) profit for the period		**(39.0)**	**(9.6)**	**(48.6)**	43.0	(3.2)	39.8
Attributable to:							
Equity holders of the parent		**(38.9)**	**(9.6)**	**(48.5)**	43.1	(3.2)	39.9
Non-controlling interests		**(0.1)**	**-**	**(0.1)**	(0.1)	-	(0.1)
		(39.0)	**(9.6)**	**(48.6)**	43.0	(3.2)	39.8
(Loss) earnings per share attributable to equity shareholders							
– basic		**(9.5)**	**(2.4)**	**(11.9)**	11.0	(0.8)	10.2
– diluted		**(9.5)**	**(2.4)**	**(11.9)**	11.0	(0.8)	10.2
(Loss) earnings per share – continuing operations							
– basic	8	**(9.8)**	**(2.4)**	**(12.2)**	10.9	(0.8)	10.1
– diluted	8	**(9.8)**	**(2.4)**	**(12.2)**	10.9	(0.8)	10.1
Earnings per share – discontinued operations							
– basic	8	**0.3**	**-**	**0.3**	0.1	-	0.1
– diluted	8	**0.3**	**-**	**0.3**	0.1	-	0.1

Consolidated Statement of Comprehensive Income
for the six months ended 31 December 2020

	Six months ended 31 December 2020 (unaudited) £m	Six months ended 31 December 2019 (unaudited) £m
Comprehensive income:		
(Loss) profit for the period	**(48.6)**	39.8
Other comprehensive income:		
Items that may be reclassified to profit or loss:		
Exchange adjustments net of tax	**(1.1)**	(3.8)
Items that will not be reclassified to profit or loss:		
Actuarial gain on retirement benefits net of tax	**0.1**	-
Total comprehensive (loss) income for the period	**(49.6)**	36.0
Attributable to:		
Equity holders of the parent	**(49.5)**	36.1
Non-controlling interests	**(0.1)**	(0.1)

Consolidated Balance Sheet
at 31 December 2020 and 30 June 2020

	Note	As at 31 December 2020 (unaudited) £m	As at 30 June 2020 (audited) £m
Assets			
Non-current assets			
Intangible assets		**514.9**	521.0
Property, plant and equipment		**130.7**	144.6
Right-of-use assets		**135.1**	145.1
Deferred tax assets		**1.2**	0.9
Other receivables		**5.1**	**7.0**
		787.0	**818.6**
Current assets			
Inventories		**2.1**	2.0
Other receivables		**18.1**	19.6
Government grants	9	**6.5**	11.9
Income tax receivable		**4.7**	1.4
Cash and short-term deposits		**82.9**	73.6
		114.3	108.5
Assets held for sale	6	**2.7**	-
Total assets		**904.0**	927.1
Liabilities			
Current liabilities			
Trade and other payables		**(128.4)**	(142.6)
Lease liabilities		**(50.9)**	(50.9)
Income tax payable		**(2.2)**	(2.5)
Financial liabilities - loans and borrowings		**(18.0)**	(21.7)
Provisions	10	**(3.0)**	(3.0)
		(202.5)	(220.7)
Net current liabilities		**(88.2)**	(112.2)
Non-current liabilities			
Trade and other payables		**(0.1)**	(1.1)
Lease liabilities		**(172.2)**	(189.6)
Financial liabilities - loans and borrowings		**(106.5)**	(107.4)
Deferred tax liabilities		**(15.3)**	(22.5)
Provisions	10	**(15.9)**	(15.9)
Retirement benefit obligations		**(3.8)**	(4.0)
		(313.8)	(340.5)
Liabilities directly associated with assets held for sale	6	**(2.1)**	-
Total liabilities		**(518.4)**	(561.2)
Net assets		**385.6**	365.9
Capital and reserves attributable to the Company's equity shareholders			
Share capital	11	**65.0**	54.2
Share premium	11	**155.7**	98.4
Capital redemption reserve		**33.4**	33.4
Exchange translation reserve		**17.7**	18.8
Retained earnings		**114.1**	161.3
Total equity before non-controlling interests		**385.9**	366.1
Non-controlling interests		**(0.3)**	(0.2)
Total shareholders' equity		**385.6**	**365.9**

Consolidated Statement of Changes in Equity
for the six months ended 31 December 2020

For the six months ended 31 December 2020 (unaudited)

	Share capital £m	**Share premium £m**	**Capital redemption reserve £m**	**Exchange translation reserve £m**	**Retained earnings £m**	**Reserves attributable to the Company's equity shareholders £m**	**Non-controlling interest £m**	**Total equity £m**
At 1 July 2020	**54.2**	**98.4**	**33.4**	**18.8**	**161.3**	**366.1**	**(0.2)**	**365.9**
Comprehensive income:								
Loss for the period	**-**	**-**	**-**	**-**	**(48.5)**	**(48.5)**	**(0.1)**	**(48.6)**
Other comprehensive income:								
Exchange adjustments net of tax	**-**	**-**	**-**	**(1.1)**	**-**	**(1.1)**	**-**	**(1.1)**
Actuarial gain on retirement benefits net of tax	**-**	**-**	**-**	**-**	**0.1**	**0.1**	**-**	**0.1**
Total comprehensive loss for the period	**-**	**-**	**-**	**(1.1)**	**(48.4)**	**(49.5)**	**(0.1)**	**(49.6)**
Transactions with owners:								
Issue of share capital (note 11)	**10.8**	**57.3**	**-**	**-**	**-**	**68.1**	**-**	**68.1**
Credit in respect of employee share schemes including tax	**-**	**-**	**-**	**-**	**1.2**	**1.2**	**-**	**1.2**
At 31 December 2020	**65.0**	**155.7**	**33.4**	**17.7**	**114.1**	**385.9**	**(0.3)**	**385.6**

For the six months ended 31 December 2019 (unaudited)

	Share capital £m	Share premium £m	Capital redemption reserve £m	Exchange translation reserve £m	Retained earnings £m	Reserves attributable to the Company's equity shareholders £m	Non-controlling interest £m	Total equity £m
At 1 July 2019	54.2	98.4	33.4	17.7	194.3	398.0	-	398.0
Effect of adoption of IFRS 16	-	-	-	-	(7.5)	(7.5)	-	(7.5)
At 1 July 2019 - Adjusted	54.2	98.4	33.4	17.7	186.8	390.5	-	390.5
Comprehensive income:								
Profit (loss) for the period	-	-	-	-	39.9	39.9	(0.1)	39.8
Other comprehensive income:								
Exchange adjustments net of tax	-	-	-	(3.8)	-	(3.8)	-	(3.8)
Total comprehensive (loss) income for the period	-	-	-	(3.8)	39.9	36.1	(0.1)	36.0
Business acquired	-	-	-	-	-	-	0.2	0.2
Transactions with owners:								
Dividends paid to equity holders (note 7)	**-**	**-**	**-**	**-**	(21.5)	(21.5)	-	(21.5)
Credit in respect of employee share schemes including tax	**-**	**-**	**-**	**-**	1.1	1.1	-	1.1
At 31 December 2019	54.2	98.4	33.4	13.9	206.3	406.2	0.1	406.3

Consolidated Cash Flow Statement
for the six months ended 31 December 2020

	Note	**Six months ended 31 December 2020 (unaudited) £m**	Six months ended 31 December 2019 (unaudited) £m
Cash flows from operating activities			
Cash (used) generated from operations	13	**(17.5)**	109.3
Interest received		**0.1**	0.4
Interest paid		**(6.0)**	(6.7)
Tax paid		**(1.8)**	(10.0)
Net cash from operating activities		**(25.2)**	93.0
Cash flows from investing activities			
Purchase of intangible assets		**(8.6)**	(6.4)
Purchase of property, plant and equipment		**(2.6)**	(17.0)
Purchase of subsidiaries (net of cash acquired)		**-**	(85.5)
Net cash used in investing activities		**(11.2)**	(108.9)
Cash flows from financing activities			
Dividends paid to equity holders	7	-	(21.5)
Share capital issued		**68.1**	-
Repayment of term loans		**-**	(12.0)
Repayment of acquired loans		**-**	(2.5)
Drawdown of term loans		**-**	128.1
Loan arrangement fees		**-**	(2.0)
Lease principal payments		**(19.6)**	(18.9)
Net cash used in financing activities		**48.5**	71.2
Net increase in cash, cash equivalents and bank overdrafts		**12.1**	55.3
Effect of exchange rate changes		**(0.3)**	(0.6)
Cash and cash equivalents at start of period		**71.1**	58.7
Cash and cash equivalents at end of period*		**82.9**	113.4

*Cash and cash equivalents at the end of the period includes an overdraft of £nil (period ended 31 December 2019: £3.0m)

1 General information, basis of preparation and accounting policies

General information

The Rank Group Plc ('the Company') and its subsidiaries (together 'the Group') operate gaming services in Great Britain (including the Channel Islands), Spain, Belgium and India.

The Company is a public limited company which is listed on the London Stock Exchange and is incorporated and domiciled in England and Wales under registration number 03140769. The address of its registered office is TOR, Saint-Cloud Way, Maidenhead, SL6 8BN.

This condensed consolidated interim financial information was approved for issue on 27 January 2021.

This condensed consolidated financial information does not constitute statutory accounts within the meaning of Section 434 of the Companies Act 2006. Statutory accounts for the 12-month period ended 30 June 2020 were approved by the board of directors on 9 September 2020 and delivered to the Registrar of Companies. The report of the auditors on those accounts was unqualified, noting that the ability of the Company to continue as a going concern is subject to material uncertainties 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 31 December 2020 has been prepared in accordance with the Disclosure and Transparency Rules of the Financial Conduct Authority and with IAS34 'Interim financial reporting' as adopted by the European Union. The condensed consolidated interim financial information should be read in conjunction with the financial statements for the 12-month period ended 30 June 2020, which have been prepared in accordance with IFRSs as adopted by the European Union.

Going concern

In adopting the going concern basis for preparing the financial information the directors have considered the circumstances impacting the Group during the period as detailed in the operating review, and have reviewed the Group's projected compliance with the liquidity tests for the period to 31 January 2022 ('the going concern period').

In light of the continued effects of the COVID-19 pandemic on the Group's operations, including national and localised lockdowns in the United Kingdom and Spain, the directors updated the base case plan to reflect current circumstances and projections for the going concern period. In building these assumptions, the directors considered that there is, as yet, no timetable for the end of lockdown permitting the reopening of venues, which is the most sensitive assumption in the going concern period. The directors note the early success of the vaccine rollout in line with the United Kingdom Government's targets as well as the reduction in both reported infections and the R number.

The key considerations for the going concern period are the assumptions on the timing of venues reopening and the levels of achievable revenue upon reopening given the likely operating restrictions in comparison to pre-COVID levels. The key revenue assumptions are as follows:

- All UK venues will remain closed until Easter 2021. Venues start to re-open thereafter on a phased basis with 50% of clubs open in April, 75% open in May and June, and all venues open from July. Venues initially open under an 11pm curfew, in line with opening hours in place prior to the current national lockdown. Mecca and Enracha venues generate revenues at 70% of pre-COVID levels and rising to pre-COVID levels by the end of FY22. Grosvenor venues initially generate revenues of 30% of pre-COVID levels due to curfew, then rising to pre-COVID levels by the end of FY22

The key assumptions on costs are as follows:

- Payroll costs are forecast at reduced levels to reflect current venue closures and shorter opening hours upon reopening from April 2021, with offsets from the CJRS in line with the current scheme rules. The directors have assumed that the CJRS will remain in place if venues are not permitted to open;
- Rent deferrals are paid in line with agreements with landlords;
- All tax and duty is adjusted to reflect reduced revenue forecasts and is paid on time;
- Capital expenditure is constrained to £25m in FY21 covering essential expenditure;
- Standard payment terms are assumed for supplier payments from July 2021; and
- Allowance is made for one-off costs in relation to the Group's transformation programme.

The key financing assumptions in the base case are that the Group continues to have access to its committed facilities and that term loan amortisation payments are made on time. The directors expect to receive £25m disposal proceeds for the Belgium business in H2 FY21, which is dependent upon regulatory approval.

The base case contains certain discretionary costs within management control that could be reduced in the event of a revenue downturn. These include reductions to overheads, reduction to marketing costs, reductions to the venues' operating costs and further reductions to capital expenditure.

Sensitivity analysis

The base case plan reflects the directors' best estimate of the future prospects of the business. The directors recognise that Government's response to the pandemic is significant and it is not possible to predict with any certainty the timing, extent or conditions that would result in an easing of the restrictions or the impact that the vaccine may have. Consequently, a number of plausible but severe downside risks, including consideration of possible mitigating actions, have been modelled with particular focus on the potential impact to cash flows and compliance with liquidity tests through the going concern period. The potential impact on the Group of a combination of scenarios over and above those included in the plan has also been tested.

The main downside risk is the timing of, and potential revenue levels achieved on venues re-opening. In a sensitivity scenario, we have modelled the impact of full closure of our venues businesses (Grosvenor, Mecca and Enracha) until 1 July, re-opening thereafter but only achieving 70% of pre-COVID levels through FY22, with related cost lines managed accordingly. Under this scenario and with cost reduction initiatives taken by the directors to conserve cash such as reducing capital expenditure, and managing supplier and rent liabilities through the going concern period, the Group continues to meet its liquidity tests. The directors recognise that there is a greater level of forecasting uncertainty at this time but consider that the timing of cash flows and liquidity testing allows further mitigation plans to be developed.

The directors have not considered the prospect of a further UK national lockdown post reopening, based on the progress being made on the vaccine roll out and the timelines currently envisaged by the UK Government for vaccination being available to the entire UK adult population. Whilst it is not implausible venues could be closed again after 1 July, the directors do not currently consider it to be a reasonable scenario based on the progress being made on the vaccine roll out to date. Accordingly, a further full national lockdown and the closure of our venues business is not a scenario envisaged at this time.

As such, the directors have a reasonable expectation that the Group is able to manage its business risks and to continue in operational existence for 12 months from the date of approval of the interim financial information and will comply with its liquidity tests. Accordingly, the adoption of the going concern basis remains appropriate.

Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Board of Directors, as the chief operating decision-makers, to enable them to make strategic and operational decisions.

The Group reports five segments: Digital, Grosvenor Venues, Mecca Venues, International Venues and Central Costs.

Accounting policies

Standards, amendments to and interpretations of existing standards adopted by the Group

The accounting policies and methods of computation adopted in the condensed consolidated half-yearly financial information are consistent with those followed in the Group's financial statements for the year ended 30 June 2020.

Separately disclosed items

The Group incurs costs and earns income that is non-recurring in nature or that, in the Directors' judgement, need to be disclosed separately by virtue of their size and incidence in order for users of the consolidated financial statements to obtain a proper understanding of the financial information and the underlying performance of the business. These items include (but are not limited to):

- Amortisation of acquired intangible assets;
- Revaluation of investments;
- Profit or loss on disposal of businesses;
- Acquisition and disposal costs including changes to deferred or contingent consideration;
- Impairment charges;

- Reversal of impairment charges;
- Restructuring costs as part of an announced programme;
- Charges and credits for financing fair value remeasurements;
- Discontinued operations;
- Exceptional items (items that are considered to be large and not incurred in the normal course of business); and
- The tax impact of all the above.

Determining whether an item is part of specific adjusting items requires judgement to determine the nature and the intention of the transaction.

Others

There are no new or amended standards or interpretations that became effective in the period from 1 July 2020 which have had a material impact upon the values or disclosures in the interim financial information.

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

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

Estimates and judgements

In preparing these condensed financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expense. Actual results may differ from these estimates. The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 30 June 2020.

2 Segment information

	Six months ended 31 December 2020 (unaudited)					
	Digital	**Grosvenor Venues**	**Mecca Venues**	**International Venues**	**Central Costs**	**Total**
	£m	**£m**	**£m**	**£m**	**£m**	**£m**
Segment revenue	**86.5**	**43.1**	**39.0**	**9.0**	**-**	**177.6**
Other operating income	**-**	**21.6**	**6.7**	**0.3**	**0.2**	**28.8**
Operating profit (loss)	**1.5**	**(21.2)**	**(5.3)**	**(0.6)**	**(16.2)**	**(41.8)**
Separately disclosed items	**(7.3)**	**(0.8)**	**(0.8)**	**-**	**(2.2)**	**(11.1)**
Segment result	**(5.8)**	**(22.0)**	**(6.1)**	**(0.6)**	**(18.4)**	**(52.9)**
Finance costs						**(6.5)**
Finance income						**0.1**
Other financial losses						**(0.1)**
Loss before taxation						**(59.4)**
Taxation						**9.8**
Loss for the period from continuing operations						**(49.6)**

	Six months ended 31 December 2019 (unaudited)*					
	Digital	Grosvenor Venues	Mecca Venues	International Venues	Central Costs	Total
	£m	£m	£m	£m	£m	£m
Segment revenue	83.2	198.1	91.9	18.6	-	391.8
Operating profit (loss)	11.9	48.1	13.7	4.2	(19.2)	58.7
Separately disclosed items	(3.8)	-	1.8	-	(1.7)	(3.7)
Segment result	8.1	48.1	15.5	4.2	(20.9)	55.0
Finance costs						(6.9)
Finance income						0.3
Other financial losses						(0.2)
Profit before taxation						48.2
Taxation						(9.0)
Profit for the period from continuing operations						39.2

* Results for the six months ended 31 December 2019 include the acquisition of Stride Gaming Limited ('Stride') from 4 October 2019 within the Digital segment. International venues restated to exclude Belgium Blankenberge casino.

2 Segment information (continued)

To increase transparency, the Group continues to include additional disclosure analysing total costs by type and segment. A reconciliation of total costs, before separately disclosed items, by type and segment is as follows:

	Six months ended 31 December 2020 (unaudited)					
	Digital	**Grosvenor Venues**	**Mecca Venues**	**International Venues**	**Central Costs**	**Total**
	£m	**£m**	**£m**	**£m**	**£m**	**£m**
Employment and related costs	**11.2**	**45.2**	**21.5**	**6.2**	**11.0**	**95.1**
Taxes and duties	**20.6**	**11.4**	**8.5**	**0.8**	**0.6**	**41.9**
Direct costs	**24.0**	**4.5**	**5.4**	**1.4**	**-**	**35.3**
Property costs	**0.4**	**1.7**	**(0.5)**	**0.4**	**0.8**	**2.8**
Marketing	**17.2**	**1.0**	**1.8**	**0.2**	**-**	**20.2**
Depreciation and amortisation	**6.8**	**16.6**	**8.2**	**0.9**	**2.9**	**35.4**
Other	**4.8**	**5.5**	**6.1**	**-**	**1.1**	**17.5**
Total costs before separately disclosed items	**85.0**	**85.9**	**51.0**	**9.9**	**16.4**	**248.2**
Cost of sales						**135.0**
Operating costs						**113.2**
Total costs before separately disclosed items						**248.2**

	Six months ended 31 December 2019 (unaudited)*					
	Digital	Grosvenor Venues	Mecca Venues	International Venues	Central Costs	Total
	£m	£m	£m	£m	£m	£m
Employment and related costs	11.5	58.1	24.8	9.1	12.3	115.8
Taxes and duties	19.1	44.0	15.9	0.9	0.6	80.5
Direct costs	20.8	12.3	10.3	1.7	-	45.1
Property costs	0.4	5.7	3.8	0.4	0.5	10.8
Marketing	11.1	6.0	3.0	1.0	-	21.1
Depreciation and amortisation	4.6	16.1	12.3	1.1	3.1	37.2
Other	3.7	7.8	8.3	0.2	2.6	22.6
Total costs before separately disclosed items	71.2	150.0	78.4	14.4	19.1	333.1
Cost of sales						208.9
Operating costs						124.2
Total costs before separately disclosed items						333.1

* Results for the six months ended 31 December 2019 include the acquisition of Stride Gaming Limited ('Stride') from 4 October 2019 within the Digital segment. International venues restated to exclude Belgium Blankenberge casino.

3 Separately Disclosed Items

	Six months ended 31 December 2020 (unaudited) £m	Six months ended 31 December 2019 (unaudited) £m
Separately disclosed items		
Integration costs	**(1.4)**	-
Business transformation costs	**(3.8)**	-
Amortisation of acquired intangible assets	**(5.9)**	(3.7)
Profit on disposal of venues	**-**	1.8
Acquisition related costs	**-**	(1.8)
Impact on operating profit	**(11.1)**	(3.7)
Other financial gains	**-**	0.1
Taxation	**1.5**	0.4
Total separately disclosed items	**(9.6)**	(3.2)

Integration Costs
One-off fees and directly associated costs with the integration of business acquisitions are charged to the income statement. Such items are material, infrequent in nature and are not considered to be part of the underlying business performance. As such, £1.4m of costs incurred in integrating the Stride acquisition and preparing the proprietary platform in readiness to migrate the legacy Rank brands have been excluded from underlying operating results of the Group.

Business transformation costs
This is a multi-year change programme for the Group focussed around revenue growth, cost savings/efficiencies and ensuring the key enablers, including organisational capability, core technology and key processes and systems are in place. The transformation programme started in January 2019 and was expected to last three years. This timeframe is being revisited in light of COVID-19. The multi-year change programme is a material, infrequent programme and is not considered to be part of the underlying business performance. As such, costs of £3.8m in relation to redundancy costs arising from the transformation programme have been excluded from the underlying performance of the Group.

Amortisation of acquired intangible assets
Acquired intangible assets are amortised over the life of the assets with the charge being included in the Group's reported amortisation expense. Given these charges are material and non-cash in nature, the Group's underlying results have been adjusted to exclude the amortisation expense of £5.9m (six months ended 31 December 2019: £3.7m) relating to the acquired intangible assets of Stride and YoBingo.

Profit on disposal of venues
The Group recognised a net credit of £1.8m as a result of the sale of five venues from Mecca Venues in the six months ended 31 December 2019. Such profits are not expected to occur every year and as such it has been excluded from the underlying results.

Acquisition related costs
Fees and directly associated costs of potential or actual acquisitions are charged to the income statement. As such items are material, infrequent and not considered to be part of the underlying business, they are excluded from the underlying performance of the Group. In the six months ended 31 December 2019 there were £1.8m of one-off costs relating to the acquisition of Stride.

4 Financing

	Six months ended 31 December 2020 (unaudited) £m	Six months ended 31 December 2019 (unaudited) £m
Finance costs:		
Interest on debt and borrowings	**(1.9)**	(1.6)
Amortisation of issue costs on borrowings	**(0.9)**	(1.0)
Interest payable on leases	**(3.7)**	(4.3)
Total finance costs	**(6.5)**	(6.9)
Finance income:		
Interest income on net investments in finance leases	**-**	0.1
Interest income on short-term bank deposits	**0.1**	0.2
Finance income	**0.1**	0.3
Other financial losses	**(0.1)**	(0.3)
Total net financing charge before separately disclosed items	**(6.5)**	(6.9)
Separately disclosed items - other financial gains	-	0.1
Total net financing charge	**(6.5)**	(6.8)

5 Taxation

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

	Six months ended 31 December 2020 (unaudited)			Six months ended 31 December 2019 (unaudited)		
	Continuing operations £m	**Discontinued operations £m**	**Total £m**	Continuing operations £m	Discontinued operations £m	Total £m
Current income tax						
Current income tax – UK	**2.7**	**-**	**2.7**	(8.7)	-	(8.7)
Current income tax – overseas	**(0.6)**	**(0.3)**	**(0.9)**	(1.4)	(0.5)	(1.9)
Current income tax credit (charge)	**2.1**	**(0.3)**	**1.8**	(10.1)	(0.5)	(10.6)
Current income tax on separately disclosed items	**-**	**-**	**-**	0.1	-	0.1
Amounts over provided in previous periods	**0.2**	**-**	**0.2**	0.2	-	0.2
Total current income tax credit (charge)	**2.3**	**(0.3)**	**2.0**	(9.8)	(0.5)	(10.3)
Deferred tax						
Deferred tax – UK	**5.5**	**-**	**5.5**	0.5	-	0.5
Deferred tax – overseas	**0.5**	**-**	**0.5**	-	-	-
Deferred tax on separately disclosed items	**1.5**	**-**	**1.5**	0.3	-	0.3
Total deferred tax credit	**7.5**	**-**	**7.5**	0.8	-	0.8
Tax credit (charge) in the income statement	**9.8**	**(0.3)**	**9.5**	(9.0)	(0.5)	(9.5)

5 Taxation (continued)

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

	Six months ended 31 December 2020 (unaudited) £m	Six months ended 31 December 2019 (unaudited) £m
Current tax charge on exchange movements offset in reserves	**(0.1)**	(0.3)
Total tax charge on items within other comprehensive income	**(0.1)**	(0.3)

The credit in respect of employee share schemes included within the Statement of Changes in Equity includes a deferred tax charge of £0.1m (six months ended 31 December 2019: £0.1m credit).

Factors affecting future taxation

UK corporation tax is calculated at 19.00% (six months ended 31 December 2019: 18.50%) of the estimated assessable profit for the period. Taxation for overseas operations is calculated at the local prevailing rates.

On 11 March 2020, the Chancellor of the Exchequer announced that the UK corporation tax rate for the years starting 1 April 2020 and 2021 would remain at 19.00%. This change was substantively enacted on 17 March 2020.

On 26 July 2017, the Belgian Government announced the reduction in the corporation tax rate in Belgium from 33.99% to 29.58% for financial years beginning in 2018 and to 25.00% for financial years beginning in 2020 and onwards. These changes were substantively enacted in December 2017.

The rate reduction will reduce the amount of cash tax payments to be made by the Group.

6 Discontinued operations

On 29 October 2020, the Group publicly announced the decision by the Board that it had entered into a contract of sale in respect of its Blankenberge casino in Belgium, a wholly owned subsidiary. The sale of Blankenberge casino is subject to regulatory approvals by the Belgium Gaming Commission and Blankenberge City Council and it is expected to be completed before the end of the current financial year. At 31 December 2020 Blankenberge casino is therefore classified as a disposal group held for sale, and is no longer presented within International Venues in the segmental note 2. The results of Blankenberge casino for the period are presented below:

	Six months ended 31 December 2020 (unaudited) £m	Six months ended 31 December 2019 (unaudited) £m
Revenue	**4.0**	5.6
Cost of sales	**(0.7)**	(1.5)
Gross Profit	**3.3**	4.1
Other operating costs	**(2.0)**	(3.0)
Operating profit	**1.3**	1.1
Profit before taxation	**1.3**	1.1
Taxation	**(0.3)**	(0.5)
Profit for the period from discontinued operations	**1.0**	0.6

6 Discontinued operations (continued)

The major classes of assets and liabilities of the balance sheet of the Blankenberge casino classified as held for sale as at 31 December 2020 are shown below in accordance with IFRS requirements. Cash and short-term deposits will remain an asset of the Group upon completion of the sale.

	As at 31 December 2020 (unaudited) £m
Assets	
Property, plant and equipment	**0.6**
Other receivables	**1.8**
Income tax receivable	**0.3**
Assets held for sale	**2.7**
Liabilities	
Trade and other payables	**(2.1)**
Liabilities directly associated with assets held for sale	**(2.1)**
Net assets directly associated with disposal group	**0.6**

The net cash flows incurred by Blankenberge casino are, as follows:

	Six months ended 31 December 2020 (unaudited) £m	Six months ended 31 December 2019 (unaudited) £m
Operating	**0.5**	0.2
Net cash inflow	**0.5**	0.2

7 Dividends

	Six months ended 31 December 2020 (unaudited) £m	Six months ended 31 December 2019 (unaudited) £m
Dividends paid to equity holders		
Final dividend for 2018/19 paid on 29 October 2019 - 5.50p per share	**-**	21.5
Total	**-**	21.5

No interim dividend in respect of the period ended 31 December 2020 will be recommended.

8 Underlying earnings per share

Underlying earnings is calculated by adjusting profit attributable to equity shareholders to exclude separately disclosed items and the related tax effects. Underlying earnings is one of the business performance measures used internally by management to manage the operations of the business. Management believes that the underlying earnings measure assists in providing a view of the underlying performance of the business.

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

	Six months ended 31 December 2020 (unaudited) £m	Six months ended 31 December 2019 (unaudited) (restated) £m
Profit attributable to equity shareholders	**(48.5)**	39.9
Adjusted for:		
Separately disclosed items after tax	**9.6**	3.2
Underlying net (loss) earnings attributable to equity shareholders	**(38.9)**	43.1
Continuing operations	(39.9)	42.5
Discontinued operations	1.0	0.6
Weighted average number of ordinary shares in issue	**406.7m**	390.7m
Underlying (loss) earnings per share (p) – basic	**(9.5)p**	11.0p
Continuing operations	(9.8)p	10.9p
Discontinued operations	0.3p	0.1p
Underlying (loss) earnings per share (p) – diluted	**(9.5)p**	11.0p
Continuing operations	(9.8)p	10.9p
Discontinued operations	0.3p	0.1p

9 Government grants

	As at 31 December 2020 (unaudited) £m	As at 30 June 2020 (audited) £m
At the start of the period	**11.9**	-
Receivable in the year	**28.8**	29.0
Cash received	**(34.2)**	(17.1)
At the end of the period	**6.5**	11.9

Government grants have been received under the Coronavirus Job Retention scheme in the UK and similar schemes in other countries in which the Group operates.

10 Provisions

	Property lease provisions £m	**Disposal provisions £m**	**Restructuring provisions £m**	**Indirect tax provisions £m**	**Pay provisions £m**	**Total £m**
At 1 July 2020 (audited) and 31 December 2020 (unaudited)	**13.5**	**3.9**	**0.1**	**1.2**	**0.2**	**18.9**
Current	**1.3**	**0.2**	**0.1**	**1.2**	**0.2**	**3.0**
Non-current	**12.2**	**3.7**	**-**	**-**	**-**	**15.9**
At 31 December 2020 (unaudited)	**13.5**	**3.9**	**0.1**	**1.2**	**0.2**	**18.9**

11 Issued capital and reserves

	At 31 December 2020 (unaudited) £m	At 31 December 2019 (unaudited) £m
Authorised ordinary shares of 13 8/9p each		
Number 1,296.0m	**180.0**	180.0
Issued and fully paid		
At 1 July 2019 and 1 July 2020	**54.2**	54.2
Issued on 24 November 2020	10.8	-
At 31 December 2020	**65.0**	54.2
Share premium		
At 1 July 2019 and 1 July 2020	**98.4**	98.4
Issued on 24 November 2020	57.3	-
At 31 December 2020	**155.7**	98.4

On 24 November 2020, the Group issued 77,746,020 ordinary shares as part of a share placing and parallel retail offer, corresponding to 19.9% of total shares issued. Each share has the same right to receive dividends and represents one vote at shareholders' meetings.

Share premium proceeds in addition to the nominal value of the share issued during the period have been included in share premium, less the costs associated with the issue of new equity.

Total shares in issue at 31 December 2020 are 468,429,541.

12 Borrowings to net debt reconciliation

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

	At 31 December 2020 (unaudited) £m	At 31 December 2019 (unaudited) £m
Total loans and borrowings	**(124.5)**	(167.2)
Adjusted for:		
Accrued interest	**0.4**	0.2
Unamortised facility fees	**(4.0)**	(2.1)
	(128.1)	(169.1)
Cash and short-term deposits from operations	**82.9**	116.4
Net debt excluding IFRS 16 lease liabilities	**(45.2)**	(52.7)
IFRS 16 lease liabilities	**(223.1)**	(247.8)
Net debt	**(268.3)**	(300.5)

13 Cash generated from operations

	Six months ended 31 December 2020 (unaudited) £m	Six months ended 31 December 2019 (unaudited) £m
Operating (loss) profit from continuing operations	**(52.9)**	55.0
Operating profit from discontinued operations	**1.3**	1.1
Separately disclosed items from continuing operations	**11.1**	3.7
Operating (loss) profit before separately disclosed items	**(40.5)**	59.8
Depreciation and amortisation	**35.5**	37.9
Increase in inventories	**(0.1)**	(0.1)
Decrease (increase) in other receivables	**6.8**	(1.3)
(Decrease) increase in trade and other payables	**(15.3)**	11.8
Share-based payments	**1.2**	1.0
	(12.4)	109.1
Cash utilisation of provisions	**-**	(0.2)
Cash (payments) receipts in respect of separately disclosed items	**(5.1)**	0.4
Cash (used) generated from operations	**(17.5)**	109.3

14 Contingent liabilities

Property leases

The Group has certain property arrangements under which rental payments revert to the Group in the event of default by the third party. At 31 December 2020, it is not considered probable that the third party will default. As such, no provision has been recognised in relation to these arrangements. If the third party was to default on these arrangements, the obligation for the Group would be £2.3m on a discounted basis.

15 Related party and ultimate parent undertaking

Guoco Group Limited (Guoco), a company incorporated in Bermuda, and listed on the Hong Kong stock exchange has a controlling interest in The Rank Group Plc. The ultimate parent undertaking of Guoco is Hong Leong Company (Malaysia) Berhad (Hong Leong) which is incorporated in Malaysia. At 31 December 2020, entities controlled by Hong Leong owned 56.1% of the Company's shares, including 52.0% through Guoco and its wholly-owned subsidiary, Rank Assets Limited, the Company's immediate parent undertaking.