國浩集團有限公司
Guoco Group Limited

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

OVERSEAS REGULATORY ANNOUNCEMENT

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

Please refer to the attached announcement on the next page.

As at the date of this announcement, the board of directors of Guoco Group Limited comprises Mr. Kwek Leng Hai as Executive Chairman; Mr. Tang Hong Cheong as President & CEO; Mr. Kwek Leng San as Non-executive Director and Mr. Volker Stoeckel, Mr. Roderic N. A. Sage and Mr. David Michael Norman as Independent Non-executive Directors.

Regulatory Story

Go to market news section

Rank Group PLC - RNK Half-year Report
Released 07:00 31-Jan-2019

RNS Number : 6088O
Rank Group PLC
31 January 2019

LEI: 213800TXKD6XZWOFTE12

31 January 2019

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

Interim results for the six months ended 31 December 2018

Full year outlook in line

Financial highlights

		H1 2018/19	H1 2017/18	Change
Financial KPIs	Group like-for-like revenue	**£366.0m**	**£375.0m**	(2.4)%
	Digital like-for-like revenue	**£63.9m**	**£60.8m**	5.1%
	Digital revenue	**£70.4m**	**£60.8m**	15.8%
	Venues like-for-like revenue	**£302.1m**	**£314.2m**	(3.9)%
	Group EBITDA before exceptional items	**£52.3m**	**£63.3m**	(17.4)%
	Group operating profit before exceptional items	**£30.3m**	**£41.7m**	(27.3)%
	Adjusted profit before tax	**£29.1m**	**£40.2m**	(27.6)%
	Adjusted earnings per share	**6.1p**	**8.0p**	(23.8)%
Statutory performance	Statutory revenue	**£348.2m**	**£354.2m**	(1.7)%
	Group operating profit	**£25.8m**	**£34.2m**	(24.6)%
	Profit before taxation	**£22.8m**	**£32.8m**	(30.5)%
	Cash generated from operations	**£56.0m**	**£61.9m**	(9.5)%
	Net cash	**£7.7m**	**£4.0m**	-
	Basic earnings per share after exceptional items	**4.8p**	**6.4p**	(25.0)%
	Dividend per share	**2.15p**	**2.15p**	0%

Operational highlights

- Digital revenue improved in the period with Mecca and Grosvenor continuing to grow customer volumes
- YoBingo! performing ahead of acquisition plan
- Grosvenor venues impacted by reduced contribution from major players, a weather impacted Q1 and challenging consumer back drop
- Key casino investments at the Barracuda and new gaming machines and electronic roulette across the estate
- Grosvenor's single account and wallet offer, Grosvenor One, successfully trialled in the period; rollout scheduled by the end of FY 2018/19
- Transformation programme launched and gaining momentum

Outlook

- Trading in the short four week period to 27 January in line with management's expectations
- Full year performance expected to be in line with current consensus
- Total Group cost savings of £10m identified for H2 2018/19, with a full year net benefit of £19m expected in FY 2019/20

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

"The first half of our financial year has been a tough trading period, I am however encouraged by the Group's improved performance in Q2. The three year transformation programme that we outlined at our Full Year results in August 2018 is now well underway with nearly 300 initiatives identified and tasked. The programme will gain further momentum in H2 2018/19 and the management team is positive about what can be achieved. While there is lots to be done to deliver the revenue improvements and cost efficiencies identified, I am confident in the outlook for Rank and excited about the opportunities that exist."

Ends

Definition of terms:

- Any reference to revenue or like-for-like group revenue is before adjustment for customer incentives;
- EBITDA is operating profit before exceptional items, depreciation and amortisation;
- Adjusted profit before tax is profit from continuing operations before taxation adjusted to exclude exceptional items and other financial gains or losses resulting from foreign exchange gains and losses on loans and borrowings. See Financial Review for reconciliation;
- Adjusted earnings per share is calculated by adjusting profit attributable to equity shareholders to exclude exceptional items, other financial gains or losses, unwinding of the discount rate in the disposal provisions and the related tax effects as detailed in note 7;
- "H1 2018/19" refers to the unaudited six-month period to 31 December 2018 and "H1 2017/18" refers to the unaudited six-month period to 31 December 2017;
- Like-for-like measures have been disclosed in this report to show the impact of club openings, closures, and relocations;
- Prior period like-for-like measures are amended to show an appropriate comparative for the impact of club openings, closures, relocations, acquired businesses and discontinued operations;
- The Group results make reference to "'adjusted" results alongside our statutory results, which we believe will be more useful to readers as we manage our business using these adjusted measures. The directors believe that exceptional items and other adjustments impair visibility of the underlying performance of the Group's business and accordingly, these are excluded from our non-GAAP measurement of revenue, profit before tax, EBITDA, operating profit and EPS. Adjusted measures are the same as those used for internal reports;
- Venues includes Grosvenor Venues, Mecca Venues and International Venues; and
- The Group reports segmental information on the basis by which the chief operating decision maker utilises internal reporting within the business. In the current year, the internal reporting of the operating segments has been modified following changes in management responsibilities. As from 1 July 2018, UK Digital, Enracha Digital and YoBingo! were combined into a single operating segment which is now known as Digital. Enracha Venues and Belgium were also combined into a single operating segment which is now known as International Venues. All prior period comparables have been restated to reflect these changes.

Enquiries

The Rank Group Plc

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Photographs available from www.rank.com

Analyst meeting and webcast details:
Thursday 31 January 2019
There will be an analyst meeting at 9.30am, admittance to which is by invitation only. There will also 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 Financial Conduct Authority, the Group expressly disclaims any obligation or undertaking, to disseminate any updates or revisions to any forward-looking statements, contained herein to reflect any change in the Group's expectations, with regard thereto or any change in events, conditions or circumstances on which any such statement is based. Past performance cannot be relied upon as a guide to future performance.

Chief executive's review

The key management focus in H1 2018/19 has been the development of the Group's transformation programme. The planning phase concluded in November 2018 with the programme formally launched within the business in December 2018. This is a three year change programme for the Group focussed around revenue growth, cost savings/efficiencies and ensuring the key enablers including organisational capability, core technology and key processes and systems are in place. A number of key initiatives are now well underway and the programme will gain further momentum in H2 2018/19.

After a difficult Q1 2018/19, the Group's performance improved during Q2 2018/19, with like-for-like Group revenues[1,3] down 2.4% for H1 2018/19, compared to the 4.7% decline in Q1 2018/19. The Group's digital business grew by 15.8% in the period driven by Mecca and YoBingo!. However, the period continued to be challenging for the Group's UK retail businesses with like-for-like revenue[1,3] down 4.2%.

Total Grosvenor venues revenue[1] was down 5.1% in the period, with like-for-like revenue[1,3] down 4.7%. Performance was principally driven by a lower contribution from its major players, both handle and win margin, the challenging consumer backdrop and a weather impacted Q1. Total and like-for-like operating profit[4] fell by 33.8% and 35.0% respectively in the period, due to lower revenues. As part of the transformation programme changes were introduced to simplify casino management structures and reduce labour hours. These changes are expected to result in approximately £7.5m of labour savings in H2 2018/19. Further detail on the transformation programme is outlined later in this review.

Mecca's like-for-like revenue[1,3] was down 3.3% in the period driven by a 11.8% decline in like-for-like customer visits. Total revenue[1] fell by 3.9%. Total operating profit[4] fell by 10.2%; excluding the impact of closed sites and the three Luda venues, like-for-like operating profit[3,4] fell by 7.6%. Changes to the customer offer continued to be developed in the period with the successful trial of a new price and prize board policy aimed at giving customers additional value at the lower attended midweek sessions and guaranteeing bigger prize boards across the weekend.

Like-for-like digital revenue[1,3] grew by 5.1%, driven by an improved performance from Mecca. Total digital revenue[1] was up 15.8% in the period following the contribution from YoBingo!. YoBingo! performed strongly in the period with revenues up 41.0% and continued to grow its share of the Spanish digital bingo market[2], up 4.9ppts to 42.1%. The contribution from YoBingo! helped grow total digital operating profit[4] by 5.8%. Like-for-like operating profit[3,4] fell by 1.9% following the increase in UK Remote Gaming Duty ('RGD') on customer bonuses, which resulted in £0.9m of incremental RGD in the period.

Like-for-like international venues revenue[1,3] was broadly flat in the period.

£m	Group Revenue[1]			LFL Group Revenue[1,3]		
	H1 2018/19	H1 2017/18	Change	**H1 2018/19**	H1 2017/18	Change
Grosvenor venues	**181.4**	191.2	(5.1)%	**181.3**	190.2	(4.7)%
Mecca venues	**100.0**	104.1	(3.9)%	**98.3**	101.7	(3.3)%
Digital	**70.4**	60.8	15.8%	**63.9**	60.8	5.1%
International venues	**22.6**	23.5	(3.8)%	**22.5**	22.3	0.9%
Total	**374.4**	379.6	(1.4)%	**366.0**	375.0	(2.4)%

£m	Operating Profit[4]			LFL Operating Profit[3,4]		
	H1 2018/19	H1 2017/18	Change	**H1 2018/19**	H1 2017/18	Change
Grosvenor venues	**19.4**	29.3	(33.8)%	**19.3**	29.7	(35.0)%
Mecca venues	**11.4**	12.7	(10.2)%	**12.1**	13.1	(7.6)%
Digital	**11.0**	10.4	5.8%	**10.2**	10.4	(1.9)%
International venues	**4.1**	4.3	(4.7)%	**4.1**	4.1	0%
Central costs	**(15.6)**	(15.0)	4.0%	**(15.6)**	(15.0)	4.0%
Total	**30.3**	41.7	(27.3)%	**30.1**	42.3	(28.8)%

1 Before adjustments for customer incentives.
2 As per Spanish market data at September 2018.
3 Excludes the impact of any venue closures, opening, relocations or acquired businesses.
4 Before exceptional items.

Exceptional items, before tax and financing charges, were £4.5m in the period. £3.8m of the costs relate to redundancies made across the Group.

H2 exceptional costs relating to the transformation programme are expected to be broadly in line with those in H1 as further cost efficiencies are made.

Acquisition of YoBingo!

In May 2018, we completed the acquisition of QSB Gaming Limited, the owner of YoBingo!, a leading Spanish digital bingo business for an initial consideration of €23.1m and, subject to future performance, up to a maximum consideration of €52.0m. The acquisition of YoBingo! provides Rank with a secure and strong digital bingo presence in Spain, a high growth and regulated digital gaming market.

YoBingo!'s performance continues to be in line with management's expectations and further consideration is due to be paid in H2 2018/19. Total consideration is expected to be close to or at the cap of €52.0m and is expected to be funded from existing cash and debt facilities.

Transformation Programme

The framework for driving change within Rank is the transformation programme. The framework provides a clear view on the performance of the business against the programme. The programme contains 12 distinct workstreams, each owned by one of the senior executive team and supported by the transformation team, with nearly 300 separate initiatives, each with clear milestones.

Each initiative has been validated in terms of its financial contribution and timetabled with clear responsibilities and accountabilities for its delivery. The programme follows a strict cadence with weekly management progress reviews, to ensure each initiative is on track and that corrective actions are taken where required. The programme runs deep through the organisation such that it creates a clearly understood plan of action, the delivery of which everyone can follow.

The 12 workstreams are centred around revenue growth, cost reduction and key enablers.

Revenue growth workstreams

1. Improve our marketing effectiveness;
2. Materially grow our digital business;
3. Identify and progress our international strategic opportunities;
4. Development of the Grosvenor venues proposition; and
5. Stabilisation of Mecca venues.

Cost reduction workstreams

6. Review of our UK retail operating model;
7. Review and identify opportunities for both our freeholds and leaseholds;
8. Drive and secure procurement efficiencies; and
9. Create 'fit for purpose' support functions.

Key enabler workstreams

10. Prioritisation of our critical systems to ensure key projects are delivered on time and to budget;
11. Improve our data analytics; and
12. Reinvigorate Rank's culture and capability.

Total costs savings for H2 2018/19 are expected to be £10.0m; with £7.5m coming from employee changes in our casinos, £2.0m from changes to our support office functions and £0.5m from procurement efficiencies. There will be a flow through of these costs savings into the next financial year and we expect the total net savings to be circa £19.0m for 2019/20.

Further detail on what has been delivered in the period and the plans for H2 2018/19 can be found in the Our Strategy section.

Management team changes

Chief Information Officer
Jonathan Greensted joined the Group on 13 August 2018 as chief information officer. Jonathan is a highly experienced IT and programme director and brings with him over 20 years' experience across a variety of sectors. Jonathan joined us from Travelodge where he was their chief technology officer.

Chief Transformation Officer
Jim Marsh joined the Group on 1 October 2018 as chief transformation officer. Jim has led and delivered transformations in a variety of sectors. He joined us from McKinsey & Company where he was a partner in its transformation team.

Chief Financial Officer
Bill Floydd joined the Group on 12 November 2018 as chief financial officer. Bill has successfully led business turnaround and finance transformation projects in other listed organisations. Bill joins us from Experian plc where he was CFO for its UK and Ireland region.

Board changes

Richard Kilmorey
The Rt. Hon. The Earl of Kilmorey, PC did not seek re-election at the 2018 annual general meeting and therefore stepped down during the period having completed over six years on the Board.

Tang Hong Cheong
Post period, on the 15 January 2019, Hong Cheong , a director of Rank's major shareholder, was appointed to the Board. Hong Cheong has been working with the management of Rank since 2010 and has a broad understanding of the operation, finance and business aspects of Rank. The appointment of Hong Cheong will further enhance the communication between Rank and its major shareholder.

Regulation and taxation

The anticipated increase in UK Remote Gaming Duty from 15% to 21% was announced in the Chancellor's 2018 Budget and comes into effect from April 2019. Based on revenues for FY 2017/18 it is expected to result in additional RGD of £6.6m per annum.

Brexit

The decision made by the United Kingdom to leave the European Union, or 'Brexit' as it has become known, means that like other businesses operating in the UK, Rank must prepare for the changes that this decision might bring.

Rank has considered how Brexit might impact the Group and the overall conclusion is that it is reasonably well positioned based on the nature of the sector and geographies in which it operates. However, we remain cautious in light of the unknown economic impact of Brexit on consumer expenditure.

Current trading and outlook

Trading in the short four-week period to 27 January 2019 has been in line with management's expectations.

The Group does not expect any material improvement to the challenging consumer environment over the short to medium term, however driven by the transformation programme, the Group's financial performance for FY 2018/19 is expected to be in line with the current consensus expectations with circa £10.0m of total cost savings scheduled for H2.

Dividend

The board is pleased to declare an interim dividend of 2.15 pence per share to be paid on 14 March 2019 to shareholders on the register at 15 February 2019.

Operating Review

Grosvenor Venues
As from 1 July 2018, Grosvenor Venues excludes the contribution from its Belgium casino which is now reported under International Venues.

H1 2018/19 continued to be challenging for Grosvenor's casinos, with like-for-like revenue[1,2] down 4.7%.

Key financial performance indicators

	H1 2018/19	H1 2017/18	Change
Revenue[1,2] (£m)	**181.3**	190.2	(4.7)%
London[4]	**68.6**	70.4	(2.6)%
Provinces[4]	**112.7**	119.8	(5.9)%
EBITDA[3] (£m)	**29.3**	39.9	(26.6)%
Operating profit[1,3] (£m)	**19.3**	29.7	(35.0)%
Total revenue[2]	**(5.1)%**		
Total operating profit[3]	**(33.8)%**		

1 Excludes venues openings, closures and relocations.
2 Before adjustments for customer incentives.
3 Before exceptional items.
4 H1 2018/19 and H1 2017/18 adjusted for the reallocation of beamed roulette revenue from Provinces to London following tax treatment agreement with HMRC.

Following a weather impacted start to the period, like-for-like Grosvenor revenue[1,2] performance was driven by a lower contribution from its major players, impacting both handle and win margin. The continuing difficult consumer backdrop also impacted performance, principally affecting the provincial venues.

As a result of lower revenues, like-for-like operating profit[1,3] fell by 35.0% in the period. As highlighted above, one of the cost efficiency workstreams in the Group's transformation programme is focused on ensuring the casino operating model is more effective and efficient. We have simplified the casino management structure and reduced contracted hours to better meet customer demand. As a result, total casino labour savings for H2 are estimated to be £7.5m.

Two key investments were made in the period to better serve specific customer bases. The first related to the refurbishment at the Barracuda casino in London which was completed at the end of the period. The Barracuda now provides an offer more suitable for its higher spending customers and customer feedback post completion has been excellent. The second related to one of Grosvenor's largest casinos, the Victoria casino in London. It underwent several changes in the period, which included the appointment of a new manager and improvements to the gaming floor layout with new electronic roulette and gaming machines. A new VIP playing area is due to be completed in H2 2018/19.

Key non-financial performance indicators

	H1 2018/19	H1 2017/18	Change
Customer visits (000s)[5,6]	**3,451**	3,552	(2.8)%
London	**753**	679	10.9%
Provinces	**2,698**	2,873	(6.1)%
Spend per visit (£)[5,6]	**52.54**	53.55	(1.9)%
London	**91.10**	103.68	(12.1)%
Provinces	**41.77**	41.70	0.2%

5 Excludes venues openings, closures and relocations.
6 Unaudited

Like-for-like London customer visits[5,6] were strong in the period, up 10.9%. Like-for-like provinces customer visits[5,6] were down 6.1% reflecting the ongoing difficult economic climate and consumer uncertainty. Like-for-like spend per visit[5,6] decreased in the period driven by lower spend levels in London.

Venues revenue analysis

£m	**H1 2018/19**	H1 2017/18	Change
Casino games	**114.1**	122.7	(7.0)%
Gaming machines	**46.1**	45.4	1.5%
Card room games	**7.4**	7.7	(3.9)%
Food and drink/other	**13.7**	14.4	(4.9)%
Total[7]	**181.3**	190.2	(4.7)%

7 Excludes venues openings, closures and relocations.

During the period, a greater focus was made on using data to drive machine investments. These investments have performed well and contributed to a 1.5% gaming machine revenue increase in the period.

Mecca Venues

Mecca's like-for-like revenue[1,2] was down 3.3% in the period driven by a fall in customer visits.

Key financial performance indicators

	H1 2018/19	H1 2017/18	Change
Revenue[1,2] (£m)	**98.3**	101.7	(3.3)%
EBITDA[3] (£m)	**16.4**	18.6	(11.8)%
Operating profit[1,3] (£m)	**12.1**	13.1	(7.6)%
Total revenue[2]	**(3.9)%**		
Total operating profit[3]	**(10.2)%**		

1 Excludes venues closures and Luda.

2 Before adjustments for customer incentives.

3 Before exceptional items.

Changes to the customer offer continued to be developed in the period with the successful trial of a new price and prize board policy aimed at giving customers additional value at the lower attended midweek sessions and guaranteeing bigger prize boards across the weekend.

Mecca's wider entertainment offer continued to gain scale and pace in the period with events such as premium acts (e.g. 5ive), Bonkers Bingo, DJ Nights and Rewind Festivals (multi-act nights). These events continue to drive the brand's awareness amongst new Mecca customers whilst contributing to revenue and operating profit.

Mecca's operating costs continue to be well managed with an ongoing focus on cost efficiencies.

Three clubs were closed in the period (Ashford, Ellesmere Port and Catford). Like-for-like operating profit[1,3] fell by 7.6% in the period due to lower revenues.

Key non-financial performance indicators

	H1 2018/19	H1 2017/18	Change
Customer visits (000s)[4,5]	**4,300**	4,877	(11.8)%
Spend per visit (£)[4,5]	**22.86**	20.85	9.6%

4 Unaudited

5 Excludes venue closures and Luda.

Like-for-like customer visits[4,5] fell by 11.8% in the period, however like-for-like spend per visit[4,5] increased by 9.6% following beneficial changes to the National Game mechanic and the consequential increase in interval game dwell times.

Venues revenue analysis

£m	**H1 2018/19**	H1 2017/18	Change
Main stage bingo	**17.4**	17.9	(2.8)%
Interval games	**35.8**	37.7	(5.0)%
Amusement machines	**32.9**	33.1	(0.6)%
Food and drink/other	**12.2**	13.0	(6.2)%
Total[6]	**98.3**	101.7	(3.3)%

6 Excludes venue closures and Luda

Luda - venues

Luda's performance remained unchanged in the period. Management will review the potential opportunities for Luda as a high street gaming business when the impact of the upcoming reduction to £2 maximum stake for B2 gaming machines in high street betting shops has been assessed.

Digital

As from 1 July 2018, UK Digital, Enracha Digital and YoBingo! were combined into a single operating segment which is now known as Digital.

Rank's digital business continued to grow, with like-for-like revenue[1,2] up 5.1%.

Key financial performance indicators

	H1 2018/19	H1 2017/18	Change
Revenue[1,2] (£m)	**63.9**	60.8	5.1%
Mecca	**38.8**	36.1	7.5%
Grosvenor	**24.6**	24.5	0.4%
Enracha	**0.5**	0.2	150%
EBITDA[3] (£m)	**14.8**	12.6	17.5%
Operating profit[1,3] (£m)	**10.2**	10.4	(1.9)%

Total revenue[2]	**15.8%**
Total operating profit[3]	**5.8%**

1 Excludes contribution from YoBingo!

2 Before adjustments for customer incentives.

3 Before exceptional items.

Mecca digital grew revenue[2] 7.5% in the period driven by another successful 'Meccarena' marketing campaign and ongoing customer offer improvements which included the launch of a new fixed odds bingo game, BOB ('Best Odds Bingo'). BOB gives online bingo customers more chances to win with every customer having an equal chance of winning.

Enhanced due diligence continued to impact Grosvenor digital's performance, with revenues[2] broadly flat in the period. Improvements to Grosvenor's digital offer remained a key focus in the period with performance improving over the half, Q2 up 12.6% compared to (11.1)% at Q1.

Operating profit[3] fell in the period due to the change in taxation of free bets in the UK (from October 2017), costing an additional £0.9m of RGD in the period (total cost of £1.7m in the period).

YoBingo! performed strongly in the period with revenues up 41.0% and continued to grow its share of the Spanish digital bingo market, up 4.9ppts to 42.1%. The contribution from YoBingo! helped grow total digital operating profit[3] by 5.8%.

Improvements to marketing and offer drove growth in both customer numbers, up 14.8%, and first time depositors ('FTDs'), up 10.0%.

Key non-financial performance indicators (UK only)

	H1 2018/19	H1 2017/18	Change
Customers[4] (000s)	**294**	256	14.8%
Grosvenor	**92**	85	8.2%
Mecca	**202**	171	18.1%
First Time Depositors[4] (FTDs)	**110**	100	10.0%
Grosvenor	**50**	41	22.0%
Mecca	**60**	59	1.7%

4 Unaudited

The Group continued to invest into Grosvenor One in the period, the single account and wallet casino product. Grosvenor One was successfully trialled in two casinos in the period (Stockport and Didsbury). The estate rollout is due to be completed by the end of the current financial year alongside a comprehensive marketing programme.

International Venues

From 1 July 2018, Enracha's venues and Grosvenor's Belgium casino are reported under International Venues.

Like-for-like euro revenue[1,2] from the Group's International venues grew by 0.8% in the period.

Key financial performance indicators

	H1 2018/19	H1 2017/18	Change
Revenue[1,2] (€m)	**25.2**	25.0	0.8%
Enracha	**19.6**	19.7	(0.5)%
Grosvenor - Belgium	**5.6**	5.3	5.7%
Revenue[1,2] (£m)	**22.5**	22.3	0.9%
Enracha	**17.5**	17.6	(0.6)%
Grosvenor - Belgium	**5.0**	4.7	6.4%
EBITDA[3] (£m)	**5.5**	5.7	(3.5)%
Operating profit[1,3] (€m)	**4.6**	4.6	0%
Enracha	**3.9**	4.0	(2.5)%
Grosvenor - Belgium	**0.7**	0.6	16.7%
Operating profit[1,3] (£m)	**4.1**	4.1	0%
Enracha	**3.5**	3.6	(2.8)%
Grosvenor - Belgium	**0.6**	0.5	20.0%
Total revenue[2]	**(3.8)%**		
Total operating profit[3]	**(4.7)%**		

1 Excludes venue closures

2 Before adjustments for customer incentives.

3 Before exceptional items.

Spanish regulatory and local authority actions in the period negatively impacted the performance of Enracha's venues resulting in a 0.5% fall in like-for-like euro revenue[2]. The Belgium casino in Blankenberge grew like-for-like euro revenue[2] by 5.7% in the period following improvements to the gaming machine offer.

Blankenberge's application to renew its casino licence with effect from January 2021 was approved by the local authority in August 2018 and a refurbishment and remodelling of the casino is scheduled for 2020.

Key non-financial performance indicators

	H1 2018/19	H1 2017/18	Change
Customer visits[4,5] (000s)	**1,065**	1,047	1.7%
Spend per visit[4,5] (€)	**23.66**	23.88	(0.9)%
Spend per visit[4,5] (£)	**21.13**	21.30	(0.8)%

4 Excludes closed venues

5 Unaudited

Our strategy

Rank's aim is to be the UK's leading multi-channel gaming operator. We are focused on building brands with the ability to deliver them via the channels our customers prefer, whether that is through our venues, online or mobile.

1. Creating a compelling multi-channel offer

In the markets we operate, Rank is one of the few gaming companies in a position to provide customers a genuine multi-channel gaming offer. We have a number of key assets, including a portfolio of 146 venues, our membership-based models, our loyalty and reward programmes and the high levels of engagement that our team members enjoy with customers.

H1 2018/19 activity:

- Grosvenor One successfully trialled in two clubs (Stockport and Didsbury); and
- Initial investigations have been undertaken with regards to an omni-channel service for Mecca customers.

H2 2018/19 priorities:

- Complete the rollout of Grosvenor One across the casinos estate alongside a comprehensive marketing programme; and
- Development of Mecca Max terminals to enable customers to create an online account in venue.

2. Building digital capability and scale

Rank has built strong positions in venue-based gaming which we seek to replicate across our digital channels (online and mobile). In H1 2018/19, our digital operations generated 19% of Group revenue whereas digital channels now represent around 47% of Great Britain's gambling market (excluding National Lottery), presenting a significant growth opportunity. We continue to enhance our capability in this area such that we can leverage our active retail customer base and meet their changing needs.

H1 2018/19 activity:

- Improvements were made in the period regarding the integration of the customer relationship management ('CRM') platform and the Bede operating platform; these improvements have reduced customer journey friction issues;
- Six new digital games were launched providing more bespoke and exclusive games for our customers; and
- Through the use of new digital agencies and data models we have improved returns on our marketing investments.

H2 2018/19 priorities:

- Grosvenor will be launched on the new content management system over the coming months with a phased and targeted rollout to new and existing customers;
- Further improvements are to be made to the bonus and wallet functionality for new and existing customers;
- Additional games are to be launched;
- Customer registration and conversion journeys to be redesigned and improved across online and mobile for both Mecca and Grosvenor; and
- There will be a continued focus on increased marketing investments to ensure returns are further improved.

3. Developing our venues

Our casino and bingo venues remain a central part of Rank's business, providing entertainment for millions of customers each year and generating the majority of the Group's revenue and profits. By continuing to invest in our venues (in terms of product, environment and service) and by creating new concepts, we are constantly evolving and enhancing the experiences that we offer to customers.

H1 2018/19 activity:

- Refresh completed at Grosvenor's Victoria casino in London to improve the electronic product offer;
- Refurbishment at Grosvenor's Barracuda casino in London successfully completed;
- Continued development of Mecca's wider entertainment offer with events such as premium acts (e.g. 5ive), Bonkers Bingo, DJ Nights and Rewind Festivals (multi-act nights); and

- Ongoing negotiations with venue landlords to re-gear and extend leases whilst reducing property costs.

H2 2018/19 priorities:

- Creation of a dedicated VIP gaming area at the Victoria casino in London;
- Following lessons learnt in H1 around Mecca's wider entertainment offer, further events scheduled for H2;
- Launch of a new, entertainment and social engagement-led concept called 'Players' that presents the bingo experience in a more contemporary format;
- Secure location of new concept casino and agree plans for a second new concept venue to be developed; and
- Refurbishment planned for Grosvenor's Sheffield casino to include tournament electronic gaming.

4. Investing in our brands and marketing

The development of a group of well-defined, relevant and resonant brands is critical for the success of our ambition. Rank possesses a number of well-known brands with strong levels of affinity amongst customers. Continuing to invest and develop these brands, alongside new ones, is an important part of increasing and sustaining revenues.

H1 2018/19 activity:

- Customer segmentation work commenced in the period to help drive new concept proposition for Grosvenor's venues which will determine future venue investments and local marketing campaigns;
- 'Project Experience', the venues customer experience project was rolled out in the period improving customer journeys in both our bingo and casino venues;
- The integrated marketing campaign, Meccarena, led to strong customer acquisition activity for Mecca digital;
- New VIP strategy rolled-out following the recent appointments to the Grosvenor VIP casino team; and
- New local marketing platform rolled out providing clubs with better support and consistency over local promotional activity.

H2 2018/19 priorities:

- Increase marketing investment in digital across both Mecca and Grosvenor digital;
- Use of customer segmentation to help drive key marketing investments and define customer contact and investment strategies for Grosvenor One's loyalty programme;
- Implement an integrated CRM and loyalty strategy including the launch of interactive reward pods in Grosvenor's casinos;
- Launch new Grosvenor rewards programme;
- Continue development of the local marketing platform to ensure consistency and breadth of content available for both Mecca and Grosvenor venues; and
- A renewed focus on converting Mecca's venues customers to digital.

5. Using technology to drive efficiency and improve customer experience

The customer is at the heart of our focus on increasing the use of technology in our business and driving efficiency. Improved customer experience and operating margins can help create a competitive advantage. We have identified a number of opportunities to harness technological developments to offer our customers more engaging experiences and to achieve sustainable growth in operating margins.

H1 2018/19 activity:

- Refurbishment of 3,500 Mecca Max units completed;
- Investment into new casino gaming machines including new product in the Victoria and the Park Tower casinos in London; and
- Contactless chip and pin payment introduced at the casino's cash desk.

H2 2018/19 priorities:

- Introduction of Ticket In Ticket Out ('TiTo') for table gaming; and
- Self-service TiTo cash terminals to be installed across casinos to allow customers to buy in and cash out their TiTo tickets.

Financial Review

	H1 2018/19 (£m)	H1 2017/18 (£m)	Change
Revenue	**374.4**	379.6	(1.4)%
Less: customer incentives	**(26.2)**	(25.4)	3.1%
Statutory revenue	**348.2**	354.2	(1.7)%

Operating profit[1]	**30.3**	41.7	(27.3)%
Less: net finance charges[1]	**(1.4)**	(1.4)	0%
Add: other financial losses[1]	**0.2**	(0.1)	
Adjusted profit before taxation[2]	**29.1**	40.2	(27.6)%
Group operating profit before interest and tax	**25.8**	34.2	(24.6)%
Net financing charge	**(3.0)**	(1.4)	114.3%
Taxation	**(4.1)**	(7.7)	(46.8)%
Profit after taxation	**18.7**	25.1	(25.5)%
Earnings per share	**4.8p**	6.4p	(25.0)%
Adjusted earnings per share[3]	**6.1p**	8.0p	(23.8)%

1 Before exceptionals, as per note 2.
2 Adjusted profit before taxation is calculated by adjusting profit from continuing operations before taxation to exclude exceptional items, the unwinding of the discount on disposal provisions and other financial gains and losses.
3 Adjusted EPS is calculated using adjusted profit which excludes 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.

For the period ended 31 December 2018, statutory revenue decreased by 1.7% to £348.2m.

Operating profit[1] was down by 27.3% principally due to lower revenues, with adjusted profit before taxation down 27.6%.

The net financing charge before exceptional items is flat in the period.

Exceptional items

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

Details of exceptional items can be found in note 3. In H1 2018/19 the Group commenced its transformation programme which resulted in £4.5m of exceptional costs in the period. £3.8m of the costs relate to redundancies made across the Group.

Total exceptional items resulted in a £1.9m cash outflow in the period.

Earnings per share

Basic EPS was down 25.0% to 4.8 pence. Adjusted EPS[3] was down 23.8% to 6.1 pence. For further details refer to note 7.

Taxation

The Group's effective corporation tax rate in H1 2018/19 was 17.5% (H1 2017/18: 22.3%) based on a tax charge of £5.1m on adjusted profit before taxation. This is lower than the Group's anticipated effective tax rate of 20% -22% for the year as a result of the recognition of a deferred tax credit of £0.5m in relation to profits arising in Malta which are subject to a shareholder refund when distributed and a number of prior year adjustments relating to UK and overseas entities as a result of releasing tax provisions that are no longer considered likely to be required. Further details on the taxation charge are provided in note 5. On a statutory unadjusted basis, the Group had an effective tax rate of 18.0% (H1 2017/18: 23.5%), based on a tax charge of £4.1m and total profit before taxation for the period of £22.8m.

Cash tax rate

In the period ended 31 December 2018, the Group had an effective cash tax rate of 15.1% on adjusted profit (H1 2017/18: 15.9%). The cash tax rate is lower than the effective tax rate mainly as a result of the use of losses within the Group and the timing of tax instalment payments.

Cash flow and net cash

As at 31 December 2018, net cash was £7.7m, an improvement of £3.7m from the comparable period end. Debt comprised £51.0m in bank loans, £5.5m in finance leases and £5.8m in overdrafts, offset by cash at bank and in hand of £70.0m. In August 2018, the term loan facilities were reduced to £20.0m, from £50.0m, in line with the agreed amortisation profile. £59.0m of revolving credit facilities ('RCF') were undrawn at the period-end (H1 2017/18: £90.0m undrawn).

In January 2019, Rank refinanced its £20.0m term loan facilities to ensure sufficient debt facilities were in place to cover the deferred consideration payment regarding the acquisition of YoBingo! and transformation programme initiative costs. Following the refinancing, the term loan banking facilities now total £50.0m and comprise three bi-lateral facilities. Two of the three facilities expire in January 2020 with the third in March 2020.

The bank 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, tested biannually. The Group has complied with its banking covenants.

£m	H1 2018/19	H1 2017/18
Cash inflow from operations	**60.3**	67.3
Net cash payments in respect of provisions and exceptional items	**(4.3)**	(5.4)
Cash generated from operations	**56.0**	61.9
Capital expenditure	**(14.1)**	(17.4)
Net interest and tax payments	**(5.1)**	(7.6)
Dividends paid	**(20.7)**	(20.7)
Other (including exchange translation)	**0.9**	0.2
Cash inflow	**17.0**	16.4
Opening net debt	**(9.3)**	(12.4)
Closing net cash	**7.7**	4.0

Total capital expenditure of £14.1m was spent in the period. Key capital projects included the completion of the Barracuda refurbishment in London and the purchase of new gaming machines currently under trial in our London casinos.

Investment continued in the period into the Grosvenor One product and a new content management system for the Group's UK digital brands.

For the full 2018/19 financial year the Group is planning to invest circa £40.0m.

Acquisition of YoBingo!

On 21st May 2018, Rank Digital Holdings Limited (a wholly owned group company) acquired the entire share capital of QSB Gaming Limited, the owner of YoBingo!, the second largest online bingo operator in Spain for an estimated total consideration of €52.0m. The results of that business have been incorporated into the Digital segment.

Further contingent consideration will be paid based on the EBITDA generated by YoBingo! in the calendar year 2018 and has been estimated based on recent business performance and expectations for future growth. Payment is expected in H2 2018/19 and the Group currently intends to fund this through its current cash and debt facilities.

Acquisition accounting will be finalised in the Group's 2018/19 report.

Taxation changes

In May 2018, it was announced that the rate of UK Remote Gaming Duty will be increased to offset reduced tax revenues from the proposed changes to the maximum stakes of B2 gaming machines. This change comes into effect from April 2019 and is estimated to result in an increase in Rank's tax liability by £1.7m for FY 2018/19.

IFRS 16 - Lease

IFRS16 'Leases' will replace IAS17 in its entirety and will be effective for the Group from its 2019/20 accounting year. It will result in most leases being recognised in the Statement of Financial Position, with additional fixed assets and liabilities being recognised. The Group continues to assess the full impact of IFRS16 and it is not yet possible to reasonably quantify its financial effects. The effect will be impacted by interest rates in future years, along with changes to the terms of the Group's existing leases. The directors believe that the new standard will have a material impact upon the Group's reported performance with increases in EBITDA being largely offset by increases in both depreciation and interest charges, and increases in operating profit largely offset by increases in interest charges. There is no current expectation that the group's cashflows will be materially impacted.

IFRS 9 and IFRS 15

IFRS 9 and IFRS 15 is effective for the Group's current accounting year, 2018/19. There is no material impact on the results or net assets from these standards. Please refer to the accounting policies for further detail.

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 financial review and have reviewed the Group's projected compliance with its banking covenants. Based on the Group's cash flow forecasts and operating budgets the directors believe that the Group will generate sufficient cash to meet its borrowing requirements for at least 12 months from the approval of this report and comply with all of its banking covenants.

Principal risks and uncertainties

The Group's enterprise risk management strategy focuses on the minimisation of risks for the Group. Key risks are periodically reviewed by the risk committee, executive and the board, where appropriate, actions are taken to mitigate these.

The principal risks and uncertainties faced by the Group remain those set out in the Group's annual report and financial statements for the year ended 30 June 2018 and include:

- Regulatory, finance, tax and operating environment risks;
- Business operational risks, such as volatility of gaming win, strategic programmes, third party and supply chain and business continuity; and
- Information technology risks, such as cyber-security, disaster recovery and data management.

Greater detail on these risks and uncertainties are set out in pages 42 to 46 of the Group's 2018 annual report and financial statements.

Directors' Responsibility Statement

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

- The financial statements, prepared under International Financial Reporting Standard (IFRS) as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and profit of the Company and the undertakings included in the consolidation taken as a whole; and

- The management report includes a fair review of the development and performance of the business and the position of the Company and the undertakings including in the consolidation taken as a whole, together with a description of the risk and uncertainties that they face.

The directors of The Rank Group Plc are:

Chris Bell
Ian Burke
Steven Esom
Tang Hong Cheong
Susan Hooper
Alan Morgan
John O'Reilly
Alex Thursby

Signed on behalf of the board on 30 January 2019

John O'Reilly
Chief Executive

INDEPENDENT REVIEW REPORT TO THE RANK GROUP PLC

Introduction

We have been engaged by the Company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 31 December 2018 which comprises Consolidated Income Statement, Consolidated Statement of Comprehensive Income, Consolidated Statement of Changes in Equity, Consolidated Balance Sheet, Consolidated Cash Flow Statement and the related explanatory notes 1 to 12 that have been reviewed. We have read the other information contained in the half yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

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

Directors' Responsibilities

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

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

Our Responsibility

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

Scope of Review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 31 December 2018 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

Ernst & Young LLP
London, United Kingdom
30 January 2019

Consolidated Income Statement
for the six months ended 31 December 2018

		Six months ended 31 December 2018 (unaudited)			Six months ended 31 December 2017 (unaudited)		
	Note	**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 customer incentives		**374.4**	**-**	**374.4**	379.6	-	379.6
Customer incentives		**(26.2)**	**-**	**(26.2)**	(25.4)	-	(25.4)
Revenue	2	**348.2**	**-**	**348.2**	354.2	-	354.2
Cost of sales		**(192.3)**	**-**	**(192.3)**	(191.1)	-	(191.1)
Gross profit		**155.9**	**-**	**155.9**	163.1	-	163.1
Other operating costs		**(125.6)**	**(4.5)**	**(130.1)**	(121.4)	(7.5)	(128.9)
Operating profit (loss)	2	**30.3**	**(4.5)**	**25.8**	41.7	(7.5)	34.2
Financing:							
- finance costs		**(1.2)**	**(1.4)**	**(2.6)**	(1.7)	-	(1.7)
- finance income		**-**	**-**	**-**	0.2	-	0.2
- other financial (losses) gains		**(0.2)**	**(0.2)**	**(0.4)**	0.1	-	0.1
Total net financing charge	4	**(1.4)**	**(1.6)**	**(3.0)**	(1.4)	-	(1.4)
Profit (loss) before taxation		**28.9**	**(6.1)**	**22.8**	40.3	(7.5)	32.8
Taxation	5	**(5.1)**	**1.0**	**(4.1)**	(9.0)	1.3	(7.7)
Profit (loss) for the period		**23.8**	**(5.1)**	**18.7**	31.3	(6.2)	25.1
Attributable to:							
Equity holders of the parent		**23.8**	**(5.1)**	**18.7**	31.3	(6.2)	25.1
Earnings (loss) per share attributable to equity shareholders							
- basic		**6.1**	**(1.3)**	**4.8**	8.0	(1.6)	6.4
- diluted		**6.1**	**(1.3)**	**4.8**	8.0	(1.6)	6.4

Consolidated Statement of Comprehensive Income
for the six months ended 31 December 2018

	Six months ended 31 December 2018 (unaudited) £m	Six months ended 31 December 2017 (unaudited) £m
Comprehensive income:		
Profit for the period	**18.7**	25.1

Other comprehensive income:		
Items that may be reclassified to profit or loss:		
Exchange adjustments net of tax	**1.2**	0.3
Total comprehensive income for the period	**19.9**	25.4
Attributable to:		
Equity holders of the parent	**19.9**	25.4

Consolidated Statement of Changes in Equity
for the six months ended 31 December 2018

	For the six months ended 31 December 2018 (unaudited)					
	Share capital £m	**Share premium £m**	**Capital redemption reserve £m**	**Exchange translation reserve £m**	**Retained earnings £m**	**Total £m**
At 1 July 2018	**54.2**	**98.4**	**33.4**	**16.6**	**193.9**	**396.5**
Comprehensive income:						
Profit for the period	**-**	**-**	**-**	**-**	**18.7**	**18.7**
Other comprehensive income:						
Exchange adjustments net of tax	**-**	**-**	**-**	**1.2**	**-**	**1.2**
Total comprehensive income for the period	**-**	**-**	**-**	**1.2**	**18.7**	**19.9**
Transactions with owners:						
Dividends paid to equity holders (note 6)	**-**	**-**	**-**	**-**	**(20.7)**	**(20.7)**
At 31 December 2018	**54.2**	**98.4**	**33.4**	**17.8**	**191.9**	**395.7**

	For the six months ended 31 December 2017 (unaudited)					
	Share capital £m	Share premium £m	Capital redemption reserve £m	Exchange translation reserve £m	Retained earnings £m	Total £m
At 1 July 2017	54.2	98.4	33.4	15.8	188.8	390.6
Comprehensive income:						
Profit for the period	-	-	-	-	25.1	25.1
Other comprehensive income:						
Exchange adjustments net of tax	-	-	-	0.3	-	0.3
Total comprehensive income for the period	-	-	-	0.3	25.1	25.4
Transactions with owners:						
Dividends paid to equity holders (note 6)	-	-	-	-	(20.7)	(20.7)
Debit in respect of employee share schemes including tax	-	-	-	-	(1.4)	(1.4)
At 31 December 2017	54.2	98.4	33.4	16.1	191.8	393.9

Consolidated Balance Sheet
at 31 December 2018 and 30 June 2018

	Note	**As at 31 December 2018 (unaudited) £m**	As at 30 June 2018 (audited) £m
Assets			
Non-current assets			
Intangible assets		**457.2**	459.1
Property, plant and equipment		**160.8**	171.5
Other investment		**3.5**	3.5
Deferred tax assets		**0.4**	0.4
Other receivables		**4.1**	3.7
		626.0	638.2
Current assets			
Inventories		**2.7**	2.5
Other receivables		**34.2**	29.2
Cash and short-term deposits		**70.0**	50.4
		106.9	82.1
Total assets		**732.9**	720.3
Liabilities			
Current liabilities			
Trade and other payables		**(165.0)**	(153.1)
Income tax payable		**(10.9)**	(10.3)

Financial liabilities - loans and borrowings		**(58.1)**	(54.2)
Provisions	8	**(10.1)**	(8.0)
		(244.1)	(225.6)
Net current liabilities		**(137.2)**	(143.5)
Non-current liabilities			
Trade and other payables		**(29.2)**	(30.6)
Financial liabilities - loans and borrowings		**(4.2)**	(5.5)
Deferred tax liabilities		**(23.8)**	(24.4)
Provisions	8	**(31.9)**	(33.6)
Retirement benefit obligations		**(4.0)**	(4.1)
		(93.1)	(98.2)
Total liabilities		**(337.2)**	(323.8)
Net assets		**395.7**	396.5
Capital and reserves attributable to the Company's equity shareholders			
Share capital		**54.2**	54.2
Share premium		**98.4**	98.4
Capital redemption reserve		**33.4**	33.4
Exchange translation reserve		**17.8**	16.6
Retained earnings		**191.9**	193.9
Total shareholders' equity		**395.7**	396.5

Consolidated Cash Flow Statement
for the six months ended 31 December 2018

	Note	**Six months ended 31 December 2018 (unaudited) £m**	Six months ended 31 December 2017 (unaudited) £m
Cash flows from operating activities			
Cash generated from continuing operations	10	**56.0**	61.9
Interest received		**-**	0.2
Interest paid		**(0.7)**	(1.4)
Tax paid		**(4.4)**	(6.4)
Net cash from operating activities		**50.9**	54.3
Cash flows from investing activities			
Purchase of intangible assets		**(3.4)**	(6.5)
Purchase of property, plant and equipment		**(10.7)**	(10.9)
Net cash used in investing activities		**(14.1)**	(17.4)
Cash flows from financing activities			
Dividends paid to equity holders		**(20.7)**	(20.7)
Drawdown of revolving credit facilities		**31.0**	-
Repayment of term loans		**(30.0)**	-
Finance lease principal payments		**(0.7)**	(0.7)
Net cash used in financing activities		**(20.4)**	(21.4)
Net increase in cash, cash equivalents and bank overdrafts		**16.4**	15.5
Effect of exchange rate changes		**0.1**	(0.2)
Cash and cash equivalents at start of period		**47.7**	76.5
Cash and cash equivalents at end of period*		**64.2**	91.8

*Cash and cash equivalents at the end of the period includes an overdraft of £5.8m (period ended 31 December 2017: £6.6m)

1 General information, basis of preparation and accounting policies

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

This condensed consolidated interim financial information was approved for issue on 30 January 2019.

This condensed consolidated financial information does not constitute statutory accounts within the meaning of Section 434 of the Companies Act 2006. Statutory accounts for the 12 month period ended 30 June 2018 were approved by the board of directors on 15 August 2018 and delivered to the Registrar of Companies. The report of the auditors on those accounts was unqualified, did not contain an emphasis of matter paragraph and did not contain a statement made under Section 498 of the Companies Act 2006.

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

Basis of preparation

This condensed consolidated interim financial information for the six months ended 31 December 2018 has been prepared in accordance with the Disclosure and Transparency Rules of the Financial Conduct Authority and with IAS34 'Interim financial reporting' as adopted by the European Union. The condensed consolidated interim financial information should be read in conjunction with the financial statements for the 12 month period ended 30 June 2018, which have been prepared in accordance with IFRSs as adopted by the European Union.

Going concern

In adopting the going concern basis for preparing the financial information the directors have considered the 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 12 months from the date of approval of the interim financial information and comply with all of its banking covenants. Accordingly, the adoption of the going concern basis remains appropriate.

Segment reporting

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

In the current period the internal reporting of operating segments has been modified following changes in management responsibilities. As from 1 July 2018;

- UK Digital, Enracha Digital and YoBingo were combined into a single operating segment which is now known as Digital,
- Grosvenor Venues now excludes our Belgium casino, and
- Enracha Venues and our Belgium casino were combined into a single operating segment known as International Venues.

The Group now reports five segments: Grosvenor Venues, Mecca Venues, Digital, International Venues and Central Costs. The prior period comparative information has been restated to assist with comparability.

Accounting policies

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

The accounting policies and methods of computation adopted in the condensed consolidated half-yearly financial information are consistent with those followed in Group's full financial statements for the year ended 30 June 2018, except for the adoption of new standards effective as of 1 January 2018. The Group applies, for the first time, IFRS 15 - Revenue from Contracts with Customers and IFRS 9 - Financial Instruments.

IFRS 15 - Revenue from Contracts with Customers

IFRS 15 supersedes IAS 11 Construction Contracts, IAS 18 Revenue and related Interpretations and it applies to all revenue arising from contracts with customers, unless those contracts are in the scope of other standards. The new standard establishes a five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances, when applying each step of the model to

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

contracts with their customers. The Group adopted IFRS 15 using the full retrospective method of adoption with no material impact on the financial statements of the Group.

(a) Gaming Win
The Group's income earned from gaming win does not fall within the scope of IFRS 15. Income from these online activities is disclosed as revenue although these are accounted for and meet the definition of a gain under IFRS 9.

(b) Food Beverage and other
The Group's income earned from food and beverage and other good sales is recognised when the goods or services are transferred to the customer and is within the scope of IFRS 15.

IFRS 9 - Financial Instruments

IFRS 9 replaces IAS 39 Financial Instruments: Recognition and Measurement for annual periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting. The Group has applied IFRS 9 retrospectively with no material impact on the financial statements of the Group.

(a) Classification and measurement
The Group's income earned from gaming win falls within the scope of IFRS 9, the change has not resulted in a material impact on accounting or presentation of this income. There were no changes in classification and measurement of other financial assets and liabilities.

(b) Impairment
The adoption of IFRS 9 has changed the Group's accounting for impairment losses for financial assets by replacing IAS 39's incurred loss approach with a forward looking expected credit loss (ECL). IFRS 9 application did not result in material changes to the Group's financial statements.

Trade receivables
Trade receivables are initially recognised at fair value and subsequently measured at amortised cost. The Group has applied the standard's simplified approach and has calculated the ECLs based on lifetime of expected credit losses. This change did not result in material changes to the Group's financial statements. Bad debts are written off when there is objective evidence that the full amount may not be collected.

Investments

Under IFRS 9 investments are measured at fair value through other comprehensive income (FVOCI). The impact of this change is not material for the current period.

Financial liabilities
The accounting for the Group's financial liabilities remains largely the same as it was under IAS 39.

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

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

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

2 Segment information

	Six months ended 31 December 2018 (unaudited)					
	Grosvenor Venues £m	**Mecca Venues £m**	**Digital £m**	**International Venues £m**	**Central Costs £m**	**Total £m**
Revenue before adjustment for customer incentives	**181.4**	**100.0**	**70.4**	**22.6**	**-**	**374.4**
Customer incentives	**(9.3)**	**(3.8)**	**(13.1)**	**-**	**-**	**(26.2)**
Segment revenue	**172.1**	**96.2**	**57.3**	**22.6**	**-**	**348.2**
Operating profit (loss) before exceptional items	**19.4**	**11.4**	**11.0**	**4.1**	**(15.6)**	**30.3**
Exceptional operating loss	**(2.0)**	**(0.1)**	**(0.1)**	**-**	**(2.3)**	**(4.5)**
Segment result	**17.4**	**11.3**	**10.9**	**4.1**	**(17.9)**	**25.8**
Finance costs						**(2.6)**
Other financial losses						**(0.4)**
Profit before taxation						**22.8**
Taxation						**(4.1)**
Profit for the period						**18.7**

	Six months ended 31 December 2017 (unaudited)*					
	Grosvenor Venues £m	Mecca Venues £m	Digital £m	International Venues £m	Central Costs £m	Total £m
Revenue before adjustment for customer incentives	191.2	104.1	60.8	23.5	-	379.6
Customer incentives	(6.9)	(5.0)	(13.5)	-	-	(25.4)
Segment revenue	184.3	99.1	47.3	23.5	-	354.2
Operating profit (loss) before exceptional items	29.3	12.7	10.4	4.3	(15.0)	41.7
Exceptional operating (loss) profit	(6.6)	(0.5)	0.2	-	(0.6)	(7.5)
Segment result	22.7	12.2	10.6	4.3	(15.6)	34.2
Finance costs						(1.7)
Finance income						0.2
Other financial gains						0.1
Profit before taxation						32.8
Taxation						(7.7)
Profit for the period						25.1

* 2017 figures have been restated based on the following changes to operating segments effective from 1 July 2018;
- UK Digital, Enracha Digital and YoBingo were combined into a single operating segment which is now known as Digital,
- Grosvenor Venues now excludes our Belgium casino, and
- Enracha Venues and our Belgium casino were combined into a single operating segment known as International Venues.

2 Segment information (continued)

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

Six months ended 31 December 2018 (unaudited)
Total

	Grosvenor Venues	Mecca Venues	Digital	International Venues	Central Costs	
	£m	£m	£m	£m	£m	£m
Employment and related costs	**64.9**	**25.4**	**7.5**	**9.5**	**10.1**	**117.4**
Taxes and duties	**36.8**	**16.5**	**10.6**	**2.0**	**0.8**	**66.7**
Direct costs	**11.0**	**10.8**	**16.0**	**2.0**	**-**	**39.8**
Property costs	**14.8**	**13.8**	**0.3**	**1.1**	**0.8**	**30.8**
Marketing	**6.6**	**4.5**	**5.7**	**1.1**	**-**	**17.9**
Depreciation and amortisation	**9.9**	**5.0**	**3.8**	**1.4**	**1.9**	**22.0**
Other	**8.7**	**8.8**	**2.4**	**1.4**	**2.0**	**23.3**
Total costs before exceptional items	**152.7**	**84.8**	**46.3**	**18.5**	**15.6**	**317.9**
Cost of sales						**192.3**
Operating costs						**125.6**
Total costs before exceptional items						**317.9**

	Six months ended 31 December 2017 (unaudited)*					
	Grosvenor Venues	Mecca Venues	Digital	International Venues	Central Costs	Total
	£m	£m	£m	£m	£m	£m
Employment and related costs	66.5	26.8	5.4	9.7	9.2	117.6
Taxes and duties	39.1	16.9	6.4	2.1	0.8	65.3
Direct costs	9.1	10.4	15.5	2.1	-	37.1
Property costs	15.6	14.2	0.2	1.0	0.8	31.8
Marketing	6.5	4.3	3.8	0.8	-	15.4
Depreciation and amortisation	10.6	5.9	2.2	1.4	1.5	21.6
Other	7.6	7.9	3.4	2.1	2.7	23.7
Total costs before exceptional items	155.0	86.4	36.9	19.2	15.0	312.5
Cost of sales						191.1
Operating costs						121.4
Total costs before exceptional items						312.5

* 2017 figures have been restated based on the following changes to operating segments effective from 1 July 2018;
- UK Digital, Enracha Digital and YoBingo were combined into a single operating segment which is now known as Digital,
- Grosvenor Venues now excludes our Belgium casino, and
- Enracha Venues and our Belgium casino were combined into a single operating segment known as International Venues.

3 Exceptional items

	Six months ended 31 December 2018 (unaudited)	Six months ended 31 December 2017 (unaudited)
	£m	£m
Exceptional items		
Impairment charges	**-**	(4.9)
Group restructuring including relocation costs	**-**	(1.6)
Net loss from property leases	**-**	(1.0)
Business transformation costs	**(4.5)**	-
Exceptional operating costs	**(4.5)**	(7.5)
Finance costs	**(1.4)**	-
Other financial losses	**(0.2)**	-
Taxation	**1.0**	1.3
Total exceptional items	**(5.1)**	(6.2)

Business transformation costs
Transformation costs of £4.5m in the period include one-off costs associated with restructuring the business. Costs incurred in the period primarily consist of severance costs. These costs are considered exceptional as this is a material initiative which is one-off in nature.

Finance costs and other financial losses
Exceptional finance cost is non-cash interest from unwinding a discount applied to contingent consideration payable. Other financial losses include foreign exchange losses on the same consideration. Contingent consideration is payable due to the acquisition of QSB Gaming Limited ('YoBingo') and the majority is expected to be paid in H2 2018/19.

4 Financing

	Six months ended 31 December 2018 (unaudited)	Six months ended 31 December 2017 (unaudited)

	£m	£m
Finance costs:		
Interest on debt and borrowings	**(0.7)**	(1.1)
Amortisation of issue costs on borrowings	**(0.1)**	(0.2)
Interest payable on finance leases	**(0.2)**	(0.3)
Unwinding of the discount in property lease provisions	**(0.2)**	(0.1)
Total finance costs	**(1.2)**	(1.7)
Finance income:		
Interest income on short-term bank deposits	**-**	0.2
Finance income	**-**	0.2
Other financial (losses) gains	**(0.2)**	0.1
Total net financing charge before exceptional items	**(1.4)**	(1.4)
Exceptional finance costs	**(1.4)**	-
Exceptional other financial losses	**(0.2)**	-
Total net financing charge	**(3.0)**	(1.4)

4 Financing (continued)

A reconciliation of total net financing charge before exceptional items to adjusted net interest included in adjusted profit is disclosed below:

	Six months ended 31 December 2018 (unaudited) £m	Six months ended 31 December 2017 (unaudited) £m
Total net financing charge before exceptional items	**(1.4)**	(1.4)
Adjust for:		
Other financial losses (gains)	**0.2**	(0.1)
Adjusted net interest payable	**(1.2)**	(1.5)

5 Taxation

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

	Six months ended 31 December 2018 (unaudited) £m	Six months ended 31 December 2017 (unaudited) £m
Current income tax		
Current income tax - UK	**(3.9)**	(6.6)
Current income tax - overseas	**(2.8)**	(2.0)
Current income tax charge	**(6.7)**	(8.6)
Current income tax on exceptional items	**1.0**	0.5
Amounts over (under) provided in previous period	**0.8**	(0.4)
Total current income tax charge	**(4.9)**	(8.5)
Deferred tax		
Deferred tax - UK	**-**	(0.6)
Deferred tax - overseas	**0.8**	-
Deferred tax on exceptional items	**-**	0.8
Amounts over provided in previous period	**-**	0.6
Total deferred tax credit	**0.8**	0.8
Tax charge in the income statement	**(4.1)**	(7.7)

The debit in respect of employee share schemes included within the Statement of Changes in Equity includes a deferred tax credit of £nil (six months ended 31 December 2017: £0.1m).

Factors affecting future taxation

UK corporation tax is calculated at 19.00% (six months ended 31 December 2017: 19.00%) of the estimated assessable profit for the period. Taxation for overseas operations is calculated at the local prevailing rates.

On 8 July 2015, the Chancellor of the Exchequer announced the reduction in the main rate of UK corporation tax to 19.00% for the year starting 1 April 2017 and a further 1.00% reduction to 18.00% from 1 April 2020. These changes were substantively enacted in October 2015.

On 16 March 2016, the Chancellor of the Exchequer announced a further 1.00% reduction to the previously announced 18.00% main rate of UK corporation tax to 17.00% from 1 April 2020. This change was substantively enacted in September 2016.

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

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

5 Taxation (continued)

A reconciliation of tax on continuing operations to tax included in adjusted profit is described below:

	Six months ended 31 December 2018 (unaudited) £m	Six months ended 31 December 2017 (unaudited) £m
Tax charge	**(4.1)**	(7.7)
Adjust for:		
Tax on exceptional items	**(1.0)**	(1.3)
Tax charge included in adjusted profit	**(5.1)**	(9.0)

6 Dividends

	Six months ended 31 December 2018 (unaudited) £m	Six months ended 31 December 2017 (unaudited) £m
Dividends paid to equity holders		
Final dividend for 2017/18 paid on 30 October 2018 - 5.30p per share	**20.7**	-
Final dividend for 2016/17 paid on 31 October 2017 - 5.30p per share	**-**	20.7
Total	**20.7**	20.7

The Board has declared an interim dividend of 2.15p per ordinary share. The dividend will be paid on 14 March 2019 to shareholders on the register at 15 February 2019. The financial information does not reflect this dividend.

7 Adjusted earnings per share

Adjusted earnings is calculated by adjusting profit attributable to equity shareholders to exclude 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:

	Six months ended 31 December 2018 (unaudited) £m	Six months ended 31 December 2017 (unaudited) £m
Profit attributable to equity shareholders	**18.7**	25.1
Adjust for:		
Exceptional items after tax	**5.1**	6.2
Other financial losses (gains)	**0.2**	(0.1)
Adjusted net earnings attributable to equity shareholders	**24.0**	31.2
Weighted average number of ordinary shares in issue	**390.7m**	390.7m
Adjusted earnings per share (p) - basic	**6.1p**	8.0p
Adjusted earnings per share (p) - diluted	**6.1p**	8.0p

8 Provisions

	Property lease provisions £m	**Disposal provisions £m**	**Restructuring provisions £m**	**Indirect tax provisions £m**	**Total £m**
At 1 July 2018	**36.0**	**4.0**	**0.4**	**1.2**	**41.6**
Unwinding of discount	**0.2**	**-**	**-**	**-**	**0.2**
Exceptional charge to the income statement	**-**	**-**	**2.6**	**-**	**2.6**
Cash utilised in period	**(2.1)**	**-**	**(0.3)**	**-**	**(2.4)**
At 31 December 2018 (unaudited)	**34.1**	**4.0**	**2.7**	**1.2**	**42.0**
Current	**6.0**	**0.2**	**2.7**	**1.2**	**10.1**
Non-current	**28.1**	**3.8**	**-**	**-**	**31.9**
At 31 December 2018 (unaudited)	**34.1**	**4.0**	**2.7**	**1.2**	**42.0**

9 Borrowings to net 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 debt position is provided below:

	At 31 December 2018	At 31 December 2017

	(unaudited) £m	(unaudited) £m
Total loans and borrowings	**(62.3)**	(94.7)
Adjust for:		
Accrued interest	**0.1**	0.4
Unamortised facility fees	**(0.1)**	(0.1)
	(62.3)	(94.4)
Cash and short-term deposits	**70.0**	98.4
Net cash	**7.7**	4.0

10 Cash generated from continuing operations

	Six months ended 31 December 2018 (unaudited) £m	Six months ended 31 December 2017 (unaudited) £m
Operating profit	**25.8**	34.2
Exceptional items	**4.5**	7.5
Operating profit before exceptional items	**30.3**	41.7
Depreciation and amortisation	**22.0**	21.6
Increase in inventories	**(0.2)**	(0.1)
Increase in other receivables	**(5.3)**	(8.3)
Increase in trade and other payables	**13.3**	13.5
Share-based payments	**0.4**	0.2
Settlement of share-based payments	**(0.4)**	(1.7)
Loss on disposal of property, plant and equipment	**-**	0.1
Impairment of intangible assets	**-**	0.2
Impairment of property, plant and equipment	**0.2**	0.1
	60.3	67.3
Cash utilisation of provisions (See note 8)	**(2.4)**	(4.7)
Cash payments in respect of exceptional items	**(1.9)**	(0.7)
Cash generated from operations	**56.0**	61.9

11 Contingent liabilities

Property leases

Concurrent to the £211m sale and leaseback in 2006, the Group transferred the rights and obligations but not the legal titles of 44 property leases to a third party. The Group remains potentially liable in the event of default by the third party. Should default occur then the Group would have recourse to two guarantors. It is understood that, of the original 44 leases transferred, eight of these have not expired or been surrendered. These eight leases have durations of between two months and 94 years and a current annual rental obligation (net of sub-let income) of approximately £0.8m.

During 2014, the Group became aware of certain information in respect of a change in the financial position of the third party and one of the guarantors. However, the Group has not to date been notified of any default, or intention to default, in respect of the transferred leases.

12 Related party and ultimate parent undertaking

Guoco Group Limited (Guoco), a company incorporated in Bermuda, and listed on the Hong Kong stock exchange has a controlling interest in The Rank Group Plc. The ultimate parent undertaking of Guoco is Hong Leong Company (Malaysia) Berhad (Hong Leong) which is incorporated in Malaysia. At 31 December 2018, entities controlled by Hong Leong owned 56.2% of the Company's shares, including 52.0% through Guoco and its wholly-owned subsidiary, Rank Assets Limited, the Company's immediate parent undertaking.

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