GUOCO GROUP LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 53)

OVERSEAS REGULATORY ANNOUNCEMENT

(This overseas regulatory announcement is issued pursuant to Rule 13.09(2) 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.

The board of directors of Guoco Group Limited currently comprises Mr. Quek Leng Chan as Executive Chairman; Mr. Kwek Leng Hai as President, CEO; Mr. Tan Lim Heng as executive director; Mr. Kwek Leng San as non-executive director and Mr. Sat Pal Khattar, Mr. Volker Stoeckel and Mr. Roderic N. A. Sage as independent non-executive directors.

Rank Group

News Release

17 August 2012

The Rank Group Plc
Preliminary results for the 18-month period ended 30 June 2012

Key highlights

- Rank has put in a strong performance in the 12 months to 30 June 2012 having entertained more customers, increased customer visits, grown revenue and operating profit. This has been driven by a strong performance in Grosvenor's venues and by meccabingo.com
- Adjusted earnings per share up 13.7% on 2010/11
- Final dividend of 2.50p recommended; total 12-month dividend up 35.3% on 2010/11
- Potential acquisition of Gala Casinos announced
- Strong financial position, with net cash of £41.8m

Financial highlights in the 12-month period ended 30 June 2012

	12 months ended 30 June 2012 (unaudited)	12 months ended 30 June 2011 (unaudited)	Change
Group revenue	**£600.5m**	£580.7m	3.4%
Statutory revenue	**£572.9m**	£556.9m	2.9%
Group EBITDA before exceptional items	**£104.4m**	£97.0m	7.6%
Group operating profit before exceptional items	**£65.5m**	£62.9m	4.1%
Group operating profit after exceptional items	**£45.6m**	£106.8m	(57.3)%
Adjusted profit before tax	**£61.5m**	£56.4m	9.0%
Adjusted earnings per share	**11.6p**	10.2p	13.7%
Net cash	**£41.8m**	£37.2m	12.4%
Annual dividend per share	**3.60p**	2.66p	35.3%

Ian Burke, chairman of The Rank Group Plc said:

"I am very pleased to announce that Rank has again achieved growth in earnings per share whilst strengthening our financial position and increasing the number of customers that we entertain.

While the current economic conditions remain challenging we have continued to increase the popularity of our brands and we look forward to the future with optimism."

NOTE: On 21 October 2011, Rank announced that it had changed its accounting reference date to 30 June to bring it in line with its majority shareholder, Guoco Group Limited. The statutory reporting periods, covering the 18 months ended 30 June 2012 and 12 months ended 31 December 2010, are reported separately throughout these results. To aid comparability, the table above reports on the unaudited 12 month periods ended 30 June 2011 and 30 June 2012.

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Financial highlights in the statutory reporting periods

	18 months ended 30 June 2012	12 months ended 31 December 2010	Change
Group revenue	**£894.5m**	£567.8m	57.5%
Statutory revenue	**£854.9m**	£544.5m	57.0%
Group operating profit before exceptional items	**£95.0m**	£62.0m	53.2%
Group operating profit after exceptional items	**£143.1m**	£75.4m	89.8%
Adjusted earnings per share	**16.2p**	10.2p	58.8%
Basic earnings per share before exceptional items	**15.8p**	9.8p	61.2%

Ends

Definition of terms:

- Group revenue is before adjustment for free bets, promotions and customer bonuses;
- Group EBITDA is Group operating profit before exceptional items, depreciation and amortisation;
- Adjusted profit before tax is profit from continuing operations before taxation adjusted to exclude exceptional items, the unwinding of discount in disposal provisions and other financial gains or losses;
- Like-for-like excludes club openings and closures;
- The term '2011/12' refers to the 12-month period ending 30 June 2012, '2010/11' refers to the 12-month period ending 30 June 2011; and
- The term FY12 refers to the 18-month period ending 30 June 2012, the term FY10 refers to the 12-month period ended 31 December 2010.

Enquiries

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Photographs available from www.rank.com

Analyst meeting and webcast details:
Friday, 17 August 2012
There will be an analyst meeting at Peel Hunt offices, Moor House, 120 London Wall, London EC2Y 5ET starting at 9:00am. There will be a simultaneous webcast of the meeting.

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

Forward-looking statements
This announcement includes 'forward-looking statements'. These statements contain the words "anticipate", "believe", "intend", "estimate", "expect" and words of similar meaning. All statements, other than statements of historical facts included in this announcement, including, without limitation, those regarding the Group's financial position, business strategy, plans and objectives of management for future operations (including development plans and objectives relating to the Group's products and services) are forward-looking statements that are based

on current expectations. Such forward-looking statements involve known and unknown risks, uncertainties and other important factors that could cause the actual results, performance, achievements or financial position of the Group to be materially different from future results, performance, achievements or financial position expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding the Group's operating performance, present and future business strategies, and the environment in which the Group will operate in the future. These forward-looking statements speak only as at the date of this announcement. Subject to the Listing Rules of the UK Listing Authority, the Group expressly disclaims any obligation or undertaking, to disseminate any updates or revisions to any forward-looking statements contained herein to reflect any change in the Group's expectations, with regard thereto or any change in events, conditions or circumstances on which any such statement is based. Past performance cannot be relied upon as a guide to future performance.

Chief executive's review
This year, Rank celebrates its 75th birthday and I am pleased to report that we are also able to celebrate the Group's financial performance. Rank has grown revenue and operating profit during the period despite tough economic conditions and our financial position remains strong with net cash of £41.8m. As a consequence of this performance, the board has recommended a total dividend for the 12 months ended 30 June 2012 of 3.60p, up 35.3% on the previous 12-month period's total dividend per share. Rank's annualised dividend per share has grown at a compound rate of 31.2% since 2009.

Growing shareholder value by acting on insights into our customers' needs remains at the heart of everything we do. We understand that our customers think of our business in terms of brands and we have reorganised our business to reflect this.

Group key performance indicators (KPIs)

	2011/12	2010/11	Change
Customers* (000s)	**2,671**	2,546**	4.9%
Customer visits (000s)	**28,836**	27,895	3.4%
Spend per visit (£)	**20.82**	20.82	-
Average revenue per customer (£)	**224.82**	228.08	(1.4)%
Offline-online crossover	**3.4%**	3.1%	0.3%
Net promoter score	**49.7%**	45.9%	3.8%

*Unique customers shown on a moving annual total ('MAT') basis; ** restated

Our brands aim to deliver thrilling experiences for each and every customer. We believe these experiences will encourage our customers to deepen their relationship with our brands. We measure our performance against this ambition through the Group's key performance indicators (KPIs). I am pleased to report that we have made progress in all of these metrics during the last 12 months with the exception of average revenue per customer, which fell 1.4%. This reflects a rise in the number of leisure-oriented customers visiting our UK venues. These customers tend to visit our venues less frequently than our traditional customers.

Rank's success in achieving improvements to these KPIs is due to the consistent execution of our strategy by every one of our people in the Great Britain, Spain and Belgium. Our customers' experience of our brands develops the trust which we are seeking to elicit. These experiences are defined by the actions and decisions of our people and we will continue to value, develop and protect our people so as to ensure that we continue to grow.

Statutory reporting periods
This set of results is the first time that Rank reports to a 30 June year end. To ease the transition to a new financial year end, this review and much of the following commentary, will discuss the unaudited 12-month periods ended 30 June 2012 (2011/12) and 30 June 2011 (2010/11).

Summary of financial results
All of our businesses in Great Britain have achieved revenue growth in the period. This growth, combined with a lower effective tax rate, responsible cost management and lower financing costs has led to a 13.7% rise in adjusted earnings per share in the 12 months to 30 June 2012.

£m	Revenue*			Operating profit**		
	2011/12	2010/11	Change	**2011/12**	2010/11	Change
Grosvenor Casinos	**255.8**	245.4	4.2%	**42.8**	38.6	10.9%
Mecca Bingo	**237.8**	237.5	0.1%	**28.3**	29.9	(5.4)%
Rank Interactive	**77.7**	64.3	20.8%	**10.5**	8.3	26.5%
Top Rank España	**29.2**	33.5	(12.8)%	**1.4**	4.0	(65.0)%
Central costs				**(17.5)**	(17.9)	2.2%
Group	**600.5**	580.7	3.4%	**65.5**	62.9	4.1%

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

Grosvenor Casinos recorded another period of revenue and operating profit growth (up 4.2% and 10.9% respectively). The Group's 37 casinos contributed 52% of Group operating profit before exceptional items and central costs.

Mecca Bingo revenues increased slightly in the 12-month period despite a slight drop in visits. Operating profit before exceptional items decreased by 5.4% because of a rise in the depreciation charge, increased taxes and duties as well as an increase in property costs (following rent reviews).

Rank Interactive increased revenue during the 12-month period by 20.8% to £77.7m, with a particularly strong performance from the Mecca brand driving a 26.5% rise in operating profit before exceptional items.

Tough trading conditions in Spain resulted in Top Rank España's revenue declining by 12.8% to £29.2m. Operating profit before exceptional items was also down 65.0% to £1.4m.

The Group's effective tax rate in 2011/12 was 26.3%, down 3.1 percentage points on 2010/11 because of prior year adjustments and a fall in the headline rate of tax. The Group's adjusted net financing charge (before exceptional items) of £4.0m was £2.5m lower than in the 12 months ended 30 June 2011, reflecting a substantial strengthening of the Group's financial position.

VAT refunds and financial position

On 10 November 2011, the European Court of Justice ('ECJ') upheld the successive rulings of the UK courts that Rank had overpaid VAT on revenue from games of bingo for periods between 1973 and 2009. As a consequence of the ECJ decision, Rank will retain the £253.4m in refunded tax and associated interest paid by HM Revenue and Customs ('HMRC') in prior periods. On 14 June 2012, the Upper Tier Tribunal heard HMRC's case concerning the outstanding amusements machine claim. We expect to receive a decision from the Upper Tier Tribunal later this year.

At 30 June 2012, the Group had net cash of £41.8m. Since the beginning of 2012, Rank has agreed new revolving credit facilities of £80m. These facilities mature in 2017.

Guoco Group Limited

Since the beginning of 2011, Guoco Group Limited ('Guoco Group') has increased its shareholding in the Company from 29.5% to 74.5%. Guoco Group, a member of the Hong Leong Group, is listed on the Hong Kong stock exchange and has a stake in a diverse selection of businesses which operate in China, Vietnam, Malaysia, the UK and Singapore including several businesses in the hospitality and leisure sector. Guoco Group's objective is to create long-term sustainable shareholder returns and it has a long and successful history of working with other shareholders towards this common goal. Guoco Group has consistently expressed its support of Rank's strategy since becoming a shareholder in 2007.

Our plans

Brand reorganisation
We have recently implemented a change in Rank's business model. We believe that our customers think of our business in terms of the brands that we offer, not the channels by which they are delivered. To ensure that our organisation better reflects our customers' needs we have changed the way that we manage Rank's business, moving from a channel-led approach to a brand-led approach. A single member of the executive committee is responsible for each of our brands. Phil Urban, who had managed Grosvenor Casinos' venues, is responsible for the Grosvenor brand in all channels. Mark V Jones, who had managed Mecca's venues is now responsible for the Mecca brand in all channels. Mark A Jones will manage the Blue Square brand along with the shared service team responsible for supporting all of our brands in the remote gambling channels. Our Spanish business, Top Rank España, will remain the responsibility of Jorge Ibáñez who will be responsible for the development of our new Spanish brand, enracha.

These important changes to the way that we manage the business will also affect how we report our performance. From 1 July 2012, we will report each brand's performance as an individual business segment. This means Rank Interactive's results will no longer be shown separately. A separate segment for the Blue Square brand will be created.

Gala Casinos acquisition
By the end of September 2012 we aim to complete the acquisition of Gala Casinos Limited, adding up to 23 more casinos under the Grosvenor brand (as well as three more unused licences). This acquisition remains subject to UK merger control clearance. Rank shareholders approved the terms of the acquisition at a general meeting held on 26 July 2012.

Regulation and taxation
We believe that in the interests of fairness and sustainability all gambling activities should be subject to a uniform regime of regulation and taxation, unless there are clear and explicit social policy reasons for such exceptions. This means all commercial gambling opportunities offered to UK consumers, whether they are presented on a dedicated website, in a venue, on a mobile device or on a social network are treated equally. We believe that if all operators are able to compete on a level playing field, Rank will be able to make a fair tax contribution whilst providing our customers a safe environment in which to enjoy our gaming-based entertainment.

In July 2012, the Culture, Media and Sport Select Committee published the findings of its review into the Gambling Act 2005. The cross-party committee noted that casinos 'are the most highly regulated sector' of the UK gaming market but noted that this was not reflected in the permitted areas legislation or the products casinos are entitled to offer. In response, the committee recommended that the Government should give 1968 Act casinos (such as those operated by Grosvenor) the same freedoms as 2005 Act casinos. This means that, if enacted, each Grosvenor casino could be entitled to increase its number of amusement machines from 20 to a theoretical maximum of 150. The committee also noted that local authorities should be entitled to invite casino operators to transfer an existing casino licence into their jurisdiction.

The committee also responded to the Bingo Association's calls for a fairer tax regime. The report stated that in principle, the bingo duty rate should be reduced from 20% to 15%, in line with other forms of gambling.

The regulation and taxation of gambling, and in particular remote gambling, remains an area of intense debate within the European Union. Many member states, including the UK, Spain and Belgium have decided that they do not wish to delegate the supervision of remote gambling operators acting in their country to other jurisdictions. Instead they have announced changes that will bring gambling operators into the scope of domestic social and tax law if such operators accept transactions in their jurisdiction.

In Spain, Rank's enracha.es site is now licensed by the Spanish authorities. The new website is authorised to provide consumers online poker, roulette and community card games. In the UK, the Government has outlined plans to change the basis of betting and gaming taxation so that tax will be due from any operator that transacts with UK consumers.

Rank welcomes this change in approach as it goes some way to reflecting the fact that betting and gaming operators, whether they are online or offline, should be subject to equivalent regulatory scrutiny and tax rules. However, the proposed changes do not go far enough to completely address this issue and Rank will continue to work with Government to press our case for fundamental reform.

Board strengthened

Two new non-executive directors have been appointed to the board in 2012. Colin Child's appointment took effect on 1 January 2012. Colin is a chartered accountant with experience in large multi-national businesses operating in a wide range of sectors, including casino gaming. The Rt. Hon. Sir Richard Needham was appointed with effect from 1 May 2012. Sir Richard had a distinguished career in parliament and, since leaving politics in 1997, has worked in a diverse range of companies in the private sector.

The appointments of Colin and Sir Richard enable Rank to draw on considerable commercial expertise and, in the case of Sir Richard, the ability to refine our engagement with HM Government.

Dividend

The board is pleased to recommend that a final dividend of 2.50 pence per share be paid on 31 October 2012 to shareholders on the register at 31 August 2012.

Current trading and outlook

Since the beginning of July total Group revenue is up 6% on the same period in 2011, with like-for-like revenue up 4%. While such a short trading period can be distorted by external factors we are pleased with the underlying trends.

While the outlook for the UK consumer seems likely to remain challenging, Rank is in a strong financial position, possesses market-leading brands and has a clear strategy for long-term growth.

Statutory period reporting

£m	Revenue*		Operating Profit**	
	FY12	FY10	**FY12**	FY10
Period 1	**294.0**	281.1	**29.5**	28.6
Period 2	**295.9**	286.7	**34.6**	33.4
Period 3	**304.6**	n/a	**30.9**	n/a
Total	**894.5**	567.8	**95.0**	62.0

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

Period 1 FY10 – six months ended 30 June 2010
Period 2 FY10 – six months ended 31 December 2010
Period 1 FY12 – six months ended 30 June 2011
Period 2 FY12 – six months ended 31 December 2011
Period 3 FY12 – six months ended 30 June 2012

Please note that the six month periods defined above have not been audited. The audited periods are the 18 months ended 30 June 2012 (FY12) and the 12 months ended 31 December 2010 (FY10).

Strategic update
We perceive that consumer spending on games of chance as a form of entertainment will continue to grow both in Great Britain and globally - and that in turn this will generate additional expenditure on related non-gaming activities.

Strategy
Our strategy is to build a portfolio of vibrant consumer brands, each defined in terms of specific customer segments and occasions. Through the systematic use of customer insight and the development of multi-channel distribution capabilities, we aim to capture a greater share of the gaming market; and to achieve additional revenue growth from related non-gaming areas, based upon the needs of our customers.

In the highly regulated sphere of gaming, we recognise the need to engage effectively with governments to ensure that our economic and societal contributions are understood and valued. Through this engagement, we seek to safeguard Rank's long-term ambitions by helping to shape a supportive regulatory and fiscal environment for our business activities.

Our core market is Great Britain, where we generate more than 90% of Group revenues. In the medium term, our priority is to focus resource on strengthening our position in this market.

Current status
Rank is the fifth largest regulated gambling business in Great Britain by revenue. The Group's brands capture approximately 5% share of the country's regulated gaming and betting market.

During 2011/12, the Group continued to increase its market penetration, serving more than 2.3 million adults in Great Britain – about 4% of the country's adult population and 6% of those who participate in some form of gambling.

Our ability to distribute across multiple channels (venues, online and mobile) is a source of competitive advantage. During the year, the number of multi-channel customers increased by 11,383 to 80,039.

Non-gaming revenue grew by 3.6% to £48.8m, representing 8.1% of Group revenue. The majority of this revenue related to food and drink served in our venues, although our brands also made progress in developing a number of new sources of revenue.

The £205m proposed acquisition of Gala Casinos (which remains subject to merger control clearance) will enhance our position by broadening both our customer base and our distribution footprint.

Brand strategies

Across the Group we have adopted a three-stage approach to building and developing our brands.

1. Systematic use of customer data and feedback

2. Capital investment to extend reach and broaden appeal of our brands

3. Multi-channel distribution of our brands

1. Systematic use of data and customer feedback

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

1.1 Customer focus through insight and engagement

During the course of 2011/12, we increased our investment in developing our insight capabilities. This included:

- the development of customer segmentation systems for each of our brands, based upon quantitative and qualitative measures of behaviour;
- the re-launch of Grosvenor Play Points rewards programme and its extension to a further seven venues;
- the development of a new Mecca rewards programme;
- the collection and analysis of more than 64,500 individual pieces of customer feedback;
- the extension of customer feedback system to our Spanish operations;
- five major pieces of consumer research; and
- the implementation of a quarterly brand awareness and consideration tracking system.

1.2 Insight into action

What we learn about our customers and potential customers through the insights programme drives our key business decisions. In this section, we have picked out two areas of the programme in order to illustrate this approach.

Rewards

At 30 June 2012, more than 940,000 customers were members of Grosvenor's Play Points rewards and the programme tracked half of the revenue in the 28 clubs where it was available. In May 2012, following customer research, the programme was re-launched with the addition of a new 'gold' tier for higher value customers.

The tiered system is designed to recognise our most loyal customers and to provide our marketing and operational teams with the ability to tailor rewards and benefits more closely to customer needs.

We are continuing to develop Grosvenor Play Points into a cross-channel programme to allow us to reward customers in venue, online and on mobile.

Mecca has relaunched its Lucky Swipes rewards scheme in the last year. Lucky Swipes rewards customers for swiping their cards at a series of touchpoints in our venues by entering them into a prize draw for every swipe. The scheme was extended to a further six clubs in the last year. A total of 14 Mecca venues now offer Lucky Swipes.

Brand awareness and consideration

During 2011/12, we commissioned YouGov to institute a quarterly awareness and consideration survey for gaming and betting brands in Great Britain. The survey results revealed areas of strength and weakness in our brand portfolio.

	Mecca	Grosvenor Casinos	Blue Square
Awareness[1]	87%	44%	44%
Consideration[2]	17%	10%	5%
Action[3]	13%	7%	3%

Mecca scored highly for brand recognition (bettered only by national sports betting brands), reflecting the heritage of the brand, the national distribution of clubs and recent TV advertising. Conversion from awareness to action (visit to brand) was low with only one person in seven who had heard of the brand actually visiting one of its venues. We are addressing this through continued product and service improvements and through advertising designed to challenge preconceptions about the brand.

Grosvenor Casinos achieved a lower score for brand recognition. This is likely to reflect its more limited distribution, the effect of a historic advertising ban on casinos (eased in 2007) and an inconsistent approach to venue branding.

Grosvenor is in the process of applying consistent brand standards across all of its venues and making better use of club interiors and exteriors to generate awareness.

Blue Square achieved a low score for brand recognition, reflecting the relative youth of the brand and the absence of any venue-based distribution.

Blue Square announced a number of tie-ups with pub and sports bar operators (including Rileys, Walkabout and Stonegate Pubs), aimed at growing brand awareness and encouraging customers to use the brand's mobile apps to bet on live sports coverage.

[1] Awareness; percentage of respondents (who have gambled in the preceding twelve months) who are aware of the brand when prompted
[2] Consideration; percentage of respondents who would consider using a brand's products
[3] Action; percentage of respondents who have visited brand's premises/used brand products online

2. **Capital investment to extend the reach and broaden the distribution of our brands**

During 2011/12 we invested £50m of capital across the Group. More than 78% of this was deployed in our Grosvenor Casinos and Mecca clubs, enhancing existing venues and adding new ones. In addition, we developed innovative ways to extend the reach of our brands through digital channels.

Grosvenor Casinos – The modernisation and expansion of the Grosvenor Casinos estate is the primary component of the Group's growth strategy. Since its launch in 2006, the Grosvenor brand's 'G casino' format has proven successful in reaching out to a broader base of customers and generating significantly higher levels of profit than traditional provincial casinos.

	Venues operating	Average visits/week*	Average spend (£)/visit*	Average EBITDA (£'k)/week*
G casino format	19	3,766	31.35	33.7
Traditional provincial casino	12	2,508	30.52	19.2

* calculated on a like for like basis

This model is now the brand standard for Grosvenor and we are focused on rolling it out across the estate as well as into new local markets.

During 2011/12 we opened three new casinos under the Grosvenor brand – at Stockton-on-Tees, Didsbury in Manchester and New Brighton on Merseyside – at a capital cost of £14.1m.

At 30 June 2012 we operated 35 casino venues in Great Britain (incorporating 37 licences).

During 2012/13, we plan to open a further two new casinos – in Southend-on-Sea and Reading at a capital cost of £13.2m.

Mecca – the modernisation of the Mecca estate represents a major opportunity for Rank. The brand's clubs act as important social hubs in the communities they serve – and hold particular appeal for women. All of the brand's venues are licensed as bingo clubs (although many also have adult gaming centre licences on the premises as well), which allows for a broad range of gaming and non-gaming activities, including:

- low stake/high prize (unlimited jackpot) pari-mutuel gaming;
- unlimited number of slot machines;
- licensed bars and restaurants; and
- live music and entertainment.

The brand is part-way through a major programme of venue modernisation to enable Mecca clubs to deliver consistently high standards of gaming-based entertainment. During 2011/12, we invested £3.5m in venue enhancements.

Full House Destination – the Full House Destination club model was launched in 2009 with the aim of modernising the community gaming experience. The format features a lounge for electronic gaming and After Dark late night events, a large and attractive bar area, an extensive slots arcade and an outside terrace.

As with the G casino format, it has been successful in reaching out to a broader range of customers than traditional bingo clubs.

	Venues operating	Average visits/week*	Average spend (£)/visit*	Average EBITDA (£'k)/week*
Mecca Full House Destination	7	3,953	18.40	15.6
Traditional Mecca venue	90	2,732	16.41	9.9

* calculated on a like for like basis

In March 2012, we converted our club at Wood Green in north London to the Full House Destination format. Recognising that the level of capital investment in the early Full House Destination clubs had made it difficult to generate an adequate return, we carried out a cost-engineering exercise. As a consequence, the project to convert our Wood Green club cost £0.6m – or about 40% of the cost of previous conversions.

We have been encouraged by early trading at the venue and subject to further performance evaluations, plan to invest a further £2.8m in 2012/13 to upgrade an additional four clubs.

Full House Local – is an investment programme designed to upgrade traditional bingo clubs (often former cinemas) which are unsuitable for conversion to the Full House Destination format. These projects typically include internal and external décor refreshment, improvements to toilets and kitchen upgrades to enable cook-to-order food service.

During 2011/12, we invested £3.0m in upgrading 13 of these clubs. A further eight upgrades are planned in 2012/13 at an estimated cost of £2.0m.

At 30 June 2012, Mecca operated 97 branded venues, including seven under the Full House Destination format.

3. Multi-channel distribution of our brands

The development of established, trusted brands, distributed to suit customer preference is a key component of our strategy; and our ability to engage with customers in venue, online or on mobile is an important source of competitive advantage.

During the course of 2011/12, we achieved 1.2% growth in revenue from venues and 20.8% growth from digital media (online and mobile). The fastest growing channel of distribution was mobile media which increased revenue by 158% to £7.2m, with 30% of our customers in Great Britain playing with our brands on mobile devices.

Brand performances

During 2011/12, our two largest brands, Grosvenor Casinos and Mecca achieved growth in revenues.

Brand	**Revenue (£m)**	
	2011/12	2010/11
Grosvenor Casino	**261.8**	249.0
Mecca	**294.0**	282.6
Blue Square	**15.5**	15.6
Top Rank España	**29.2**	33.5

Grosvenor Casinos

Revenue from Grosvenor Casinos increased by 5.1% to £261.8m, with 98% generated by the brand's venues. Online and mobile revenues grew by 66.7% to £6.0m as a result of better in-venue promotion of the brand, product upgrades (including the launch of a new iPhone app) and an increase in marketing expenditure. Despite this growth, Grosvenor's digital casino remains subscale. We believe that closer integration between venues and digital channels is the key to realising the brand's multi-channel potential.

Mecca

Mecca brand revenue of £294.0m was 4.0% ahead of the prior year, with 81% generated in venues and 19% via digital channels. Online and mobile revenues grew by 24.6% to £56.2m as a result of sustained cross-channel marketing, product upgrades, the strength of the Mecca brand and a number of high profile advertising campaigns. As a consequence, Mecca is now one of the most popular and successful digital bingo brands in Great Britain.

For commentary on Blue Square (digital only) and Top Rank España (venues only) see the business review (pages 19 and 20).

Multi-channel progress

Brands	Multi-channel customers		% of total brand customers	
	2011/12	2010/11	**2011/12**	2010/11
Grosvenor Casinos	**7,247**	4,950	**0.6%**	0.4%
Mecca	**59,049**	54,302	**5.5%**	5.2%

During the year, 3.4% of our customers engaged with our brands both in our venues and through our digital channels. This rate of cross-over represented a 0.3 percentage point increase compared with 2010/11. Cross-over between Mecca's venues and digital channels increased by 0.3 percentage points to 5.5%; while Grosvenor's grew from 0.4% to 0.6%.

Enracha – a new brand for Spain

During 2012/13, Rank will develop enracha, a new brand for the Spanish gaming market. Initially, the brand will be distributed via licensed venues and a branded website. The first enracha venue is our Macoes club in Madrid, which underwent a major modernisation programme in 2011/12. The club now features a wide range of gaming, betting and entertainment amenities, including electronic poker, electronic roulette, jackpot slot machines, video bingo terminals, sports betting, bingo and a bar and restaurant. Against a difficult operating environment, the club has outperformed the market and the rest of our Spanish estate; and has proven successful in attracting a broader (and younger) customer base. During 2012/13 we plan to convert another two Top Rank España clubs to the enracha brand.

On 1 June 2012, Rank was awarded licences to operate online and mobile gaming in Spain. This has allowed Rank to establish a licensed brand website (www.enracha.es), offering a range of games, including traditional Spanish favourites, mus and chinchon, as well as roulette and poker. We expect to be able to offer bingo online from the third quarter of 2012/13. However, until online slot games are brought within the licensing regime, enracha.es is unlikely to make a material contribution to the Group's results.

Belgium – a new brand partner

The legalisation of online gaming exclusively for licensed (land-based) gaming companies in Belgium presented Rank, as the operator of two of the country's nine casinos, with a new opportunity for growth in that market. Given the complexity and cost of regulation in Belgium, we prefer a partnership approach rather than entering the market directly. On 14 August 2012, we agreed the terms of a strategic partnership with online sports betting operator Unibet to secure a licensed online casino for the Belgian market. This partnership remains subject to approval by the Belgian Gaming Commission.

Social networks – a new route to market

The increasing popularity of gaming via social networks represents both an opportunity and a challenge for Rank's brands. In response to customer demand, we intend to make a number of 'social games' available to play on Facebook during 2012/13. Nevertheless, whilst we are excited by the opportunity that these games represent for market growth, we remain concerned about the absence of regulation in this sector.

Business review

Grosvenor Casinos

Grosvenor Casinos has recorded a fourth successive year of revenue and operating profit growth. Total revenue is up 4.2% with a rise in like-for-like revenue of 3.9% on 2010/11 as the Grosvenor's venues continued to attract more customers and more customer visits.

	2011/12	2010/11	Change
Revenue* (£m)	**255.8**	245.4	4.2%
Like-for-like revenue	**3.9%**		
EBITDA (£m)**	**57.6**	50.7	13.6%
Operating profit (£m)**	**42.8**	38.6	10.9%
Operating margin	***16.7%***	*15.7%*	*1.0%*

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

A rise in revenue along with a disciplined approach to costs has driven operating profit up 10.9% to £42.8m. Employment costs and depreciation both increased as a result of the successful roll-out of the G casino format. All other costs increased at rates below the level of inflation.

Key performance indicators

	2011/12	2010/11	Change
Customers (000s)*	**1,193**	1,113	7.2%
Customer visits (000s)	**6,095**	5,742	6.1%
Spend per visit (£)	**41.97**	42.74	(1.8)%
Net promoter score	**47.8%**	41.7%	6.1%

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

Our estate modernisation programme and a sharpened focus on service excellence contributed to improved customer satisfaction, with a 6.1 percentage point increase in net promoter score. This in turn drove a 6.1% gain in customer visits; although spend per visit declined by 1.8% due to major player activity.

Regional analysis

	Customer visits (000s)		**Spend per visit (£)**		**Revenue* (£m)**		**Operating profit** (£m)**	
	2011/12	2010/11	**2011/12**	2010/11	**2011/12**	2010/11	**2011/12**	2010/11
London	**1,118**	1,059	**84.88**	90.56	**94.9**	95.9	**20.7**	18.3
Provinces	**4,647**	4,354	**31.33**	30.52	**145.6**	132.9	**22.8**	20.0
Belgium	**330**	329	**46.36**	50.46	**15.3**	16.6	**(0.7)**	0.3
Total	**6,095**	5,742	**41.97**	42.74	**255.8**	245.4	**42.8**	38.6

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

Revenue declined slightly in Grosvenor's London casinos despite continued growth in customer visits. Disciplined cost controls and a reduction in bad debts led to a 13.1% increase in operating profit. The brand's provincial estate benefited from the addition of three new casinos and the conversion of one existing venue to the 'G casino' format. Higher customer visits to Grosvenor's British casinos led to increases across all revenue streams.

Visits to our Belgian casinos rose slightly but the smoking ban (which caused a reduction in customer dwell time) and negative movements in the foreign exchange rate led to a 7.8% decline in revenue. We recorded an operating loss of £0.7m from our operations in Belgium, due principally to a rise in the amortisation charge.

Revenue analysis – Great Britain only

£m	2011/12	2010/11	Change
Casino games	**169.3**	162.3	4.3%
Gaming machines	**39.4**	36.9	6.8%
Card room games	**12.0**	11.5	4.3%
Food & drink/other	**19.8**	18.1	9.4%
Total	**240.5**	228.8	5.1%

Increasing customer visits in Grosvenor's casinos established in Great Britain meant that these casinos increased revenue in every category.

Mecca Bingo

The improvements to the quality of the services offered by Mecca's venues have prompted increases to our customers' spend per visit in the 12-month period ending 30 June 2012. As a result, total revenue has increased 0.1% during 2011/12. On a like-for-like basis (excluding the effect of three club closures) revenue increased by 2.0%.

	2011/12	2010/11	Change
Revenue* (£m)	**237.8**	237.5	0.1%
Like-for-like revenue	**2.0%**		
EBITDA (£m)**	**44.0**	44.4	(0.9)%
Operating profit (£m)**	**28.3**	29.9	(5.4)%
Operating margin	***11.9%***	*12.6%*	*(0.7)%*

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

Operating profit fell 5.4% because of a rise in taxes and duties, property costs (following rent reviews) and an increase in Mecca's depreciation charge. Mecca's controllable costs rose at sub-inflationary levels and the closure of three clubs meant that the Group's employment costs fell in comparison to 2010/11.

Key performance indicators

	2011/12	2010/11	Change
Customers (000s)*	**965**	924	4.4%
Customer visits (000s)	**14,407**	14,656	(1.7)%
Spend per visit (£)	**16.51**	16.20	1.9%
Net promoter score	**58.8%**	53.7%	5.1%

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

Improvements to Mecca's products and services along with investment in venue refurbishments attracted 4.4% more customers, who are predominantly under-35, and increased Mecca's customer satisfaction (measured by net promoter score) by 5.1% to 58.8%. Mecca's latest Full House Destination venue in Wood Green, converted at a capital cost of £0.6m, has performed well and we have plans to carry out four similar conversions to prove this concept over the next 12 months.

Revenue analysis

£m	**2011/12**	2010/11	Change
Main stage bingo	**41.5**	40.7	2.0%
Interval games	**104.9**	105.2	(0.3)%
Amusement machines	**65.2**	66.1	(1.4)%
Food & drink/other	**26.2**	25.5	2.7%
Total	**237.8**	237.5	0.1%

Over the last 12 months Mecca has completed the upgrade of its venues' food and beverage offering and has completed the introduction of Mecca Max tablet pcs in all of its venues. These initiatives, along with an improvement in the management of our bingo promotions, have seen revenue increases in mainstage bingo (up 2.0%) and food and drink (up 2.7%).

Rank Interactive

Rank Interactive, which is responsible for delivering Mecca, Grosvenor, Blue Square and enracha branded products online (including mobile devices), has delivered another strong performance this year with total revenue up 20.8% to £77.7m.

	2011/12	2010/11	Change
Revenue* (£m)	**77.7**	64.3	20.8%
EBITDA (£m)**	**15.4**	12.3	25.2%
Operating profit (£m)**	**10.5**	8.3	26.5%
Operating margin	***13.5%***	*12.9%*	*0.6%*

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

We continue to focus on driving the scale of our online presence so that it properly reflects the popularity of our brands. We will continue to build market share in this business by increasing our marketing investment, which has increased 26.2% compared to 2010/11.

Key performance indicators

	2011/12	2010/11	Change
Customers* (000s)	**326**	287	13.6%
Customer visits (000s)	**6,285**	5,290	18.8%
Spend per visit (£)	**12.36**	12.16	1.6%
Net promoter score	**17.1%**	17.6%	(0.5)%

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

Rank's brands continue to attract more customers (13.6%) and more customer visits (18.8%) via the online distribution channel. Sustained efforts to improve the quality of our brands' websites and increase in the number of games available online and on mobile applications has meant that the spend per visit has also increased, by 1.6%.

Revenue analysis

£m	**2011/12**	2010/11	Change
Bingo & games	**59.7**	48.1	24.1%
Sports betting	**8.4**	9.0	(6.7)%
Casino	**8.5**	5.7	49.1%
Poker	**1.1**	1.5	(26.7)%
Total	**77.7**	64.3	20.8%

Meccabingo.com has continued to perform strongly in the period driving much of the 24.1% increase in bingo and games revenue. Sports betting revenue decreased 6.7% because of a drop in stakes. Grosvenorcasinos.com's casino products benefited from support from more consistent promotion in Grosvenor's venues and led to an increase in revenue of 49.1% to £5.7m. Poker income has fallen 26.7% because of increasing competition in this segment of the market.

Top Rank España

Trading at Top Rank España was negatively affected by the introduction of the smoking ban in January 2011. This meant revenue was down 12.8% on 2010/2011. Despite several cost reduction initiatives, which meant costs fell £1.7m compared to 2010/11, Top Rank España's operating profit was reduced by 65.0% compared to 2010/11, to £1.4m.

	2011/12	2010/11	Change
Revenue (£m)	**29.2**	33.5	(12.8)%
Revenue (€m)	**34.5**	38.9	(11.3)%
EBITDA* (£m)	**3.8**	6.6	(42.4)%
Operating profit* (£m)	**1.4**	4.0	(65.0)%
Operating margin	***4.8%***	*11.9%*	*(7.1)%*

* before exceptional items

Key performance indicators

	2011/12	2010/11	Change
Customers* (000s)	**305**	319	(4.4)%
Customer visits (000s)	**2,049**	2,207	(7.2)%
Spend per visit (£)	**14.25**	15.18	(6.1)%
Net promoter score	**75.8%**	49.0%	26.8%

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

Customer satisfaction, measured by net promoter score, has responded positively to the investment in refreshed menus, upgraded amusement machines and the provision of facilities for smokers, up 26.8% on last year's score.

Revenue analysis

£m	**2011/12**	2010/11	Change
Bingo	**17.1**	20.7	(17.4)%
Amusement machines	**9.3**	9.3	-
Food & drink/other	**2.8**	3.5	(20.0)%
Total	**29.2**	33.5	(12.8)%

Bingo and food and drink revenue declined in the 12-month period ended 30 June 2012 compared to last year because of a fall in customer visits and dwell time. Liberalisation of the amusement machine legislation means that we were able to improve the quality of the amusement machines deployed throughout our Spanish clubs. As a consequence amusement machine income is in line with 2010/11.

Statutory reporting

The table below shows the performance of Rank's business segments in the statutory periods.

£m	Revenue*		EBITDA**		Operating profit**	
	FY12	FY10	**FY12**	FY10	**FY12**	FY10
Grosvenor Casinos	**379.2**	238.6	**84.6**	46.0	**63.0**	36.0
Mecca Bingo	**359.5**	234.5	**67.8**	43.0	**44.5**	29.7
Rank Interactive	**111.7**	57.7	**20.2**	11.4	**13.2**	7.9
Top Rank España	**44.1**	37.0	**5.3**	9.5	**1.6**	6.8
Central costs			**(25.7)**	(17.6)	**(27.3)**	(18.4)
Group	**894.5**	567.8	**152.2**	92.3	**95.0**	62.0

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

KEY RESULTS
(from continuing operations)

	18 months to 30 June 2012	12 months to 31 Dec 2010	**12 months to 30 June 2012 (unaudited)**	12 months to 30 June 2011 (unaudited)
Group revenue	**£894.5m**	£567.8m	**£600.5m**	£580.7m
Group statutory revenue[1]	**£854.9m**	£544.5m	**£572.9m**	£556.9m
Operating profit:				
- before exceptional items	**£95.0m**	£62.0m	**£65.5m**	£62.9m
- after exceptional items	**£143.1m**	£75.4m	**£45.6m**	£106.8m
Adjusted net interest payable (note 4)	**£(7.2)m**	£(6.8)m	**£(4.0)m**	£(6.5)m
Adjusted profit before taxation[2]	**£87.8m**	£55.2m	**£61.5m**	£56.4m
Profit before taxation:				
- before exceptional items	**£87.0m**	£54.5m	**£60.6m**	£56.6m
- after exceptional items	**£216.1m**	£73.5m	**£40.8m**	£181.4m
Profit after taxation:				
- before exceptional items	**£61.5m**	£38.2m	**£44.1m**	£38.1m
- after exceptional items	**£164.1m**	£48.9m	**£28.3m**	£136.1m
Basic earnings per share:				
- before exceptional items	**15.8p**	9.8p	**11.3p**	9.8p
- after exceptional items	**43.0p**	13.7p	**7.2p**	36.5p
Adjusted earnings per share (note 7)	**16.2p**	10.2p	**11.6p**	10.2p
Dividend per share	**4.60p**	2.40p	**3.60p**	2.66p
Group EBITDA before exceptional items[3]	**£152.2m**	£92.3m	**£104.4m**	£97.0m
Net cash (debt) (note 9)	**£41.8m**	£(123.4)m	**£41.8m**	£37.2m
Net (cash) debt to EBITDA ratio[4]	**(0.4)**	1.3	**(0.4)**	(0.4)
Weighted average number of ordinary shares in issue (basic)	**390.3m**	389.5m	**390.6m**	389.6m

1. Statutory revenue is stated after adjustment for free bets, promotions and customer bonuses.
2. Adjusted profit before taxation is calculated by adjusting profit from continuing operations before taxation to exclude exceptional items, the unwinding of discount in disposal provisions and other financial gains or losses.
3. Group operating profit before depreciation and amortisation.
4. Rolling 12 month EBITDA.

Accounting reference date change

The Group changed its accounting reference date from 31 December to 30 June on 21 October 2011. This brings the Group's financial year end in line with its majority shareholder, Guoco Group Limited.

The financial information therefore covers the 18-month period ending 30 June 2012. Thereafter, interim and annual reports will be published each year, for the six months to 31 December and 12 months to 30 June.

Key results
Group revenue in the 18 months ended 30 June 2012 was £894.5m compared to £567.8m in the 12 months ended 31 December 2010. Group operating profit before exceptional items was £95.0m compared to £62.0m in the 12 months ended 31 December 2010.

On the new 12-month accounting calendar of 1 July to 30 June, Group revenue for the 12 months to 30 June 2012 from continuing operations rose by 3.4% to £600.5m, whilst Group operating profit before exceptional items of £65.5m was £2.6m higher than the 12 months to 30 June 2011. References here, and below, to the 12-month periods ended 30 June are unaudited.

The growth in Group revenue and Group operating profit before exceptional items in both periods reflected strong performance from our UK businesses. This was partly negated by the introduction of smoking bans and difficult economic conditions in Spain and Belgium.

Adjusted net interest payable for the 12 months to 30 June 2012 fell by 38.5%, reflecting the Group's net cash position following the receipt of VAT refunds in March 2011.

Adjusted Group profit before taxation for the 12 months to 30 June 2012 increased by £5.1m to £61.5m, reflecting the combination of operating profit growth and lower net interest payable.

A detailed review of the results for the 12 months to 30 June 2012 on a divisional basis is included in the business review.

The Group's effective tax rate for the 12 months to 30 June 2012 was 26.3% (12 months to 30 June 2011: 29.4%).

The increase in adjusted pre-tax profits contributed to growth in adjusted earnings per share in the 12-month period to 30 June from 10.2p to 11.6p. The weighted average number of ordinary shares was marginally up from the previous 12-month period.

Dividends
The Group is committed to a policy of paying out a progressively higher ratio of earnings in dividends, taking into consideration both the Group's capital investment requirements and the stability of the wider economic environment. A final dividend of 1.66 pence per share for 2010 was paid on 4 May 2011.

For the 18-month period ended 30 June 2012 a first interim dividend of 1.00 pence per share was paid on 12 September 2011 and a second interim dividend of 1.10 pence per share was paid on 29 March 2012. A final dividend for the 18-month period ended 30 June 2012 of 2.50 pence per share has been recommended to be paid on 31 October 2012 to shareholders on the register at 31 August 2012.

Exceptional items

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

	18 months to 30 June 2012	12 months to 31 Dec 2010	**12 months to 30 June 2012 (unaudited)**	12 months to 30 June 2011 (unaudited)
	£m	£m	**£m**	£m
Grosvenor Casinos	**(2.5)**	(3.6)	**(1.0)**	(9.1)
Mecca Bingo	**73.9**	31.0	**(5.0)**	75.2
Rank Interactive	**(1.8)**	-	**(1.8)**	-
Top Rank España	**(15.9)**	(1.4)	**(10.8)**	(5.3)
Central	**(5.6)**	(12.6)	**(1.3)**	(16.9)
Continuing operations before financing and taxation	**48.1**	13.4	**(19.9)**	43.9
Finance income	**81.0**	5.6	**0.1**	80.9
Taxation	**(26.5)**	(8.3)	**4.0**	(26.8)
Exceptional items relating to continuing operations	**102.6**	10.7	**(15.8)**	98.0
Discontinued operations	**3.4**	4.3	**(0.2)**	6.1
Total exceptional items	**106.0**	15.0	**(16.0)**	104.1

The key exceptional items for the 18-month period ended 30 June 2012 are detailed below by business.

Grosvenor Casinos incurred an exceptional cost of £2.3m following the decision to close the Connoisseur casino in London, a casino in Manchester and the Liverpool E-casino. In addition, Grosvenor Casinos recognised a net impairment charge of £0.8m, which included the impairment of the Liverpool E-casino. A release of £0.6m from the provision for onerous leases was also made following the favourable settlement of a number of lease obligations arising from previously closed clubs.

The Group received £81.9m from HMRC in refunds on overpaid VAT on main stage and interval bingo revenue. After costs, this resulted in an exceptional profit of £79.5m in Mecca Bingo. The Group also received £80.9m of interest in respect of the refunds. In addition, Mecca Bingo recognised an increase in onerous lease provisions of £6.6m, net impairment reversals of £1.7m and a £0.7m exceptional cost associated with the closure of six clubs in Norwich, Southampton, Edinburgh, Wallsend, Great Yarmouth and Sheffield. The increase in onerous lease provisions of £6.6m includes a £3.1m charge resulting from a reduction in the risk free rate used to discount existing onerous lease provisions, a £1.0m charge for residual lease obligations following the club closures outlined above and the balance in respect of reductions in expected income.

Rank Interactive's investment in the development of its online Spanish gaming brand enracha, has been fully impaired by £1.8m as legislation has not developed as anticipated.

Top Rank España incurred £1.2m in redundancy costs following the continued restructuring of operations. Also, following the introduction of a complete smoking ban at the start of 2011 and the continued difficult economic conditions in Spain, an impairment charge of £14.7m has been recognised. It is possible that further impairment charges may be required if the future performance of individual bingo clubs is not in line with expectations.

The net exceptional charge in central costs of £5.6m comprises £4.3m relating to professional fees and other related costs for the response to the Guoco Group Limited offer for the Group, £5.0m on the costs incurred by 30 June 2012 in respect of the proposed acquisition of Gala Casinos and a £1.7m charge arising from the reduction in the risk free rate used to discount onerous lease provisions. These are offset by a £5.4m exceptional credit following the refund of VAT previously paid on the disposal of the Group's defined benefit scheme in 2008. The Group also received £0.1m of interest in respect of the refund.

The net exceptional profit from discontinued businesses of £3.4m includes the receipt of VAT (net of costs) and associated interest following successful Conde Nast/Fleming claims relating to businesses no longer owned by the Group.

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

Cash flow and net cash (debt)

	18 months to 30 June 2012	12 months to 31 Dec 2010	**12 months to 30 June 2012 (unaudited)**	12 months to 30 June 2011 (unaudited)
	£m	£m	**£m**	£m
Continuing operations				
Cash inflow from operations	**153.3**	93.1	**108.5**	97.5
Capital expenditure	**(71.5)**	(50.2)	**(49.6)**	(45.0)
Fixed asset disposals	**0.8**	0.1	**0.2**	0.7
Operating cash inflow	**82.6**	43.0	**59.1**	53.2
Net acquisitions and disposals	**(0.2)**	0.8	**(0.1)**	0.8
Net cash receipts in respect of provisions and exceptional items	**64.9**	26.4	**(12.8)**	66.7
	147.3	70.2	**46.2**	120.7
Net interest and tax receipts	**44.9**	0.7	**(35.6)**	77.2
Dividends paid	**(14.7)**	(8.1)	**(8.2)**	(9.3)
Purchase of own shares	**(3.4)**	-	**-**	(3.4)
New finance leases	**(9.2)**	(1.4)	**(0.7)**	(9.9)
Other (including foreign exchange translation)	**0.3**	2.0	**2.9**	(4.7)
Net movement	**165.2**	63.4	**4.6**	170.6
Opening net (debt) cash	**(123.4)**	(186.8)	**37.2**	(133.4)
Closing net cash (debt)	**41.8**	(123.4)	**41.8**	37.2

At the end of June 2012, net cash was £41.8m compared with net debt of £123.4m at the end of December 2010. The net cash comprised cash at bank and in hand of £72.5m offset by £9.1m in fixed rate Yankee bonds, £18.7m in finance leases and £2.9m in bank overdrafts.

Financial structure and liquidity

In January 2012, the Group signed new five-year facilities with its relationship banks totalling £80.0m which will mature in 2017. These replaced the £200.0m revolving credit facility which had been due to mature in April 2012. The new facilities require the maintenance of a minimum ratio of earnings before interest, tax, depreciation and amortisation ('EBITDA') to net interest payable and a maximum ratio of net debt to EBITDA, both of which are tested bi-annually at June and December. The Group has always fully complied with its banking covenants.

The Group repaid its previous £100.0m term loan facility in two instalments, repaying £65.0m in April 2011 and the final £35.0m in May 2011. The remaining drawings on the previous multi-currency revolving credit facility were repaid in January 2012. Following repayment of the previous financing, the Group currently has no drawings on its new facilities and continues to maintain a net cash position.

The Group announced on 12 May 2012 that it had conditionally agreed to acquire Gala Casinos from Gala Coral Group Limited for a total cash consideration of £205.0m. The Group intends to finance the acquisition, along with its related costs and expenses with new three year bank facilities totalling £175.0m together with existing bank facilities.

The Group treasury function sets counterparty limits for the lending banks with which it trades and regularly monitors their credit ratings to minimise risk of financial loss.

Capital expenditure

	18 months to 30 June 2012	12 months to 31 Dec 2010	**12 months to 30 June 2012 (unaudited)**	12 months to 30 June 2011 (unaudited)
	£m	£m	**£m**	£m
Cash:				
Grosvenor Casinos	**35.4**	19.4	**26.8**	14.5
Mecca Bingo	**19.3**	21.2	**12.0**	19.0
Rank Interactive	**9.7**	6.2	**7.9**	6.9
Top Rank España	**5.1**	1.9	**1.4**	3.3
Central	**2.0**	1.5	**1.5**	1.3
Total	**71.5**	50.2	**49.6**	45.0
Finance leases:				
Grosvenor Casinos	**8.2**	-	**-**	8.2
Mecca Bingo	**1.0**	1.4	**0.7**	1.7
Total	**9.2**	1.4	**0.7**	9.9
Total capital expenditure	**80.7**	51.6	**50.3**	54.9

During the 18-month period to 30 June 2012, the Group’s capital expenditure totalled £71.5m (before expenditure relating to finance leases). Of this, 77% was invested in extending the reach and broadening the appeal of Rank’s two largest businesses, Grosvenor Casinos and Mecca Bingo.

Grosvenor Casinos spent £17.0m on the development of the G Casino format at new sites, including the three new G Casinos opened during the period at Stockton-on-Tees, Didsbury (South Manchester) and New Brighton. A further £4.5m was invested in converting existing casinos at Cardiff, Plymouth and Walsall to the G Casino format. In addition, £3.7m was spent on refurbishment of other casinos and £0.5m on the opening of “Games at the Vic”, a new slots venue at the Victoria casino in London. The balance of the expenditure included £3.4m on gaming equipment, £1.4m on development of the Play Points loyalty programme, £0.5m on energy saving initiatives and the balance on other minor capital works.

Capital expenditure for Mecca Bingo comprised £6.2m on club refurbishments, including £0.6m on conversion of the club at Wood Green to the Full House Destination concept. A further £3.6m was spent on new mobile gaming terminals, £1.3m on improving our food and drink offer, £1.2m on energy saving initiatives, £1.1m on mechanised cash bingo, £0.8m on smoking shelters and the balance on other capital works.

Rank Interactive spent £6.4m on UK website development, including tablet and social gaming development. A further £1.9m was spent on computer equipment, £0.9m on international development and the balance on other minor capital items.

Top Rank España spent £2.3m on the re-development of the Macoes club in Madrid, £1.3m on other refurbishment works including expenditure in response to the introduction of the smoking ban and the balance on other capital works.

In addition to the amounts outlined above the Group entered into £9.2m of new finance leases, in respect of amusement machines.

Capital commitments at 30 June 2012 were £1.5m.

It is anticipated that capital investment in the next financial year will be approximately £55m, following the continued success of our investments in G Casinos. Expenditure will remain phased and dependent on operating performance, which will allow quick reductions in the overall level of capital expenditure should business conditions deteriorate. The commitments to the new G Casinos at Southend-on-Sea and Reading, along with the conversion of Portsmouth to the G Casino format are not affected by this policy.

Financial risk

The Group's financial risk management strategy focuses on the minimisation of risks for the Group. The Group's funding, foreign exchange, liquidity, counterparty and interest rate risks are managed by the Group's treasury department in accordance with approved policies and are subject to internal audit review. All significant financing transactions and treasury policies are authorised by the board of directors. Implementation of these policies is closely managed by the finance director and the group treasury manager. The treasury function is not run as a profit centre.

The key financial risks impacting the Group are liquidity risk, foreign exchange risk, interest rate risk and credit risk. Further details are outlined below:

i) Liquidity risk

Liquidity risk is the risk that cash may not be available to pay obligations when they fall due. Quarterly cash flow forecasts are prepared which identify the requirements of the Group and these are regularly updated to ensure sufficient financial headroom exists for at least 12 months. This is coupled with a regular review of medium-term funding requirements which, in particular, are updated alongside the Group's strategic plan process. The Group negotiated new finance facilities in January 2012 which mitigate the liquidity risk it may face. Further details are provided in the financial structure and liquidity section above.

ii) Foreign exchange risk

The Group is also exposed to movements in foreign currency exchange rates in respect of the translation of net assets and income statements of overseas subsidiaries. Following the repayment of the remaining drawings on the previous multi-currency revolving credit facility in January 2012, the Group does not hedge the translation effect of exchange rate movements on the net assets or income statement of overseas subsidiaries it regards as long-term investments.

iii) Interest rate risk

The Group primarily finances itself through bank facilities and the public debt market. The bank facilities are at floating interest rates. The Group also has US $14.3m of public bonds outstanding, which mature in 2018. Currently the Group has an insignificant exposure to changes in interest rates following the repayment of the multi-currency revolving credit facility in January 2012.

iv) Credit risk

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

Group Financial Information

Group Income Statement

For the 18 months ended 30 June 2012 and 12 months ended 31 December 2010

	18 months ended 30 June 2012			12 months ended 31 December 2010		
	Before exceptional items £m	**Exceptional items (note 3) £m**	**Total £m**	Before exceptional items £m	Exceptional items (note 3) £m	Total £m
Continuing operations						
Revenue before adjustment for free bets, promotions and customer bonuses	894.5	-	894.5	567.8	-	567.8
Free bets, promotions and customer bonuses	(39.6)	-	(39.6)	(23.3)	-	(23.3)
Revenue	**854.9**	**-**	**854.9**	544.5	-	544.5
Cost of sales	**(462.5)**	**-**	**(462.5)**	(296.1)	-	(296.1)
Gross profit	**392.4**	**-**	**392.4**	248.4	-	248.4
Other operating costs	**(297.4)**	**(36.8)**	**(334.2)**	(186.4)	(25.1)	(211.5)
Other operating income	**-**	**84.9**	**84.9**	-	38.5	38.5
Group operating profit	**95.0**	**48.1**	**143.1**	62.0	13.4	75.4
Financing:						
– finance costs	**(8.5)**	**-**	**(8.5)**	(7.5)	-	(7.5)
– finance income	**0.9**	**81.0**	**81.9**	0.5	5.6	6.1
– other financial losses	**(0.4)**	**-**	**(0.4)**	(0.5)	-	(0.5)
Total net financing (charge) income	**(8.0)**	**81.0**	**73.0**	(7.5)	5.6	(1.9)
Profit before taxation	**87.0**	**129.1**	**216.1**	54.5	19.0	73.5
Taxation	**(25.5)**	**(26.5)**	**(52.0)**	(16.3)	(8.3)	(24.6)
Profit for the period from continuing operations	**61.5**	**102.6**	**164.1**	38.2	10.7	48.9
Discontinued operations	**-**	**3.4**	**3.4**	-	4.3	4.3
Profit for the period	**61.5**	**106.0**	**167.5**	38.2	15.0	53.2
Attributable to:						
Equity holders of the parent	**61.5**	**106.0**	**167.5**	38.2	15.0	53.2
Earnings per share attributable to equity shareholders						
– basic	**15.8p**	**27.2p**	**43.0p**	9.8p	3.9p	13.7p
– diluted	**15.7p**	**27.2p**	**42.9p**	9.8p	3.8p	13.6p
Earnings per share – continuing operations						
– basic	**15.8p**	**26.3p**	**42.1p**	9.8p	2.8p	12.6p
– diluted	**15.7p**	**26.3p**	**42.0p**	9.8p	2.7p	12.5p
Earnings per share – discontinued operations						
– basic	**-**	**0.9p**	**0.9p**	-	1.1p	1.1p
– diluted	**-**	**0.9p**	**0.9p**	-	1.1p	1.1p

Group Income Statement

For the 12 months ended 30 June 2012 and 12 months ended 30 June 2011

	12 months ended 30 June 2012 (Unaudited)			12 months ended 30 June 2011 (Unaudited)		
	Before exceptional items £m	**Exceptional items (note 3) £m**	**Total £m**	Before exceptional items £m	Exceptional items (note 3) £m	Total £m
Continuing operations						
Revenue before adjustment for free bets, promotions and customer bonuses	600.5	-	600.5	580.7	-	580.7
Free bets, promotions and customer bonuses	(27.6)	-	(27.6)	(23.8)	-	(23.8)
Revenue	**572.9**	**-**	**572.9**	556.9	-	556.9
Cost of sales	**(310.4)**	**-**	**(310.4)**	(301.5)	-	(301.5)
Gross profit	**262.5**	**-**	**262.5**	255.4	-	255.4
Other operating costs	**(197.0)**	**(24.5)**	**(221.5)**	(192.5)	(36.2)	(228.7)
Other operating income	**-**	**4.6**	**4.6**	-	80.1	80.1
Group operating profit (loss)	**65.5**	**(19.9)**	**45.6**	62.9	43.9	106.8
Financing:						
– finance costs	**(4.9)**	**-**	**(4.9)**	(7.3)	-	(7.3)
– finance income	**0.6**	**0.1**	**0.7**	0.6	80.9	81.5
– other financial (losses) gains	**(0.6)**	**-**	**(0.6)**	0.4	-	0.4
Total net financing (charge) income	**(4.9)**	**0.1**	**(4.8)**	(6.3)	80.9	74.6
Profit (loss) before taxation	**60.6**	**(19.8)**	**40.8**	56.6	124.8	181.4
Taxation	**(16.5)**	**4.0**	**(12.5)**	(18.5)	(26.8)	(45.3)
Profit (loss) for the year from continuing operations	**44.1**	**(15.8)**	**28.3**	38.1	98.0	136.1
Discontinued operations	**-**	**(0.2)**	**(0.2)**	-	6.1	6.1
Profit (loss) for the year	**44.1**	**(16.0)**	**28.1**	38.1	104.1	142.2
Attributable to:						
Equity holders of the parent	**44.1**	**(16.0)**	**28.1**	38.1	104.1	142.2
Earnings (loss) per share attributable to equity shareholders						
– basic	**11.3p**	**(4.1)p**	**7.2p**	9.8p	26.7p	36.5p
– diluted	**11.3p**	**(4.1)p**	**7.2p**	9.8p	26.5p	36.3p
Earnings (loss) per share – continuing operations						
– basic	**11.3p**	**(4.0)p**	**7.3p**	9.8p	25.2p	35.0p
– diluted	**11.3p**	**(4.0)p**	**7.3p**	9.8p	25.0p	34.8p
Earnings (loss) per share – discontinued operations						
– basic	**-**	**(0.1)p**	**(0.1)p**	-	1.5p	1.5p
– diluted	**-**	**(0.1)p**	**(0.1)p**	-	1.5p	1.5p

Group Statement of Comprehensive Income

For the 18 months ended 30 June 2012 and 12 months ended 31 December 2010

	18 months ended 30 June 2012 £m	12 months ended 31 December 2010 £m
Comprehensive income:		
Profit for the period	**167.5**	53.2
Other comprehensive income:		
Exchange adjustments net of tax	**(1.1)**	(0.6)
Actuarial loss on retirement benefits net of tax	**(0.5)**	-
Total comprehensive income for the period	**165.9**	52.6
Attributable to:		
Equity holders of the parent	**165.9**	52.6

Group Statement of Changes in Equity

For the 18 months ended 30 June 2012 and 12 months ended 31 December 2010

	Share capital £m	Share premium £m	Capital redemption reserve £m	Exchange translation reserve £m	Retained earnings (losses) £m	Total £m
At 1 January 2010	54.2	98.2	33.4	15.1	(169.5)	31.4
Comprehensive income:						
Profit for the year	-	-	-	-	53.2	53.2
Other comprehensive income:						
Exchange adjustments net of tax	-	-	-	(0.6)	-	(0.6)
Total comprehensive (expense) income for the year	-	-	-	(0.6)	53.2	52.6
Transactions with owners:						
Dividends paid to equity holders	-	-	-	-	(8.1)	(8.1)
Release of accrual for unclaimed dividends	-	-	-	-	0.4	0.4
Credit in respect of employee share schemes	-	-	-	-	1.4	1.4
At 31 December 2010	**54.2**	**98.2**	**33.4**	**14.5**	**(122.6)**	**77.7**
Comprehensive income:						
Profit for the period	**-**	**-**	**-**	**-**	**167.5**	**167.5**
Other comprehensive income:						
Exchange adjustments net of tax	**-**	**-**	**-**	**(1.1)**	**-**	**(1.1)**
Actuarial loss on retirement benefits net of tax	**-**	**-**	**-**	**-**	**(0.5)**	**(0.5)**
Total comprehensive (expense) income for the period	**-**	**-**	**-**	**(1.1)**	**167.0**	**165.9**
Transactions with owners:						
Shares issued	**-**	**0.1**	**-**	**-**	**-**	**0.1**
Dividends paid to equity holders	**-**	**-**	**-**	**-**	**(14.7)**	**(14.7)**
Purchase of own shares	**-**	**-**	**-**	**-**	**(3.4)**	**(3.4)**
Credit in respect of employee share schemes including tax	**-**	**-**	**-**	**-**	**2.4**	**2.4**
At 30 June 2012	**54.2**	**98.3**	**33.4**	**13.4**	**28.7**	**228.0**

Group Balance Sheet
At 30 June 2012 and 31 December 2010

	As at 30 June 2012 £m	As at 31 December 2010 £m
Assets		
Non-current assets		
Intangible assets	**153.7**	167.4
Property, plant and equipment	**217.8**	203.0
Deferred tax assets	**3.5**	22.1
Other receivables	**3.9**	2.1
	378.9	394.6
Current assets		
Inventories	**3.1**	3.4
Other receivables	**30.7**	27.0
Income tax receivable	**0.1**	0.2
Cash and short-term deposits	**72.5**	74.0
	106.4	104.6
Held for sale assets	**1.9**	-
Total assets	**487.2**	499.2
Liabilities		
Current liabilities		
Trade and other payables	**(100.4)**	(98.0)
Income tax payable	**(31.3)**	(28.5)
Financial liabilities – loans and borrowings	**(6.3)**	(8.1)
Provisions	**(6.8)**	(6.8)
	(144.8)	(141.4)
Net current liabilities	**(38.4)**	(36.8)
Non-current liabilities		
Trade and other payables	**(0.1)**	(0.2)
Income tax payable	**(39.1)**	(35.6)
Financial liabilities – loans and borrowings	**(24.6)**	(189.4)
Deferred tax liabilities	**(1.1)**	(6.1)
Provisions	**(46.1)**	(45.8)
Retirement benefit obligations	**(3.4)**	(3.0)
	(114.4)	(280.1)
Total liabilities	**(259.2)**	(421.5)
Net assets	**228.0**	77.7
Capital and reserves attributable to the Company's equity shareholders		
Share capital	**54.2**	54.2
Share premium	**98.3**	98.2
Capital redemption reserve	**33.4**	33.4
Exchange translation reserve	**13.4**	14.5
Retained earnings (losses)	**28.7**	(122.6)
Total shareholders' equity	**228.0**	77.7

Group Cash Flow Statement

For the 18 months ended 30 June 2012 and 12 months ended 31 December 2010

	18 months ended 30 June 2012 £m	12 months ended 31 December 2010 £m
Cash flows from operating activities		
Cash generated from operations	**218.2**	119.5
Interest received	**84.7**	6.6
Interest paid	**(5.6)**	(5.1)
Tax paid	**(31.5)**	(0.8)
Net cash from operating activities	**265.8**	120.2
Cash flows from investing activities		
Acquisition of businesses including deferred consideration	**(0.2)**	(0.1)
Disposal of business	**-**	0.9
Purchase of intangible assets	**(10.5)**	(6.8)
Purchase of property, plant and equipment	**(61.0)**	(43.4)
Proceeds from sale of property, plant and equipment	**0.8**	0.1
Net cash used in investing activities	**(70.9)**	(49.3)
Cash flows from financing activities		
Dividends paid to equity holders	**(14.7)**	(8.1)
Purchase of own shares	**(3.4)**	-
Proceeds from issue of shares	**0.1**	-
Repayment of Sterling borrowings	**(100.0)**	-
Repayment of syndicated facilities	**(68.1)**	(50.9)
Payment of facility arrangement fees	**(2.7)**	-
Finance lease principal payments	**(3.6)**	(1.0)
Net cash used in financing activities	**(192.4)**	(60.0)
Net increase in cash, cash equivalents and bank overdrafts	**2.5**	10.9
Effect of exchange rate changes	**(0.4)**	(0.2)
Cash and cash equivalents at start of period	**67.5**	56.8
Cash and cash equivalents at end of period	**69.6**	67.5

1. General information, basis of preparation and accounting policies

General information

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 Statesman House, Stafferton Way, Maidenhead, Berkshire, SL6 1AY.

This condensed consolidated financial information was approved for issue on 16 August 2012.

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 18 months ended 30 June 2012 were approved by the board of directors on 16 August 2012, but has not yet been delivered to the Registrar of Companies. The report of the auditors on those accounts was unqualified, did not contain an emphasis of matter paragraph and did not contain a statement made under Section 498 of the Companies Act 2006. The statutory accounts for 2010 have been delivered to the Registrar of Companies.

On 21 October 2011, the Company changed its accounting reference date to 30 June by extending the current accounting period to 18 months to cover the period from 1 January 2011 to 30 June 2012.

Basis of preparation

The financial information attached has been extracted from the audited financial statements for the 18 months ended 30 June 2012, with the exception of the unaudited comparatives provided for the 12 months ended 30 June 2012 and 30 June 2011. The financial information has been prepared in accordance with IFRS as adopted by the European Union.

Going concern

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

Accounting policies

Except as described below, the accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2010, as described in those annual financial statements.

The following new standards, amendments and interpretations to standards are mandatory for the first time for the financial period beginning 1 January 2011.

- IAS 24 Related Party Disclosures (Amendment)
- IAS 32 Financial Instruments: Presentation – Classification of Rights Issues (Amendment)
- IFRIC 13 Customer Loyalty Programmes (Determining the fair value of credit awards)
- IFRIC 14 Prepayments of a Minimum Funding Requirement (Amendment)
- IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments
- Improvements to IFRSs (issued May 2010)

The Group has not been materially impacted by the adoption of any of these standards, amendments or interpretations. The Group has not early adopted any other standard, amendment or interpretation that was issued but is not yet effective.

2. Segment information – continuing operations

	18 months ended 30 June 2012					
	Grosvenor Casinos £m	**Mecca Bingo £m**	**Rank Interactive £m**	**Top Rank España £m**	**Central costs £m**	**Total £m**
Continuing operations						
Group revenue reported in internal information	**379.2**	**359.5**	**111.7**	**44.1**	**-**	**894.5**
Free bets, promotions and customer bonuses	**(2.5)**	**(22.1)**	**(15.0)**	**-**	**-**	**(39.6)**
Segment revenue	**376.7**	**337.4**	**96.7**	**44.1**	**-**	**854.9**
Operating profit (loss) before exceptional items	**63.0**	**44.5**	**13.2**	**1.6**	**(27.3)**	**95.0**
Exceptional operating (loss) profit	**(2.5)**	**73.9**	**(1.8)**	**(15.9)**	**(5.6)**	**48.1**
Segment result	**60.5**	**118.4**	**11.4**	**(14.3)**	**(32.9)**	**143.1**
Finance costs						**(8.5)**
Finance income						**81.9**
Other financial losses						**(0.4)**
Profit before taxation						**216.1**
Taxation						**(52.0)**
Profit for the period from continuing operations						**164.1**

	12 months ended 31 December 2010					
	Grosvenor Casinos £m	Mecca Bingo £m	Rank Interactive £m	Top Rank España £m	Central costs £m	Total £m
Continuing operations						
Group revenue reported in internal information	238.6	234.5	57.7	37.0	-	567.8
Free bets, promotions and customer bonuses	(1.0)	(13.7)	(8.6)	-	-	(23.3)
Segment revenue	237.6	220.8	49.1	37.0	-	544.5
Operating profit (loss) before exceptional items	36.0	29.7	7.9	6.8	(18.4)	62.0
Exceptional operating (loss) profit	(3.6)	31.0	-	(1.4)	(12.6)	13.4
Segment result	32.4	60.7	7.9	5.4	(31.0)	75.4
Finance costs						(7.5)
Finance income						6.1
Other financial losses						(0.5)
Profit before taxation						73.5
Taxation						(24.6)
Profit for the period from continuing operations						48.9

2. Segment information – continuing operations (continued)

	12 months ended 30 June 2012 (unaudited)					
	Grosvenor Casinos £m	**Mecca Bingo £m**	**Rank Interactive £m**	**Top Rank España £m**	**Central costs £m**	**Total £m**
Continuing operations						
Group revenue reported in internal information	**255.8**	**237.8**	**77.7**	**29.2**	**-**	**600.5**
Free bets, promotions and customer bonuses	**(1.9)**	**(15.2)**	**(10.5)**	**-**	**-**	**(27.6)**
Segment revenue	**253.9**	**222.6**	**67.2**	**29.2**	**-**	**572.9**
Operating profit (loss) before exceptional items	**42.8**	**28.3**	**10.5**	**1.4**	**(17.5)**	**65.5**
Exceptional operating loss	**(1.0)**	**(5.0)**	**(1.8)**	**(10.8)**	**(1.3)**	**(19.9)**
Segment result	**41.8**	**23.3**	**8.7**	**(9.4)**	**(18.8)**	**45.6**
Finance costs						**(4.9)**
Finance income						**0.7**
Other financial losses						**(0.6)**
Profit before taxation						**40.8**
Taxation						**(12.5)**
Profit for the period from continuing operations						**28.3**

	12 months ended 30 June 2011 (unaudited)					
	Grosvenor Casinos £m	Mecca Bingo £m	Rank Interactive £m	Top Rank España £m	Central costs £m	Total £m
Continuing operations						
Group revenue reported in internal information	245.4	237.5	64.3	33.5	-	580.7
Free bets, promotions and customer bonuses	(1.0)	(13.8)	(9.0)	-	-	(23.8)
Segment revenue	244.4	223.7	55.3	33.5	-	556.9
Operating profit (loss) before exceptional items	38.6	29.9	8.3	4.0	(17.9)	62.9
Exceptional operating (loss) profit	(9.1)	75.2	-	(5.3)	(16.9)	43.9
Segment result	29.5	105.1	8.3	(1.3)	(34.8)	106.8
Finance costs						(7.3)
Finance income						81.5
Other financial gains						0.4
Profit before taxation						181.4
Taxation						(45.3)
Profit for the period from continuing operations						136.1

2. Segment information – continuing operations (continued)

To increase transparency, the Group continues to include additional disclosure analysing total costs by type and segment. This information has been presented for the 12 months ended 30 June only due to the lack of comparability of the statutory periods. A reconciliation of total costs, before exceptional items, by type and segment is as follows:

	12 months ended 30 June 2012 (unaudited)					
	Grosvenor Casinos £m	**Mecca Bingo £m**	**Rank Interactive £m**	**Top Rank España £m**	**Central costs £m**	**Total £m**
Employment and related costs	**94.9**	**59.5**	**12.8**	**13.7**	**11.7**	**192.6**
Taxes and duties	**51.4**	**39.1**	**1.9**	**1.7**	**1.6**	**95.7**
Direct costs	**10.3**	**21.8**	**19.0**	**3.4**	**-**	**54.5**
Property costs	**17.1**	**28.7**	**0.9**	**2.0**	**0.9**	**49.6**
Marketing	**7.4**	**9.9**	**15.5**	**0.8**	**-**	**33.6**
Depreciation and amortisation	**14.8**	**15.7**	**4.9**	**2.4**	**1.1**	**38.9**
Other	**15.2**	**19.6**	**1.7**	**3.8**	**2.2**	**42.5**
Total costs before exceptional items	**211.1**	**194.3**	**56.7**	**27.8**	**17.5**	**507.4**
Cost of sales						**310.4**
Operating costs						**197.0**
Total costs before exceptional items						**507.4**

	12 months ended 30 June 2011 (unaudited)					
	Grosvenor Casinos £m	Mecca Bingo £m	Rank Interactive £m	Top Rank España £m	Central costs £m	Total £m
Employment and related costs	92.1	61.4	10.8	14.3	13.0	191.6
Taxes and duties	49.5	36.7	1.9	2.1	0.3	90.5
Direct costs	11.3	22.1	16.9	2.8	-	53.1
Property costs	17.6	27.5	0.7	2.0	1.0	48.8
Marketing	7.0	11.0	11.6	0.7	-	30.3
Depreciation and amortisation	12.1	14.5	4.0	2.6	0.9	34.1
Other	16.2	20.6	1.1	5.0	2.7	45.6
Total costs before exceptional items	205.8	193.8	47.0	29.5	17.9	494.0
Cost of sales						301.5
Operating costs						192.5
Total costs before exceptional items						494.0

2. Segment information – continuing operations (continued)

A reconciliation of total assets by segment was as follows:

	At 30 June 2012					
	Grosvenor Casinos £m	**Mecca Bingo £m**	**Rank Interactive £m**	**Top Rank España £m**	**Central costs £m**	**Total £m**
Total segment assets	**195.4**	**105.7**	**67.8**	**34.2**	**8.0**	**411.1**
Unallocated assets						**76.1**
Total assets	**195.4**	**105.7**	**67.8**	**34.2**	**8.0**	**487.2**

	At 31 December 2010					
	Grosvenor Casinos £m	Mecca Bingo £m	Rank Interactive £m	Top Rank España £m	Central costs £m	Total £m
Total segment assets	173.4	106.1	66.7	50.8	5.9	402.9
Unallocated assets						96.3
Total assets	173.4	106.1	66.7	50.8	5.9	499.2

3. Exceptional items

	18 months ended 30 June 2012 £m	12 months ended 31 December 2010 £m	**12 months ended 30 June 2012 (unaudited) £m**	12 months ended 30 June 2011 (unaudited) £m
Exceptional items relating to continuing operations				
Impairment charges	**(19.3)**	(12.7)	**(14.9)**	(17.1)
Impairment reversals	**3.7**	3.2	**3.7**	3.2
Charge to provision for onerous leases	**(4.7)**	(15.9)	**(3.1)**	(17.8)
Release from provision for onerous leases	**0.6**	4.3	**0.6**	4.3
Change in discount rate for onerous leases	**(4.8)**	(1.9)	**(4.8)**	-
VAT agreement cost	**-**	(4.6)	**-**	(4.6)
VAT partial exemption accrual release	**-**	4.5	**-**	4.5
Bid response costs	**(4.3)**	-	**-**	(4.3)
Transaction costs	**(5.0)**	-	**(5.0)**	-
Restructuring costs	**(3.0)**	(2.0)	**(1.0)**	(4.4)
Exceptional operating costs	**(36.8)**	(25.1)	**(24.5)**	(36.2)
VAT refunds net of gross profits tax and associated costs	**84.9**	38.5	**4.6**	80.1
Exceptional operating income	**84.9**	38.5	**4.6**	80.1
Finance income	**81.0**	5.6	**0.1**	80.9
Taxation	**(26.5)**	(8.3)	**4.0**	(26.8)
Exceptional items relating to continuing operations	**102.6**	10.7	**(15.8)**	98.0
Exceptional items relating to discontinued operations				
Additional profit arising on previously disposed subsidiary undertakings	**2.2**	0.6	**-**	2.1
Change in discount rates for disposal provisions	**(0.3)**	-	**(0.3)**	-
Finance income	**2.7**	0.4	**-**	2.6
Taxation	**(1.2)**	3.3	**0.1**	1.4
Exceptional items relating to discontinued operations	**3.4**	4.3	**(0.2)**	6.1
Total exceptional items	**106.0**	15.0	**(16.0)**	104.1

3. Exceptional items (continued)

Continuing operations – 18 months ended 30 June 2012

Impairment charges

Following the introduction of a full smoking ban at the start of the period and the difficult economic conditions in Spain an impairment charge of £14.7m has been recognised. It is possible that further impairment charges may be required if the future performance of individual bingo clubs is not in line with expectations.

The Group also recognised an impairment charge of £2.8m in the UK, of which £1.5m relates to Grosvenor Casinos and £1.3m to Mecca Bingo. The only individually significant charge of £0.8m was in respect of the E-casino in Liverpool. The club has not performed in line with expectations and closed on 15 February 2012.

Rank Interactive's investment in the development of its online Spanish gaming brand has been fully impaired by £1.8m as legislation has not developed as anticipated.

Impairment reversals

The Group has reversed previous impairment charges of £3.7m, of which £3.0m relates to Mecca Bingo and £0.7m to Grosvenor Casinos. The reversal in Mecca Bingo is in respect of five clubs where performance has seen a sustained improvement following conversion to the Full House concept or competitor closure and the reclassification of one freehold property to held for sale assets at its fair value less costs to sell. The reversal in Grosvenor Casinos follows the successful conversion of one casino to the G-Casino concept.

Onerous leases

The Group recognised a total charge of £9.5m in relation to provision for onerous leases in the period. This includes a charge of £4.8m as a consequence of a reduction in the discount rate used on existing provisions.

The total charge includes £2.2m in respect of unavoidable rental payments resulting from the restructuring activities outlined below.

A further £1.2m has been recognised in respect of one Mecca Bingo club where expected income no longer exceeds the unavoidable costs and the remainder of £1.3m is in respect of sites in which there has been a reduction in expected sub-let income as a consequence of the financial position of the associated tenants.

The Group has also released £0.6m in relation to Grosvenor Casino following the favourable settlement of a number of lease obligations arising from previously closed clubs.

Bid response costs

During the period, the Group recognised an exceptional cost of £4.3m relating to the professional fees and other related costs for the response to the Guoco Group Limited offer for the shares of the Company.

Transaction costs

On 12 May 2012, the Group announced it had conditionally agreed to acquire Gala Casinos from Gala Coral Group Limited for a total cash consideration of £205.0m. The Group has recognised the costs of the proposed acquisition committed at 30 June 2012 of £5.0m as an exceptional cost. Further costs relating to the proposed acquisition, committed after 30 June 2012, will be recognised as an exceptional cost in the next financial year.

Restructuring costs

During the period, the Group recognised an exceptional cost of £3.0m relating to the closure of six Mecca Bingo clubs, three Grosvenor casinos and continued restructuring of Top Rank España. The cost includes the creation of restructuring provisions of £0.9m.

3. Exceptional items (continued)

VAT refunds net of associated costs

During the period, the Group received £88.1m in overpaid VAT from HMRC, together with associated interest of £81.0m. The repayment covers VAT paid on games of interval and main stage bingo (between 1973 and 1996), main stage bingo (between 2003 and 2004) and on the disposal of the Group's defined benefit pension scheme in 2008. The interval and main stage bingo repayments followed successive rulings in the Group's favour in both the First-tier Tribunal and Upper Tribunal (or High Court). HMRC appealed these decisions and as a result the case was referred to the European Court of Justice ('ECJ'). On 10 November 2011, the ECJ released its findings on the Group's VAT case on fiscal neutrality. The Group and HMRC have agreed that the ECJ found in favour of the Group on its bingo claims. The ECJ also ruled on the Group's amusement machines claim relating to a claim for overpaid VAT on amusement machines. The ECJ's decision on the amusement machines claim was not conclusive and was therefore referred back to the UK courts (see note 12). Further details of the exceptional gain arising on the VAT repayments are disclosed in the table below:

	Main stage bingo 2003 to 2004 £m	**Interval and main stage bingo 1973 to 1996 £m**	**VAT on pensions £m**	**Total £m**
Cash repayment received	7.1	74.8	6.2	88.1
Costs, including contingent fees, irrecoverable VAT and related bonuses	(0.6)	(1.8)	(0.8)	(3.2)
Exceptional gain before financing and taxation	6.5	73.0	5.4	84.9
Finance income	1.4	79.5	0.1	81.0
Taxation	(2.0)	(33.0)	-	(35.0)
Total exceptional gain on VAT refund	5.9	119.5	5.5	130.9

Discontinued operations

Additional net profit arising on previously disposed subsidiary undertakings

During the period, the Group also recognised an exceptional profit of £2.2m, together with associated interest of £2.7m, following the successful outcome of certain VAT claims relating to previously disposed subsidiary undertakings. In addition a charge of £0.3m has been recognised in respect of the change in discount rate used on provisions connected with previously disposed subsidiary undertakings.

4. Financing

	18 months ended 30 June 2012 £m	12 months ended 31 December 2010 £m	12 months ended 30 June 2012 (unaudited) £m	12 months ended 30 June 2011 (unaudited) £m
Continuing operations:				
Finance costs:				
Interest on debt and borrowings	**(4.0)**	(4.3)	**(1.9)**	(4.3)
Amortisation of issue costs on borrowings	**(0.4)**	(0.9)	**(0.2)**	(0.6)
Interest payable on finance leases	**(1.6)**	(0.9)	**(1.1)**	(0.9)
Unwinding of discount in onerous leases provisions	**(2.1)**	(1.2)	**(1.4)**	(1.3)
Unwinding of discount in disposal provisions	**(0.4)**	(0.2)	**(0.3)**	(0.2)
Total finance costs	**(8.5)**	(7.5)	**(4.9)**	(7.3)
Finance income:				
Interest income on short term bank deposits	**0.9**	0.5	**0.6**	0.6
Finance income	**0.9**	0.5	**0.6**	0.6
Other financial (losses) gains	**(0.4)**	(0.5)	**(0.6)**	0.4
Total net financing cost for continuing operations before exceptional items	**(8.0)**	(7.5)	**(4.9)**	(6.3)
Exceptional finance income	**81.0**	5.6	**0.1**	80.9
Total net financing income (cost) for continuing operations	**73.0**	(1.9)	**(4.8)**	74.6

A reconciliation of total net financing costs to adjusted net interest included in adjusted profit is disclosed below:

	18 months ended 30 June 2012 £m	12 months ended 31 December 2010 £m	12 months ended 30 June 2012 (unaudited) £m	12 months ended 30 June 2011 (unaudited) £m
Total net financing cost for continuing operations before exceptional items	**(8.0)**	(7.5)	**(4.9)**	(6.3)
Adjust for :				
Unwinding of discount in disposal provisions	**0.4**	0.2	**0.3**	0.2
Other financial losses (gains) - including foreign exchange	**0.4**	0.5	**0.6**	(0.4)
Adjusted net interest payable	**(7.2)**	(6.8)	**(4.0)**	(6.5)

5. Taxation

	18 months ended 30 June 2012		
	Continuing operations £m	**Discontinued operations £m**	**Total £m**
Current income tax			
Current income tax – UK	**(5.8)**	**-**	**(5.8)**
Current income tax – overseas	**(0.8)**	**-**	**(0.8)**
Current income tax charge	**(6.6)**	**-**	**(6.6)**
Current income tax on exceptional items	**(38.5)**	**(1.1)**	**(39.6)**
Amounts over (under) provided in previous period on exceptional items	**7.0**	**(0.1)**	**6.9**
Total current income tax charge	**(38.1)**	**(1.2)**	**(39.3)**
Deferred tax			
Deferred tax – UK	**(18.1)**	**-**	**(18.1)**
Deferred tax – overseas	**0.1**	**-**	**0.1**
Restatement of deferred tax from 27.0% to 24.0%	**(1.1)**	**-**	**(1.1)**
Deferred tax on exceptional items	**5.0**	**-**	**5.0**
Amounts over provided in previous period	**0.2**	**-**	**0.2**
Total deferred tax charge	**(13.9)**	**-**	**(13.9)**
Tax charge in the income statement	**(52.0)**	**(1.2)**	**(53.2)**

	12 months ended 31 December 2010		
	Continuing operations £m	Discontinued operations £m	Total £m
Current income tax			
Current income tax – UK	(13.1)	-	(13.1)
Current income tax – overseas	(1.8)	-	(1.8)
Current income tax charge	(14.9)	-	(14.9)
Current income tax on exceptional items	(8.0)	-	(8.0)
Amounts under provided in previous period	(0.3)	-	(0.3)
Amounts over provided in previous period on exceptional items	-	2.8	2.8
Total current income tax (charge) credit	(23.2)	2.8	(20.4)
Deferred tax			
Deferred tax – UK	(1.6)	-	(1.6)
Deferred tax – overseas	(0.2)	-	(0.2)
Restatement of deferred tax from 28.0% to 27.0%	(0.8)	-	(0.8)
Deferred tax on exceptional items	(0.3)	-	(0.3)
Amounts over provided in previous period	1.5	-	1.5
Amounts over provided in previous period on exceptional items	-	0.5	0.5
Total deferred tax (charge) credit	(1.4)	0.5	(0.9)
Tax (charge) credit in the income statement	(24.6)	3.3	(21.3)

5. Taxation (continued)

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

	18 months ended 30 June 2012 £m	12 months ended 31 December 2010 £m
Current income tax credit on exchange movements offset in reserves	**0.6**	**-**
Deferred tax charge on exchange movements offset in reserves	**-**	(0.5)
Deferred tax credit on actuarial movement on retirement benefits	**0.1**	**-**
Total tax credit (charge) on items within other comprehensive income	**0.7**	(0.5)

The credit in respect of employee share schemes included within the Statement of Changes in Equity includes a deferred tax credit of £0.2m (2010: £nil) and a current tax credit of £0.7m (2010: £nil).

Factors affecting future taxation
UK corporation tax is calculated at 26% (2010: 28%) of the estimated assessable profit for the period. Taxation for overseas operations is calculated at the local prevailing rates.

On 23 March 2012, the Chancellor of the Exchequer announced the reduction in the main rate of UK corporation tax to 24% with effect from 1 April 2012. This change was enacted on 26 March 2012 under the Provisional Collection of Taxes Act 1968. The effect of the rate reduction creates a reduction in the net deferred tax asset which has been included in the figures above.

On 23 March 2012, the Chancellor of the Exchequer also announced the reduction in the main rate of UK corporation tax to 23% for the year starting 1 April 2013 and a further 1% reduction to 22% in April 2014. This change was substantively enacted in July 2012.

The proposed rate reductions will reduce the amount of cash tax payments to be made by the Group. Overall the reduction in the corporate tax rate from 24% to 22% is expected to reduce the Group's net deferred tax asset by approximately £0.3m.

6. Dividends

	18 months ended 30 June 2012 £m	12 months ended 31 December 2010 £m
Dividends paid to equity holders		
Final for 2009 paid on 5 May 2010 - 1.35p per share	**-**	5.3
Interim for 2010 paid on 10 September 2010 - 0.74p per share	**-**	2.9
Final for 2010 paid on 4 May 2011 - 1.66p per share	**6.5**	-
1st Interim for 2011-12 paid on 12 September 2011 - 1.00p per share	**3.9**	-
2nd Interim for 2011-12 paid on 29 March 2012 - 1.10p per share	**4.3**	-
Refund of unclaimed dividends	**-**	(0.1)
	14.7	8.1

A dividend in respect of the 18 months ended 30 June 2012 of 2.50p per share, amounting to a total dividend of £9.8m, is to be recommended at the annual general meeting on 19 October 2012. These financial statements do not reflect this dividend payable.

7. Adjusted earnings per share

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

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

	18 months ended 30 June 2012 £m	12 months ended 31 December 2010 £m	12 months ended 30 June 2012 (unaudited) £m	12 months ended 30 June 2011 (unaudited) £m
Profit attributable to equity shareholders	**167.5**	53.2	**28.1**	142.2
Adjust for:				
Discontinued operations (net of taxation)	**(3.4)**	(4.3)	**0.2**	(6.1)
Exceptional items after tax on continuing operations	**(102.6)**	(10.7)	**15.8**	(98.0)
Other financial losses (gains)	**0.4**	0.5	**0.6**	(0.4)
Unwinding of discount in disposal provisions	**0.4**	0.2	**0.3**	0.2
Taxation on adjusted items and impact of reduction in tax rate	**1.0**	1.0	**0.3**	1.9
Adjusted net earnings attributable to equity shareholders (£m)	**63.3**	39.9	**45.3**	39.8
Adjusted earnings per share (p) - basic	**16.2p**	10.2p	**11.6p**	10.2p
Adjusted earnings per share (p) - diluted	**16.2p**	10.2p	**11.6p**	10.2p

8. Provisions

	Onerous leases £m	Disposal provisions £m	Restructuring provisions £m	**Total £m**
At 1 January 2011	41.9	10.7	-	**52.6**
Exchange adjustments	-	(0.1)	-	**(0.1)**
Unwinding of discount	2.1	0.4	-	**2.5**
Impact of change in discount rates charged to the income statement - exceptional	4.8	0.3	-	**5.1**
Charged to the income statement - exceptional	4.7	-	0.9	**5.6**
Released to the income statement - exceptional	(0.6)	-	-	**(0.6)**
Utilised in period	(6.9)	(4.4)	(0.9)	**(12.2)**
At 30 June 2012	**46.0**	**6.9**	-	**52.9**
Current	4.1	2.7	-	**6.8**
Non-current	41.9	4.2	-	**46.1**
Total	**46.0**	**6.9**	**-**	**52.9**

Further details of the exceptional movements are provided in note 3.

9. Borrowings to net cash (debt) reconciliation

Under IFRS, 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 cash (debt) position is provided below:

	As at 30 June 2012 £m	As at 31 December 2010 £m
Total loans and borrowings	**(30.9)**	(197.5)
Less: accrued interest	**0.5**	0.7
Less: unamortised facility fees	**(0.3)**	(0.6)
	(30.7)	(197.4)
Add: cash and short-term deposits	**72.5**	74.0
Net cash (debt)	**41.8**	(123.4)

10. Cash generated from operations

Reconciliation of operating profit to cash generated from operations:

	18 months ended 30 June 2012 £m	12 months ended 31 December 2010 £m
Continuing operations		
Operating profit	**143.1**	75.4
Exceptional items	**(48.1)**	(13.4)
Operating profit before exceptional items	**95.0**	62.0
Depreciation and amortisation	**57.2**	30.3
Decrease in inventories	**0.3**	0.2
Increase in other receivables	**(3.1)**	(1.1)
Increase in trade and other payables	**2.4**	0.3
Share based payments and other	**1.5**	1.4
	153.3	93.1
Cash utilisation of provisions	**(12.2)**	(5.7)
Cash payments in respect of exceptional items	**(8.3)**	(6.3)
Cash receipts in respect of exceptional items	**85.4**	38.4
Cash generated from operations	**218.2**	119.5

11. Contingent assets

The Group has lodged a number of VAT claims that are the subject of on-going litigation but have not yet been paid. These include, but are not limited to, claims submitted pursuant to the House of Lords decision in the Condé Nast/Fleming (Fleming) cases on the applicability of the three year cap that HMRC introduced to limit VAT reclaims. Fleming claims, which had to be submitted by March 2009, are based on management's best estimates from the information available and the Group expects HMRC to review closely both the Group's right to the amounts claimed and the value of each claim before settlement. In a number of cases, the Fleming claims are subject to the successful outcome of other litigation. This includes the amusement machine litigation outlined in note 12 below.

The combined value of these claims, including simple interest, is currently estimated to be worth more than £275m.

The Group has not recognised any gain in its financial statements at 30 June 2012 in respect of the above items.

12. Contingent liabilities

i) Group liabilities relating to Fiscal Neutrality Case

On 10 November 2011, the ECJ ruled on the Group's amusement machines claim in relation to the application of VAT to certain types of amusement machines contravening the European Unions principle of fiscal neutrality. In May 2010, Rank received £30.8m (VAT of £26.4m plus interest of £4.4m) relating to a claim for repayment of overpaid VAT on amusement machines. The ECJ's decision on the Group's amusement machines claim was not conclusive and was therefore referred back to the UK courts. The hearing was held in June 2012, with a decision expected in the second half of 2012.

ii) Grosvenor liability relating to irrecoverable VAT

The Group has been in negotiation with HMRC for several years on the means by which it calculates the amount of irrecoverable VAT in Grosvenor Casinos. The difference in the Group's position as against HMRC's position for the period under negotiation (July 2007 to June 2012) amounts to an estimated £8.8m.

The point of dispute between the Group and HMRC was the subject of litigation by another, similar, taxpayer. In that case, the Court of Appeal ruled that HMRC's position was incorrect. This was the latest in a string of appeals on this point. Precedent case law indicates that the Group's position is correct and on that basis the irrecoverable VAT charge has been adjusted accordingly. In the event this was not the case, the Group would have to pay the VAT in dispute (see above) plus interest.

iii) Other VAT and duty

In addition, the Group is in discussions with HMRC about a limited number of other VAT and duty issues. The Group does not anticipate that VAT and duty is due on these issues but in the event that this is not the case a liability of up to £15m could be due.

The directors consider that, in respect of all contingent liabilities disclosed above, it is more likely than not that no outflow will arise.

13. Related party transactions and ultimate parent undertaking

On 7 June 2011, Guoco Group Limited (Guoco), a company incorporated in Bermuda, and listed on the Hong Kong stock exchange, acquired a controlling interest in The Rank Group Plc. At 30 June 2012, Guoco owned 74.5% of the Company's shares through a wholly owned subsidiary undertaking, Rank Assets Limited. The ultimate parent undertaking of Guoco is Hong Leong Company (Malaysia) Berhad which is incorporated in Malaysia.

Tim Scoble and Mike Smith were appointed as non-executive directors by shareholders at the Company's annual general meeting on 22 April 2010 as appointees of Guoco. Mike Smith resigned as a director with effect from 30 April 2011 and Tim Scoble became independent on 30 April 2012. During the 18 months ended 30 June 2012, payments of £63,333 (12 months ended 31 December 2010: £52,575) were made to Guoco controlled companies in relation to their fees.