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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. Roderic N. A. Sage, Mr. David Michael Norman and Mr. Huang Lester Garson, SBS, JP as Independent Non-executive Directors.

News release

LEI: 213800TXKD6XZWOFTE12

30 January 2020

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

Interim results for the six months ended 31 December 2019

Transformation delivering revenue and profit growth

Today Rank is pleased to announce its interim results for the six months ended 31 December 2019. Group underlying net gaming revenue (NGR) grew by 10% in the period and underlying operating profit increased by 70%.

Reported NGR and operating profit also grew in the period, up 14% and 117% respectively.

On 4 October 2019, Rank completed the acquisition of Stride Gaming plc ('Stride'). Post completion Stride contributed £18.1m of NGR and £1.4m of operating profit in the half.

Financial highlights

		H1 2019/20[1]	H1 2018/19	Change
Financial KPIs	Group underlying net gaming revenue (NGR)[1]	**£377.5m**	£342.4m	10%
	Digital underlying NGR[1]	**£65.2m**	£57.3m	14%
	Venues underlying NGR[1]	**£312.3m**	£285.1m	10%
	Underlying operating profit[1,2] pre IFRS 16[3]	**£55.1m**	£32.5m	70%
	Impact of IFRS 16 to underlying operating profit	**£3.8m**	-	-
	Underlying operating profit	**£59.8m**	£31.9m	87%
	Underlying profit before taxation[2]	**£52.9m**	£30.5m	73%
	Underlying net (debt)/cash	**£(59.0)m**	£7.7m	-
	Underlying earnings per share[2]	**11.0p**	6.4p	72%
		H1 2019/20	H1 2018/19	Change
Statutory performance	Reported NGR	**£397.4m**	£348.2m	14%
	Group operating profit	**£56.1m**	£25.8m	117%
	Profit after taxation	**£39.8m**	£18.7m	113%
	Cash generated from operations	**£109.3m**	£56.0m	95%
	Net (debt)/cash	**£(300.5)m**	£7.7m	-
	Basic earnings per share	**10.2p**	4.8p	113%
	Dividend per share	**2.8p**	2.15p	30%

1 On a like-for-like (LFL) basis which removes the impact of club openings, closures, acquired businesses and foreign exchange movements.
2 H1 2018/19 restated to reflect the reclassification of IFRS 3 to separately disclosed items.
3 H1 2018/19 is not restated for the impact of IFRS 16.

Operational highlights

- The Group continues to focus on initiatives which drive revenue growth, cost savings and improved ways of working through the transformation programme. Central to this is creating more exciting, entertaining and safe environments and experiences for our customers
- Acquisition of Stride completed 4 October 2019 and the implementation of a comprehensive integration plan is underway
- In the quarter prior to completion Stride's NGR declined by 15%, and by 2% in the quarter post acquisition
- Strong LFL NGR growth in Digital - Grosvenor up 21% and Mecca up 13%
- Yo underperformed with LFL NGR down 2% but the Group remains confident of its future prospects
- Grosvenor venues LFL NGR grew by 15% with a strong trading performance across the London venues and a positive customer response to key investments into product, technology and facilities
- Mecca venues LFL NGR down 1% with growth in gaming machines offset by lower customer visits impacting bingo and interval games revenue
- Investment in the Spanish Enracha venues estate has supported a 9% growth in International venues LFL NGR
- Several key safer gambling initiatives delivered in H1 with a programme of further developments scheduled for H2
- H1 cost savings delivered from the casino operating model changes on track to deliver annualised saving of £19m
- Strong cash flow generation led to better than expected underlying net debt of £59.0m
- Dividend up 30%

Outlook

- Full year expected underlying operating profit to be between £113m and £123m (£105m to £115m pre IFRS16)
- Good progress is being made with the integration of Stride and we expect cost synergies to be in line with the £13m guidance, largely to flow through in 2020/21 and 2021/22

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

"We are pleased with The Group's first half performance which demonstrates that the transformation programme is delivering the right results. The revenue growth in our digital business and across our Grosvenor and Enracha venues shows that we are moving in the right direction in key areas of our business. We remain on track and are confident in our ability to deliver operational and financial improvements underscored by a relentless commitment to delivering exciting, entertaining and safe gambling environments and experiences for our customers.

The successful integration of Stride into our business will ensure that we benefit from strong synergies, proprietary technology and a first-class digital team, all of which will position us well for the second half of the year. These are a good set of numbers and are a testament to our committed and talented colleagues across the Group who have worked hard to deliver them."

Ends

Definition of terms:

- Net gaming revenue ('NGR') is revenue less customer incentives;
- Underlying measures exclude the impact of amortisation of acquired intangibles; revaluation of investments; profit or loss on disposal of businesses; acquisition and disposal costs including changes to deferred or contingent consideration; impairment charges; reversal of impairment charges; restructuring costs as part of an announced programme; charges and credits for financing fair value remeasurements; discontinued operations and exceptional items, should they occur in the period. Collectively these items are referred to a Separately Disclosed Items ('SDIs');
- EBITDA is operating profit before SDIs, depreciation and amortisation;
- Underlying profit before tax is profit from continuing operations before taxation adjusted to exclude SDIs. See Alternative Performance Measures section for a reconciliation;
- Underlying earnings per share is calculated by adjusting profit attributable to equity shareholders to exclude SDIs;
- "H1 2019/20" refers to the six-month period to 31 December 2019 and "H1 2018/19" refers to the six-month period to 31 December 2018;
- Like-for-like ('LFL') measures have been disclosed in this report to show the impact of club openings, closures, acquired businesses and foreign exchange movements;
- Prior year LFL measures are amended to show an appropriate comparative for the impact of club openings, disposals, closures and acquired businesses;
- The Group results make reference to "underlying" results alongside our statutory results, which we believe will be more useful to readers as we manage our business using these adjusted measures. The directors believe that SDIs impair visibility of the underlying performance of the Group's business because these items are often material, non-recurring and do not relate to the underlying trading performance. Accordingly, these are excluded from our non-GAAP measurement of revenue, EBITDA, operating profit, profit before tax and underlying EPS. Underlying measures are the same as those used for internal reports; and
- Venues includes Grosvenor venues, Mecca venues and International venues.

Enquiries

The Rank Group Plc

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Photographs available from www.rank.com

Analyst meeting and webcast details:
Thursday 30 January 2020
There will be an analyst meeting at 9.30 am, 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 review

We are pleased to announce that the Group has performed strongly in the six months ended 31 December 2019. Group like-for-like ('LFL') underlying net gaming revenue ('NGR') grew by 10% driven by pleasing Digital, Grosvenor venues and International venues performances. Cost initiatives delivered through the transformation programme continued to flow into the half and, alongside strong NGR growth, delivered a 70% increase in LFL underlying operating profit.

The Group is one year into its three-year transformation programme and is on track to becoming a leading multi-channel gaming business. Following the delivery of the key cost initiatives, focus now increases on developing the Group's revenue growth opportunities. During the first half, we finalised the Group's safer gambling workstream, with an initial focus on enhanced training for colleagues, review of customer messaging, continued development of our affordability and propensity models, the introduction of machine limits and tighter entry controls within Grosvenor venues.

The successful integration of Stride is a key priority for the Group with the project now falling within the transformation programme's framework to ensure the benefits from combining Stride's and Rank's digital businesses are maximised.

Digital performed strongly in the last six months with LFL NGR up 14%, driven by the performance of the Mecca and Grosvenor brands. Mecca digital's LFL NGR grew by 13% following the launch of a successful promotional programme and improvements to our customer rewards programme and customer journeys. Grosvenor digital's NGR grew by 21% in the half with 36% of our online customers now playing via a Grosvenor One account. Yo's performance was disappointing in the period and progress on some key initiatives has been slower than expected. Following actions taken towards the end of the half to address Yo's underperformance, including the launch of YoCasino, the Group remains confident in Yo's future prospects. Digital's LFL underlying operating profit fell by £2.1m due to £3.8m of additional UK Remote Gaming Duty ('RGD'), following its increase to 21% from April 2019, and a £2.2m increase in Digital's depreciation charge following the launch of Grosvenor One and Grosvenor's new content management system ('CMS').

Grosvenor venues had a particularly strong H1 with total NGR up 15% driven by higher staking levels and table win margin (up 0.8 ppts). Growth was seen across all product areas as customers reacted positively to our recent investment into product, technology and customer facilities. Electronic roulette's performance also benefited from the change in B2 machine regulation where maximum stakes were reduced to £2 in betting shops. Cost savings delivered from the casino operating model changes are on track to deliver annualised savings of £19m. This alongside customer loyalty programme changes contributed to Grosvenor's 137% improvement in LFL underlying operating profit.

Mecca venues saw a small decline in LFL NGR in the six-month period, down 1%. Previous trends continued with a 4% increase in spend per visit being offset by a fall in customer visits. NGR declines were seen across both mainstage and interval gaming, however, following recent investments, amusement machines grew NGR by 1%. Mecca continued with its portfolio of successful entertainment events and bingo variants in the half and is now focused on increasing the relevance of the customer proposition within our local communities.

International venues benefited from key product investments made in the period, driving NGR up by 9%.

Work continues on creating a safer environment for all our customers. For our digital channel, an affordability model was introduced to help risk score all of Rank's digital customers with the aim of seeking to ensure that customers are playing within their means. For our UK venues, length of play and loss limit customer alerts were introduced across our gaming machine products. We are trialling ID scanning technology within our Grosvenor venues and expect to roll this out across the estate in the second half of the year, further tightening entry controls into our casinos.

£m	Underlying NGR[1]			Underlying operating profit[1,2]		
	H1 2019/20	H1 2018/19	Change	**H1 2019/20**	H1 2018/19	Change
Digital	**65.2**	57.3	14%	**10.5**	12.6	(17)%
Grosvenor venues	**198.1**	172.0	15%	**45.9**	19.4	137%
Mecca venues	**89.6**	90.5	(1)%	**12.3**	12.0	3%

International venues	**24.6**	22.6	9%	**5.3**	4.1	29%
Central costs	**-**	-	-	**(18.9)**	(15.6)	(21)%
Total	**377.5**	342.4	10%	**55.1**	32.5	70%

1 On a like-for-like (LFL) basis which removes the impact of club openings, closures, acquired businesses and foreign exchange.
2 Before the impact of IFRS 16.

Acquisition of Stride Gaming plc

On 4 October 2019, Rank completed the acquisition of Stride Gaming plc for £116.0m.

In the first three months following completion we have been working on developing the detailed integration plan for our two digital businesses.

The integration programme will follow the same cadence and rigour as the already embedded transformation programme and is being led by Rank's chief transformation officer. We expect to deliver cost synergy benefits of £13m per annum.

In the period, the new digital management team was confirmed which is led by Eitan Boyd as the new digital chief executive.

Board changes

Chair

Alex Thursby was appointed as chair on 17 October 2019 following the conclusion of Rank's 2019 Annual General Meeting ('2019 AGM').

Alex succeeds Ian Burke who previously had notified the Board of his intention not to seek re-election at the 2019 AGM.

Non-executive director and audit chair

On 4 November 2019, Karen Whitworth was appointed to the Board as a non-executive director. Karen chairs Rank's audit committee and also serves on our safer gambling and remuneration committees.

Dividend

The Board targets a progressive and sustainable dividend. The dividend policy reflects strong cash flow characteristics and long-term earnings potential of the Group, whilst allowing it to retain sufficient capital to fund ongoing operating requirements, investment and balance sheet management. In line with the Group's improving performance, the Board is pleased to declare a 30% increase in interim dividend to 2.8 pence per share to be paid to be paid on 13 March 2020 to shareholders on the register at 14 February 2020.

Brexit

Whilst there is now greater clarity following the outcome of the General Election in December, the Group remains cautious as attention turns to the UK's post-transition relationship with the EU. Mitigations have been prepared to reduce the potential impact on the Group.

Current trading and outlook

Current trading has been in line with our recent trading update and we expect underlying operating profit for the full year to be between £113m and £123m including the impact of IFRS 16.

Operating review – Digital

Digital performed strongly in the half with LFL NGR up 14%, driven by the performance of the Mecca and Grosvenor brands.

Key financial performance indicators[1]

£m		**H1 2019/20**	H1 2018/19	Change
LFL NGR		**65.2**	57.3	14%
	Mecca	**34.2**	30.2	13%
	Grosvenor	**24.3**	20.1	21%
	Enracha	**0.3**	0.5	(40)%
	Yo[2]	**6.4**	6.5	(2)%
LFL operating profit pre IFRS 16		**10.5**	12.6	(17)%
IFRS 16		***0.1***		
LFL operating profit		**10.6**		
Total NGR		**83.2**	57.3	45%
	Mecca	**34.2**	30.2	13%
	Grosvenor	**24.3**	20.1	21%
	Enracha	**0.3**	0.5	(40)%
	Yo	**6.3**	6.5	(3)%
	Stride[3]	**18.1**	-	-
Total operating profit		**11.9**	12.6	(6)%

1 Before separately disclosed items.
2 Excludes impact of foreign exchange.
3 Includes post acquisition performance only.

Mecca's NGR grew by 13% in the half, principally driven by customer journey improvements and strong promotional activity. Mecca's Dream Come True campaign and daily retention game, a spin to win bonus mechanic, were promotional highlights of the period and both contributed to a 15% increase in first time depositors. Improvements were also made to Mecca's customer reward's programme, introducing greater flexibility and speed to react to a customer's play.

Strong growth in Grosvenor's active customer base helped deliver a 21% increase in Grosvenor's NGR in the half, with 33% of Grosvenor's revenue coming through Grosvenor One. During the period, Grosvenor successfully migrated onto the new content management system providing more control to the business in building out improvements to the customer experience.

As part of Rank's safer gambling workstream, a UK digital affordability model was introduced in the half to help improve our ability to ensure customers are playing within their means.

Stride[4]

	Q1 2019/20	Q2 2019/20	**H1 2019/20**
NGR growth	(15)%	(2)%	**(9)%**

4 Pre acquisition performance included.

Post-acquisition, the digital leadership team focused on developing transformation initiatives to address the recent underperformance. Early signs are encouraging, and we expect Stride to return to NGR growth during H2.

A new operating model for the enlarged digital business is being established with clear and achievable synergy benefits of at least £13m per annum. All integration initiatives will be managed through the transformation programme framework.

Yo underperformed in the period with NGR down 2%. Towards the end of the first half we have strengthened the management team and launched YoCasino which we expect will improve Yo's performance going forward.

Yo's Portuguese bingo offer is to be launched once the necessary regulatory approvals have been received.

Operating review – Grosvenor venues

Grosvenor venues performed strongly in the period with LFL NGR up 15% with growth being delivered across all product areas.

Key financial performance indicators[1]

£m	**H1 2019/20**	H1 2018/19	Change
LFL NGR	**198.1**	172.0	15%
London	**80.2**	65.3	23%
Rest of UK	**117.9**	106.7	10%
LFL operating profit pre IFRS 16	**45.9**	19.4	137%
IFRS 16	***2.2***		
LFL operating profit	**48.1**		
Total NGR	**198.1**	172.1	15%
Total operating profit	**48.1**	19.4	148%

1 Before separately disclosed items.

NGR growth was seen across all product areas in the half driven by improved table win margin, up 0.8 ppts, and higher staking levels.

London performed particularly strongly with NGR up 23% reflecting Grosvenor's recent investment focus, a higher win margin and the very strong summer, helped by the weak pound. Rest of UK NGR growth was also strong, up 10%, centred around recent investments.

Costs continued to be well controlled and we are on track to deliver an annualised benefit of £19m following the new operating model that was introduced in late H1 2018/19. Grosvenor's customer reward programme was withdrawn in the prior year, this led to £6.1m of savings in H1. A new reward programme is expected to go live in H1 2020/21.

Machine and product investments made in the prior year helped deliver an incremental £10.1m of electronic roulette gross gaming revenue (GGR) and £4.4m of slot machine GGR in the period. Electronic roulette's performance also benefited from the change in B2 regulation which reduced staking limits to £2 in betting shops from April 2019.

During the period, customer alerts were introduced for both time played and loss limits across gaming machines and electronic roulette terminals. Grosvenor is currently trialling several customer entry control systems, whilst this means customers will no longer be able to walk into a casino unidentified, Grosvenor will be able to capture a customer's identity easily and quickly through the use of the very latest technology. Further enhancements are also planned for the casino management system, Neon, which will support the identification of and interaction with customers potentially at risk of problem gambling and help us evaluate the effectiveness of those interactions.

LFL venues revenue analysis

£m	**H1 2019/20**	H1 2018/19	Change
Casino games	**131.0**	114.1	15%
Gaming machines	**50.5**	46.1	10%
Food and drink, card room games and other	**19.9**	21.2	(6)%
Less: customer incentives	**(3.3)**	(9.4)	65%
Total NGR	**198.1**	172.0	15%

Grosvenor's overarching aim is to deliver a more entertaining and exciting customer proposition with investments focused around its product, technology and customer facilities.

In December 2019, Pier Nine, Grosvenor's new concept casino in Brighton was opened. The casino aims to provide a more exciting and entertaining casino experience with a wider and more relevant non-gaming offer. Across its three floors, the new casino offers both formal and informal dining, three bars, a classic casino in addition to retro and digital gaming. A spare unused casino licence was also utilised at Pier Nine enabling its customers to be better served through a more accessible machine offer. The casino will be officially launched on 1 February.

Work recently commenced on creating an improved outdoor customer terrace at Grosvenor's flagship casino in London, the Victoria casino. The new customer terrace, which will incorporate outdoor gaming, and a refreshed casino entrance are expected to be completed by the end of the current financial year.

During the half, a small but effective refurbishment was carried out at Grosvenor's Reading Central casino. Works included new external signage to make the casino more visible and engaging. Four further light touch refurbishments are planned for the second half and are expected to cost circa £2m.

The refurbished Sheffield casino delivered good returns demonstrating the benefits of appealing to both a leisure and traditional customer base through a good food and drink offer and a more modern gaming environment. Grosvenor's Merchant City casino in Glasgow has been identified suitable for a 'Sheffield' style refurbishment and further opportunities are under investigation.

Grosvenor will continue to seek opportunities to locate and operate its remaining eight dormant casino licences.

As highlighted at our preliminary results for the year ended 30 June 2019, Grosvenor is not able to measure customer visit numbers on a basis consistent with prior periods following staffing reductions under the new operating model. Grosvenor's customer entry control system trials are ongoing however we expect customer visit numbers to be reinstated as a reported KPI for the financial year 2020/21.

Operating review - Mecca venues

Mecca's like-for-like NGR was down 1% in the period driven by a 5% decline in customer visits partially offset by a 4% increase in spend per visit.

Key financial performance indicators[1]

£m	**H1 2019/20**	H1 2018/19	Change
LFL NGR	**89.6**	90.5	(1)%
LFL operating profit pre IFRS 16	**12.3**	12.0	3%
IFRS 16	***1.7***		
LFL operating profit	**14.0**		
Total NGR	**91.9**	96.2	(4)%
Total operating profit	**13.7**	11.4	20%

1 Before separately disclosed items.

Continued cost efficiencies mitigated the loss in NGR in the period, with LFL operating profit up 3%.

Mecca's southern region performed well in the half growing its customer base following competitor closures. In contrast, Mecca's Scottish region suffered following declines in its higher frequency customer base.

LFL key non-financial performance indicators

	H1 2019/20	H1 2018/19	Change
Customer visits (000s)	**3,902**	4,104	(5)%
Spend per visit (£)	**22.96**	22.05	4%

The modernisation and relevance of Mecca's customer offer to its local community remains the key area of focus. From a product perspective, more relevant and engaging products were introduced across both Mecca's amusement machine and Mecca Max estate. Work also continued to improve the accessibility of Mecca's machines with three venues moving their machines to the front of the venue with opening hours being extended in some cases.

With regards to engaging with Mecca's wider community, the popular portfolio of entertainment events continued in the period with a total of 72 events being held across 36 venues.

LFL venues NGR analysis

£m	**H1 2019/20**	H1 2018/19	Change
Main stage bingo	**12.3**	13.2	(7)%
Interval bingo	**33.4**	34.4	(3)%
Amusement machines	**31.8**	31.4	1%
Food and drink/other	**12.1**	11.5	5%
Total	**89.6**	90.5	(1)%

The fall in customer visits led to main stage bingo and interval bingo to decline by 7% and 3% respectively.

The rollout of food and drink home delivery from Mecca's kitchens was completed in the half and results so far have been positive.

Proposals have been developed to trial new external signage at five Mecca venues which are due to be installed in H2.

On 16 August, Rank entered into a conditional agreement to sell five Mecca bingo clubs to Club 3000 for £2.1m; all five disposals were completed in the period and resulted in a £1.8m profit on disposal.

Operating review – International venues

LFL NGR grew by 9% in the period driven by improved performance across every Enracha venue.

Key financial performance indicators[1]

	H1 2019/20	H1 2018/19	Change
LFL NGR	**24.6**	22.6	9%
Enracha	**18.9**	17.5	8%
Blankenberge Casino	**5.7**	5.1	12%
LFL operating profit pre IFRS 16	**5.3**	4.1	29%
IFRS 16	***0.1***		
LFL operating profit	**5.4**		
Total NGR	**24.2**	22.6	7%
Total operating profit	**5.3**	4.1	29%

1 Before separately disclosed items.

Four Enracha venues underwent refurbishments in H1, focused principally on improving the gaming machine offer. Gaming machine revenue performance following these investments has been positive, up 9%.

A new Enracha venue in Girona is scheduled to be opened in 2020. The new venue will have a greater focus on electronic gaming and sports betting compared to Enracha's other nine venues and will be delivered through a lower operational cost model.

Three concept Enracha Stadium venues are also due to be opened subject to planning approvals. These smaller venues will offer a pure electronic gaming and sports betting customer experience.

The Blankenberge casino delivered strong NGR growth in the period, up 12%, driven by machine investments. Further improvements in product and facilities will be introduced in the second half.

Alternative Performance Measures

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

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

Purpose

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

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

Impact of IFRS 16 adoption on the Group's APMs

With the current year being a transitional year following the introduction of IFRS 16, the Group has not adjusted its APMs for the impact of the adoption of IFRS 16. For periods starting after 30 June 2020, all APMs will be disclosed post IFRS16.

The impact of IFRS 16 is explained fully in note 1 of the Interim Financial Statements. The Group has applied the modified retrospective approach to adoption and has not restated comparative information.

Had the Group adjusted its APMs for the impact of adoption at 31 December 2019, underlying operating profit would be £3.8m higher; underlying net finance costs would have been £4.0m higher; underlying profit before tax would have been £0.2m lower; and underlying earnings per share would have been 0.1p lower.

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

APM	Purpose	Closest equivalent IFRS measure	Adjustments to reconcile to primary financial statements
Like-for-like (LFL) net gaming revenue (NGR)	Revenue measure	Reported NGR	• Separately disclosed items • Excludes contribution from any venue openings, closures, disposal and acquired businesses during the period • Foreign exchange movements
LFL EBITDA (earnings before interest, taxation, depreciation and amortisation)	Profit measure	Operating profit	• Separately disclosed items • Excludes contribution from any venue openings, closures, disposals and acquired businesses during the period • Depreciation and amortisation before separately disclosed items • Foreign exchange movements • IFRS 16 lease adjustments
LFL operating profit	Profit measure	Operating profit	• Separately disclosed items • Excludes contribution from any venue openings, closures, disposal and acquired businesses during the period • Foreign exchange movements • IFRS 16 lease adjustments
LFL profit before taxation	Profit measure	Profit before tax	• Separately disclosed items • Excludes contribution from any venue openings, closures, disposals and acquired businesses during the period • Foreign exchange movements • IFRS 16 lease adjustments

APM	Purpose	Closest equivalent IFRS measure	Adjustments to reconcile to primary financial statements
LFL profit after taxation	Profit measure	Profit before tax	• Separately disclosed items • Excludes contribution from any venue openings, closures, disposals and acquired businesses during the period • Foreign exchange movements • IFRS 16 lease adjustments
Underlying earnings per share	Profit measure	Earnings per share	• Separately disclosed items
Underlying net debt	Debt	Net debt	• IFRS 16 lease adjustments

Rationale for adjustments – Profit and debt measure

1. Separately disclosed items (SDIs)

The Group has changed its presentational format to improve the definitions and terminology to provide greater clarity on the underlying performance of the business. The terminology has changed from "before exceptional items" and "exceptional items" to "underlying" and "separately disclosed". SDIs are those that bear no relation to the Group's underlying ongoing performance. This helps users of the accounts better assess the underlying performance of the Group, helps align to the APMs used to run the business and still maintains clarity to the statutory reported numbers. The following provides the rationale for treating these items as SDIs.

a) Profit on disposal of venues

Charges or credits associated with the disposal of part or all of a business may arise. Such disposals may result in one time impacts that in order to allow comparability means the Group removes the profit or loss from the underlying operating results. During the period five Mecca venues were sold and resulted in a £1.8m profit on disposal.

b) IFRS 3 Amortisation of acquired intangible assets

Fair value uplifts associated with IFRS 3 creates assets that are depreciated or amortised over the life of the assets with the charge, and the tax effects thereof, being included in the Group's reported depreciation and amortisation expense. The Group's underlying results have therefore been adjusted to exclude the non-cash depreciation and amortisation expense of £3.7m in the period relating to the acquired intangible assets of Stride and YoBingo.

c) Acquisition related costs

Fees and directly associated costs with potential or actual acquisitions are charged to the income statement. As such items are infrequent, they are not part of the underlying business and are therefore not included in the underlying performance of the Group. In the period there were £1.8m of one-off costs relating to the acquisition of Stride.

d) Business Transformation Costs

Redundancy programmes which have been announced are infrequent items charged to the Group income statement. As such items are infrequent, they are not part of the underlying business and are therefore not included in the underlying performance of the Group. No costs of this nature were incurred in the period.

e) Finance costs and other financial losses

Those financial charges or credits associated with the (1) discounting unwinding or (2) revaluation of foreign currency denominated deferred or contingent considerations are considered to relate to liabilities that are not part of the underlying operation of the business. The Groups underlying results have therefore been adjusted to remove these items.

f) The tax impact of all of the above items are also not considered to be part of the underlying operations of the Group.

Further details of the Separately Disclosed Items are included in note 3.

2. Leases

On adoption of IFRS 16, the Group's reported loans and borrowings include lease liabilities, as explained in note 1, which are not directly related to the external financing of the Group. The Group excludes these liabilities from its underlying net debt and to better reflect the Group's underlying funding position with its primary sources of capital.

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

	H1 2019/20 £m	H1 2018/19 £m
LFL net gaming revenue (NGR)	**377.5**	342.4
Stride Gaming NGR	**18.1**	-
Closed venues NGR	**2.3**	5.8
Foreign exchange	**(0.5)**	-
Total NGR	**397.4**	348.2

Calculation of comparative NGR

	H1 2018/19
LFL reported GGR	**366.0**
Customer incentives	(26.2)
LFL NGR	**339.8**
Acquired businesses - Yo	6.5
Closed venues	(4.0)
Foreign exchange	0.1
LFL NGR	**342.4**

	H1 2019/20 £m	H1 2018/19 £m
LFL underlying operating profit	**55.1**	32.5
Acquired businesses - Stride	**1.4**	-
Opened and closed venues	**(0.4)**	(0.6)
Foreign exchange	**(0.1)**	-
Underlying operating profit pre IFRS 16	**56.0**	31.9
IFRS 16	**3.8**	-
Underlying operating profit	**59.8**	31.9
Separately disclosed items	**(3.7)**	(6.1)
Operating profit	**56.1**	25.8

Calculation of comparative operating profit

	H1 2018/19
LFL reported operating profit	**30.1**
YoBingo contribution	2.4
LFL operating profit pre IFRS 16	**32.5**

	H1 2019/20 £m	H1 2018/19 £m
LFL EBITDA	**77.7**	52.9
Depreciation, amortisation before separately disclosed items	**22.6**	20.4
LFL operating profit	**55.1**	32.5

H1 2019/20 **£m**	**Underlying**	**Separately Disclosed Items**	**Total**
LFL EBITDA	**77.7**	**(1.6)**	**76.1**
Acquired businesses - Stride	1.6	(2.1)	(0.5)
Closed venues	(0.5)	-	(0.5)
EBITDA pre IFRS 16	**78.8**	**(3.7)**	**75.1**
IFRS 16	18.9	-	18.9
EBITDA	**97.7**	**(3.7)**	**94.0**

	H1 2019/20 **£m**	H1 2018/19 £m
Underlying current tax charge	**10.4**	5.9
Deferred tax	**(0.5)**	(0.2)
Tax on separately disclosed items	**(0.4)**	(1.6)
Total tax charge	**9.5**	4.1

	H1 2019/20 **£m**	H1 2018/19 £m
Underlying net (debt)/cash	**(59.0)**	7.7
IFRS 16 lease adjustments	**(241.5)**	-
Reported net (debt)/cash	**(300.5)**	7.7

	H1 2019/20	H1 2018/19
Underlying EPS	**11.0p**	6.4p
Separately disclosed items	**(0.8)p**	(1.6)p
Reported EPS	**10.2p**	4.8p

Reported NGR

For the six months ending 31 December 2019, reported NGR increased by 14% driven principally by the strong performance in Grosvenor's venues and the contribution from Stride Gaming following its acquisition in October 2019.

Operating profit

Strong NGR growth and continued cost savings in the period led operating profit to grow by 117%.

Net financing charge

The £6.9m net financing charge for the half includes a net £4.0m IFRS 16 adjustment following the adoption of the standard in the half. Pre IFRS 16, the financing charge was £2.9m, £1.6m higher than the comparable period due to the financing costs associated with the Stride acquisition.

Taxation

The Group's effective underlying corporation tax rate in H1 2019/20 was 18.7% (H1 2018/19 18.5%) based on a tax charge of £9.9m on underlying profit before taxation. This is in line with the Group's anticipated effective tax rate of 18% to 19% for the period.

Further details on the tax charge are provided in note 5. On a statutory basis, the Group had an effective tax rate of 19.3% (H1 2018/19 18.0%) based on a tax charge of £9.5m and total profits of £49.3m.

Earnings per share

Basic EPS rose by 113% to 10.2 pence. Underlying EPS was up 72% to 11.0 pence. For further details refer to note 7.

Cash flow and net debt

As at 31 December 2019, net debt was £300.5m. Debt comprised £166.1m in bank loans, £247.8m in finance leases and £3.0m in overdrafts, offset by cash at bank and in hand of £116.4m.

In the period, the bi-lateral term loan facilities were reduced to £38m, from £50m, in line with the agreed amortisation profile.

Following the completion of the Stride Gaming plc, the pre-arranged five-year £128.1m term loan was fully drawn in the period.

	H1 2019/20 £m	H1 2018/19 £m
Cash inflow from operations pre IFRS 16	**89.0**	60.3
Net cash payments in respect of provisions and separately disclosed items	**(1.9)**	(4.3)
Cash generated from operations pre IFRS 16	**87.1**	56.0
Capital expenditure	**(23.4)**	(14.1)
Acquisition of Stride Gaming plc	**(85.5)**	-
Net interest and tax payments	**(12.3)**	(5.1)
Repayment of acquired loans	**(2.5)**	-
Loan arrangement fees	**(2.0)**	-
Dividends paid	**(21.5)**	(20.7)
Other (including exchange translation)	**(0.7)**	0.9
Cash (outflow) / inflow	**(60.8)**	17.0
Opening net cash/(debt)	**1.8**	(9.3)
Closing net (debt)/cash pre IFRS16	**(59.0)**	**7.7**
Closing net (debt) post IFRS 16	**(300.5)**	

Net debt for covenant purposes (pre IFRS16 adjustments) at 30 December 2019 was £59.0m, a £60.8m increase from 30 June 2019 following the acquisition of Stride Gaming plc.

Cash tax rate

In the period ended 31 December 2019, the Group had an effective cash tax rate of 18.9% on underlying profit (H1 2018/19 14.0%). The cash tax rate is in line with the effective tax rate.

Acquisition of Stride Gaming plc

On 4 October 209, The Group acquired Stride Gaming plc for a total cash consideration of £116.0m. The provisional fair value of the assets acquired, and liabilities assumed, goodwill and consideration are outlined in note 13.

The amounts disclosed are provisional and the accounting will be completed within the 12-month measurement period permitted by IFRS 3 'Business Combinations'.

Taxation changes

From April 2019, UK Remote Gaming Duty (RGD) was increased to 21% and resulted in £3.8m of additional RGD in the period.

IFRS 16 – Leases

The Group has adopted IFRS 16 using the modified retrospective method. Consequently, IFRS 16 is adopted from 1 July 2019 but has not restated comparatives for the 6 months ended 31 December 2018 nor the year ended 30 June 2019, as permitted under the specific transitional provisions in the standard. The reclassifications and the adjustments arising from the new leasing standard are therefore recognised in the opening balance sheet on 1 July 2019.

The following table outlines the H1 2019/20 impact of IFRS 16.

£m	Underlying	Separately disclosed items	Total
Operating profit pre IFRS 16	56.0	(3.7)	52.3
IFRS 16	3.8	-	3.8
Operating profit	**59.8**	**(3.7)**	**56.1**
Net financing charge pre IFRS 16	(2.9)	0.1	(2.8)
IFRS 16	(4.0)	-	(4.0)
Net financing charge	**(6.9)**	**0.1**	**(6.8)**
Profit after tax pre IFRS 16	43.2	(3.2)	40.0
FRS 16	(0.2)	-	(0.2)
Profit after tax	**43.0**	**(3.2)**	**39.8**
EPS pre IFRS 16	11.1	(0.8)	10.3
IFRS 16	(0.1)	-	(0.1)
EPS	**11.0**	**(0.8)**	**10.2**

Note 1 outlines in further detail the approach taken and associated impact to the Group.

IFRS 3 amortisation of acquired intangibles

As a result of this a change in reporting to Separately Disclosed Items, £1.6m of amortisation relating to the acquired intangible assets for YoBingo in the Digital segment has been reclassified from underlying to separately disclosed for the 6 months to 31 December 2018.

The following table shows the impact to the comparative period following the reclassification.

H1 2018/19 **£m**	Underlying	Separately Disclosed items	Total
Reported operating profit	30.3	(4.5)	25.8
Reclassification of IFRS 3	1.6	(1.6)	-
Restated operating profit	**31.9**	**(6.1)**	**25.8**

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 risk and uncertainties

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

The principal risks and uncertainties faced by the Group remain those set out in the Group's annual report and financial statements for the year ended 30 June 2019 and include:

- Laws and regulations;
- Taxation;
- Changing customer needs (venues);
- Stride integration, transformation and technology projects and programmes;
- Business continuity planning and disaster recovery;
- Data management;

- Cyber security and operational resilience; and
- Third party supply chain.

Greater detail on these risks and uncertainties are set out in pages 50 and 51 of the Group's 2019 annual report and financial statements.

Directors' Responsibility Statement

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

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

The directors of The Rank Group Plc are:

Chris Bell

Steven Esom

Bill Floydd

Susan Hooper

John O'Reilly

Tang Hong Cheong

Alex Thursby

Karen Whitworth

Signed on behalf of the board on 29 January 2020

John O'Reilly Chief Executive	Bill Floydd Chief Financial Officer

INDEPENDENT REVIEW REPORT TO THE RANK GROUP PLC

Introduction

We have been engaged by the Company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 31 December 2019 which comprises the Consolidated Income Statement, Consolidated Statement of Comprehensive Income, Consolidated Statement of Changes in Equity, Consolidated Balance Sheet, Consolidated Cash Flow Statement and the related explanatory notes that have been reviewed. We have read the other information contained in the half yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

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

Directors' Responsibilities

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

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

Our Responsibility

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

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially

less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 31 December 2019. 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
29 January 2020

Consolidated Income Statement
for the six months ended 31 December 2019

	Note	**Six months ended 31 December 2019 (unaudited)**			Six months ended 31 December 2018 (unaudited)		
		Underlying	**Separately disclosed items (note 3)**	**Total**	Underlying	Separately disclosed items (note 3)	Total
		£m	**£m**	**£m**	£m	£m	£m
Continuing operations							
Revenue	2	**397.4**	**-**	**397.4**	348.2	-	348.2
Cost of sales		**(210.4)**	**-**	**(210.4)**	(192.3)	-	(192.3)
Gross profit		**187.0**	**-**	**187.0**	155.9	-	155.9
Other operating costs		**(127.2)**	**(3.7)**	**(130.9)**	(124.0)	(6.1)	(130.1)
Operating profit (loss)	2	**59.8**	**(3.7)**	**56.1**	31.9	(6.1)	25.8
Financing:							
– finance costs		**(6.9)**	**-**	**(6.9)**	(1.2)	(1.4)	(2.6)
– finance income		**0.3**	**-**	**0.3**	-	-	-
– other financial (losses) gains		**(0.3)**	**0.1**	**(0.2)**	(0.2)	(0.2)	(0.4)
Total net financing charge	4	**(6.9)**	**0.1**	**(6.8)**	(1.4)	(1.6)	(3.0)
Profit (loss) before taxation		**52.9**	**(3.6)**	**49.3**	30.5	(7.7)	22.8
Taxation	5	**(9.9)**	**0.4**	**(9.5)**	(5.7)	1.6	(4.1)
Profit (loss) for the period		**43.0**	**(3.2)**	**39.8**	24.8	(6.1)	18.7
Attributable to:							
Equity holders of the parent		**43.1**	**(3.2)**	**39.9**	24.8	(6.1)	18.7
Non-controlling interest		**(0.1)**	**-**	**(0.1)**	-	-	-
		43.0	**(3.2)**	**39.8**	24.8	(6.1)	18.7
Earnings (loss) per share attributable to equity shareholders							
– basic		**11.0**	**(0.8)**	**10.2**	6.4	(1.6)	4.8
– diluted		**11.0**	**(0.8)**	**10.2**	6.4	(1.6)	4.8

Consolidated Statement of Comprehensive Income
for the six months ended 31 December 2019

	Six months ended 31 December 2019 (unaudited) £m	Six months ended 31 December 2018 (unaudited) £m
Comprehensive income:		
Profit for the period	**39.8**	18.7
Other comprehensive income:		
Items that may be reclassified to profit or loss:		
Exchange adjustments net of tax	**(3.8)**	1.2
Total comprehensive income for the period	**36.0**	19.9
Attributable to:		
Equity holders of the parent	**36.1**	19.9
Non-controlling interest	**(0.1)**	-

Consolidated Balance Sheet
at 31 December 2019 and 30 June 2019

	Note	**As at 31 December 2019 (unaudited) £m**	As at 30 June 2019 (audited) £m
Assets			
Non-current assets			
Intangible assets		**532.7**	447.8
Property, plant and equipment		**153.3**	161.5
Right-of-use assets		**174.8**	-
Other investment		**3.5**	3.5
Deferred tax assets		**0.1**	0.1
Other receivables		**7.8**	4.1
		872.2	617.0
Current assets			
Inventories		**2.8**	2.7
Other receivables		**24.2**	27.2
Income tax receivable		**-**	0.6
Cash and short-term deposits		**116.4**	61.8
		143.4	92.3
Total assets		**1,015.6**	709.3
Liabilities			
Current liabilities			
Trade and other payables		**(147.4)**	(145.2)
Lease liabilities		**(39.0)**	-
Income tax payable		**(7.0)**	(7.2)
Financial liabilities - loans and borrowings		**(41.0)**	(54.7)
Provisions	8	**(10.6)**	(14.9)
		(245.0)	(222.0)
Net current liabilities		**(101.6)**	(129.7)
Non-current liabilities			
Trade and other payables		**-**	(26.0)
Lease liabilities		**(208.8)**	-
Financial liabilities - loans and borrowings		**(126.2)**	(5.3)
Deferred tax liabilities		**(19.6)**	(22.1)
Provisions	8	**(5.8)**	(31.9)
Retirement benefit obligations		**(3.9)**	(4.0)
		(364.3)	(89.3)
Total liabilities		**(609.3)**	(311.3)
Net assets		**406.3**	398.0
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		**13.9**	17.7
Retained earnings		**206.3**	194.3
Total equity before non-controlling interest		**406.2**	398.0
Non-controlling interest		**0.1**	-
Total equity		**406.3**	**398.0**

Consolidated Statement of Changes in Equity
for the six months ended 31 December 2019

For the six months ended 31 December 2019 (unaudited)

	Share capital £m	Share premium £m	Capital redemption reserve £m	Exchange translation reserve £m	Retained earnings £m	Reserves attributable to the Company's equity shareholders £m	Non-controlling interest £m	Total equity £m
At 1 July 2019	**54.2**	**98.4**	**33.4**	**17.7**	**194.3**	**398.0**	**-**	**398.0**
Effect of adoption of IFRS 16	**-**	**-**	**-**	**-**	**(7.5)**	**(7.5)**	**-**	**(7.5)**
At 1 July 2019 - Adjusted	**54.2**	**98.4**	**33.4**	**17.7**	**186.8**	**390.5**	**-**	**390.5**
Comprehensive income:								
Profit for the period	**-**	**-**	**-**	**-**	**39.9**	**39.9**	**(0.1)**	**39.8**
Business acquired	**-**	**-**	**-**	**-**	**-**	**-**	**0.2**	**0.2**
Other comprehensive income:								
Exchange adjustments net of tax	**-**	**-**	**-**	**(3.8)**	**-**	**(3.8)**	**-**	**(3.8)**
Total comprehensive income for the period	**-**	**-**	**-**	**(3.8)**	**39.9**	**36.1**	**0.1**	**36.2**
Transactions with owners:								
Dividends paid to equity holders (note 6)	**-**	**-**	**-**	**-**	**(21.5)**	**(21.5)**	**-**	**(21.5)**
Credit in respect of employee share schemes including tax	**-**	**-**	**-**	**-**	**1.1**	**1.1**	**-**	**1.1**
At 31 December 2019	**54.2**	**98.4**	**33.4**	**13.9**	**206.3**	**406.2**	**0.1**	**406.3**

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	Reserves attributable to the Company's equity shareholders £m	Non-controlling interest £m	Total equity £m
At 1 July 2018	54.2	98.4	33.4	16.6	193.9	396.5	-	396.5
Comprehensive income:								
Profit for the period	-	-	-	-	18.7	18.7	-	18.7
Other comprehensive income:								
Exchange adjustments net of tax	-	-	-	1.2	-	1.2	-	1.2
Total comprehensive income for the period	-	-	-	1.2	18.7	19.9	-	19.9
Transactions with owners:								
Dividends paid to equity holders (note 6)	-	-	-	-	(20.7)	(20.7)	-	(20.7)
At 31 December 2018	54.2	98.4	33.4	17.8	191.9	395.7	-	395.7

Consolidated Cash Flow Statement
for the six months ended 31 December 2019

	Note	**Six months ended 31 December 2019 (unaudited) £m**	Six months ended 31 December 2018 (unaudited) £m
Cash flows from operating activities			
Cash generated from continuing operations	10	**109.3**	56.0
Interest received		**0.4**	-
Interest paid		**(6.7)**	(0.7)
Tax paid		**(10.0)**	(4.4)
Net cash from operating activities		**93.0**	50.9
Cash flows from investing activities			
Purchase of intangible assets		**(6.4)**	(3.4)
Purchase of property, plant and equipment		**(17.0)**	(10.7)
Purchase of subsidiaries (net of cash acquired)	13	**(85.5)**	-
Net cash used in investing activities		**(108.9)**	(14.1)
Cash flows from financing activities			
Dividends paid to equity holders		**(21.5)**	(20.7)
Drawdown of revolving credit facilities		**-**	31.0
Repayment of term loans		**(12.0)**	(30.0)
Repayment of acquired loans		**(2.5)**	-
Drawdown of term loans		**128.1**	-
Loan arrangement fees		**(2.0)**	-
Lease principal payments		**(18.9)**	(0.7)
Net cash used in financing activities		**71.2**	(20.4)
Net increase in cash, cash equivalents and bank overdrafts		**55.3**	16.4
Effect of exchange rate changes		**(0.6)**	0.1
Cash and cash equivalents at start of period		**58.7**	47.7
Cash and cash equivalents at end of period*		**113.4**	64.2

*Cash and cash equivalents at the end of the period includes an overdraft of £3.0m (period ended 31 December 2018 : £5.8m)

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 29 January 2020.

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 2019 were approved by the board of directors on 21 August 2019 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 2019 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 2019, 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 will 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.

The Group reports five segments: Digital, Grosvenor Venues, Mecca Venues, International Venues and Central Costs. The Group's acquisition of Stride is included within the Digital segment.

Accounting policies

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

The accounting policies and methods of computation adopted in the condensed consolidated half-yearly financial information are consistent with those followed in the Group's financial statements for the year ended 30 June 2019, except for the adoption of new standards effective as of 1 July 2019. The Group applies, for the first time, IFRS 16 - Leases.

IFRS 16 - Leases

The Group has adopted IFRS 16 using the modified retrospective method. Consequently, IFRS 16 is adopted from 1 July 2019 but has not restated comparatives for the 6 months ended 31 December 2018 nor the year ended 30 June 2019, as permitted under the specific transitional provisions in the standard. The reclassifications and the adjustments arising from the new leasing standard are therefore recognised in the opening balance sheet on 1 July 2019.

Transitional and current year impact
On adoption of IFRS 16, the Group recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of IAS 17 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as at 1 July 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 July 2019 was 3.52%.

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

	£m
Operating lease commitments disclosed as at 30 June 2019	302.9
Impact of discounting using the lessee's incremental borrowing rate at the date of initial application	(44.7)
Subtotal	**258.2**
Finance lease liabilities already recognised as at 30 June 2019	6.0
Lease liability recognised as at 1 July 2019	**264.2**
Current lease liabilities	39.5
Non-current lease liabilities	224.7
Lease liability recognised as at 1 July 2019	**264.2**

The associated right-of-use assets were measured on a lease by lease basis where either the retrospective measurement basis is applied as if the new standard had always been applied or right-of-use assets were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the balance sheet as at 30 June 2019.

The Group did not change the initial carrying amounts of the recognised assets and liabilities at the date of the initial application for leases previously classified as finance leases (i.e. the right of use assets and lease liabilities equal the lease assets and liabilities recognised under IAS 17). The requirements of IFRS 16 were applied to these leases from 1 July 2019 onwards.

The recognised right-of-use assets relate to property leases and machinery and amount to £186.9m and £174.8m for the periods 30 June 2019 and 31 December 2019 respectively. The change in accounting policy affected the following items in the balance sheet on 1 July 2019:

- Lease liabilities - increase by £264.2m
- Right-of-use assets – increase by £186.9m
- Deferred tax assets – increase by £1.4m
- Net investment in finance leases – increase by £5.4m
- Onerous lease provisions – decrease by £30.2m
- Rent related balances held on balances sheet prior to transition – decrease by £29.1m
- Retained earnings – decrease by £7.5m

The adjustment to release the onerous lease provision balance previously held on the balance sheet prior to transition has increased by £15m compared to the estimate reported in the annual report for the year ended 30 June 2019 as management taken the advantage of the practical expedient to include rates and other committed costs in addition to rent obligations.

For the six months ended 31 December 2019 operating profit increased by £3.8m, finance costs increased by £4.1m and finance income increased by £0.1m. The net impact on profit before tax was £0.2m. The amounts disclosed below for December 2019 are as a result of the change in accounting policy.

	Operating profit	Finance costs	Finance income
	£m	£m	£m
Digital	**0.1**	**(0.1)**	**0.1**
Grosvenor Venues	**2.2**	**(2.4)**	**-**
Mecca Venues	**1.7**	**(1.3)**	**-**
International Venues	**0.1**	**(0.1)**	**-**
Central Costs	**(0.3)**	**(0.2)**	**-**
Total	**3.8**	**(4.1)**	**0.1**

Earnings per share was reduced by 0.1p for the six months to 31 December 2019 as a result of the adoption of IFRS 16.

Practical expedients applied as part of transitioning to IFRS 16
In applying IFRS 16 for the first time, the Group has used the following practical expedients permitted by the standard:

- the use of a single discount rate to a portfolio of leases with reasonably similar characteristics;

- the exclusion of initial direct costs for the measurement of the right-of-use asset at the date of initial application;
- the use of hindsight in determining the lease term where the contract contains options to extend the lease; and
- onerous lease provisions have been netted against the right-of-use asset balances at the initial application date.

For leases where there were onerous lease provisions in excess of right-of-use assets, the difference has been accounted for in retained earnings as part of the effect of adoption of IFRS 16 leases.

The Group has also elected not to reassess whether a contract is, or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date the Group relied on its assessment made applying IAS 17 and IFRIC 4 Determining whether an Arrangement contains a Lease.

The Group's leasing activities and how these are accounted for are as follows:
The Group leases various properties and equipment. Rental contracts are made for various fixed periods ranging up to 94 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

Until 30 June 2019 all leases were classified as either finance or operating leases. Payments made under operating leases were charged to the income statement on a straight-line basis over the period of the lease.

From 1 July 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities, where applicable, include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payments that are based on an index or a rate;
- amounts expected to be payable by the lessee under residual value guarantees;
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Right-of-use assets, where applicable, are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received; and
- any initial direct costs.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in the income statement. Short-term leases are leases with a lease term of 12 months or less.

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option. Extension options are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the Group as a lessee.

Separately disclosed items

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

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

- Amortisation of acquired intangible assets;
- Revaluation of investments;
- Profit or loss on disposal of businesses;
- Acquisition and disposal costs including changes to deferred or contingent consideration;
- Impairment charges;
- Reversal of impairment charges;
- Restructuring costs as part of an announced programme;
- Charges and credits for financing fair value remeasurements;
- Discontinued operations;
- Exceptional items (items that are considered to be large and not incurred in the normal course of business); and
- Tax impact of all the above.

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

Results for the six months ended 31 December 2018 include the reclassification of £1.6m of amortisation relating to the acquisition of QSB Gaming Limited and its subsidiaries ('YoBingo') from underlying to separately disclosed items within the Digital segment. The EPS impact of this is to increase underlying EPS from 6.1p to 6.4p.

For a detailed explanation of the rationale for the change please refer to the alternative performance measures section.

Others

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.

Following a review of the Group's Alternative Performance Measures the Group no longer discloses revenue before adjustments for customer incentives as this is not a key alternative performance measure.

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

Estimates and judgements

In preparing these condensed financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expense. Actual results may differ from these estimates. The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 30 June 2019.

Non-Underlying

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

• The impairment of tangible, intangible assets or leases which relate to the closure of part of a business;
• Individual restructuring projects which are material or relate to the closure of a part of the business and are not expected to recur;
• Gains or losses on disposal or acquisition of businesses;
• Gains or losses arising on significant changes to or closures of defined benefit pension plans.

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

2 Segment information

	Six months ended 31 December 2019 (unaudited)*					
	Digital	**Grosvenor Venues**	**Mecca Venues**	**International Venues**	**Central Costs**	**Total**
	£m	**£m**	**£m**	**£m**	**£m**	**£m**
Segment revenue* **	**83.2**	**198.1**	**91.9**	**24.2**	**-**	**397.4**
Underlying operating profit (loss)	**11.9**	**48.1**	**13.7**	**5.3**	**(19.2)**	**59.8**
Separately disclosed items	**(3.8)**	**-**	**1.8**	**-**	**(1.7)**	**(3.7)**
Segment result	**8.1**	**48.1**	**15.5**	**5.3**	**(20.9)**	**56.1**
Finance costs						**(6.9)**
Finance income						**0.3**
Other financial losses						**(0.2)**
Profit before taxation						**49.3**
Taxation						**(9.5)**
Profit for the period						**39.8**

	Six months ended 31 December 2018 (unaudited)**					
	Digital	Grosvenor Venues	Mecca Venues	International Venues	Central Costs	Total
	£m	£m	£m	£m	£m	£m
Segment revenue* **	57.3	172.1	96.2	22.6	-	348.2
Underlying operating profit (loss)	12.6	19.4	11.4	4.1	(15.6)	31.9
Separately disclosed items	(1.7)	(2.0)	(0.1)	-	(2.3)	(6.1)
Segment result	10.9	17.4	11.3	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

* Results for the six months ended 31 December 2019 include the acquisition of Stride Gaming plc ('Stride') from 4 October 2019 within the Digital segment.

** Results for the six months ended 31 December 2018 include the reclassification of £1.6m of amortisation relating to the acquisition of QSB Gaming Limited and its subsidiaries ('YoBingo') from underlying to separately disclosed items within the Digital segment.

*** The Group no longer discloses revenue before adjustment for customer incentives in line with the changes documented in note 1.

2 Segment information (continued)

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

	Six months ended 31 December 2019 (unaudited)*					
	Digital	**Grosvenor Venues**	**Mecca Venues**	**International Venues**	**Central Costs**	**Total**
	£m	**£m**	**£m**	**£m**	**£m**	**£m**
Employment and related costs	**11.5**	**58.1**	**24.8**	**10.6**	**12.3**	**117.3**
Taxes and duties	**19.1**	**44.0**	**15.9**	**2.3**	**0.6**	**81.9**
Direct costs	**20.8**	**12.3**	**10.3**	**1.8**	**-**	**45.2**
Property costs	**0.4**	**5.7**	**3.8**	**0.7**	**0.5**	**11.1**
Marketing	**11.1**	**6.0**	**3.0**	**1.1**	**-**	**21.2**
Depreciation and amortisation	**4.6**	**16.1**	**12.3**	**1.8**	**3.1**	**37.9**
Other	**3.7**	**7.8**	**8.3**	**0.6**	**2.6**	**23.0**
Total costs before separately disclosed items	**71.2**	**150.0**	**78.4**	**18.9**	**19.1**	**337.6**
Cost of sales						**210.4**
Operating costs						**127.2**
Total costs before separately disclosed items						**337.6**

	Six months ended 31 December 2018 (unaudited)**					
	Digital	Grosvenor Venues	Mecca Venues	International Venues	Central Costs	Total
	£m	£m	£m	£m	£m	£m
Employment and related costs	7.5	64.9	25.4	9.5	10.1	117.4
Taxes and duties	10.6	36.8	16.5	2.0	0.8	66.7
Direct costs	16.0	11.0	10.8	2.0	-	39.8
Property costs	0.3	14.8	13.8	1.1	0.8	30.8
Marketing	5.7	6.6	4.5	1.1	-	17.9
Depreciation and amortisation	2.2	9.9	5.0	1.4	1.9	20.4
Other	2.4	8.7	8.8	1.4	2.0	23.3
Total costs before separately disclosed items	44.7	152.7	84.8	18.5	15.6	316.3
Cost of sales						192.3
Operating costs						124.0
Total costs before separately disclosed items						316.3

* Results for the six months ended 31 December 2019 include the acquisition of Stride Gaming plc ('Stride') from 4 October 2019 within the Digital segment.

** Results for the six months ended 31 December 2018 include the reclassification of £1.6m of amortisation relating to the acquisition of QSB Gaming Limited and its subsidiaries ('YoBingo') from underlying to separately disclosed items within the Digital segment.

3 Separately Disclosed Items

	Six months ended 31 December 2019 (unaudited) £m	Six months ended 31 December 2018 (unaudited) £m
Separately disclosed items		
Profit on disposal of venues	**1.8**	-
Amortisation of acquired intangible assets	**(3.7)**	(1.6)
Acquisition related costs	**(1.8)**	-
Business transformation costs	**-**	(4.5)
Impact on operating profit	**(3.7)**	(6.1)
Finance costs	**-**	(1.4)
Other financial gains (losses)	**0.1**	(0.2)
Taxation	**0.4**	1.6
Total separately disclosed items	**(3.2)**	(6.1)

Profit on disposal of venues
The Group recognised a net credit of £1.8m as a result of the sale of 5 clubs from Mecca Venues.

Amortisation of acquired intangible assets
The Group recognised a net amortisation charge of £3.7m on the acquisition of acquired intangible assets. These relate to Stride Gaming plc ('Stride') £2.1m (18/19: £nil) and QSB Gaming limited ('YoBingo') £1.6m (18/19: £1.6m).

Acquisition related costs
Acquisition related costs of £1.8m include one-off costs to professional service firms that have resulted from the acquisition of Stride on 4 October 2019.

Business transformation costs
Transformation costs of £4.5m in the prior year include one-off costs associated with restructuring the business which primarily consist of severance costs.

Finance costs and other financial losses
Finance costs relate to non-cash interest from unwinding a discount applied to contingent and deferred consideration payable. Other financial losses include foreign exchange losses on the same consideration. Contingent and deferred consideration is payable due to the acquisition of QSB Gaming Limited (‘YoBingo’).

4 Financing

	Six months ended 31 December 2019 (unaudited) £m	Six months ended 31 December 2018 (unaudited) £m
Finance costs:		
Interest on debt and borrowings	**(1.6)**	(0.7)
Amortisation of issue costs on borrowings	**(1.0)**	(0.1)
Interest payable on leases	**(4.3)**	(0.2)
Unwinding of the discount in property lease provisions	**-**	(0.2)
Total finance costs	**(6.9)**	(1.2)
Finance income:		
Interest income on net investments in leases	**0.1**	-
Interest income on short-term bank deposits	**0.2**	-
Finance income	**0.3**	-
Other financial losses	**(0.3)**	(0.2)
Total net financing charge before separately disclosed items	**(6.9)**	(1.4)
Separately disclosed items - finance costs	**-**	(1.4)
Separately disclosed items - other financial gains (losses)	0.1	(0.2)
Total net financing charge	**(6.8)**	(3.0)

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 2019 (unaudited) £m	Six months ended 31 December 2018 (unaudited) £m
Current income tax		
Current income tax – UK	**(8.7)**	(3.9)
Current income tax – overseas	**(1.9)**	(2.8)
Current income tax charge	**(10.6)**	(6.7)
Current income tax on separately disclosed items	**0.1**	1.0
Amounts over provided in previous periods	**0.2**	0.8
Total current income tax charge	**(10.3)**	(4.9)
Deferred tax		
Deferred tax – UK	**0.5**	-
Deferred tax – overseas	**-**	0.2
Deferred tax on separately disclosed items	**0.3**	0.6
Total deferred tax credit	**0.8**	0.8
Tax charge in the income statement	**(9.5)**	(4.1)

Tax effect of items within other comprehensive income

	Six months ended 31 December 2019 (unaudited) £m	Six months ended 31 December 2018 (unaudited) £m
Current tax charge on exchange movements offset in reserves	**(0.3)**	-
Total tax charge on items within other comprehensive income	**(0.3)**	-

The credit in respect of employee share schemes included within the Statement of Changes in Equity includes a deferred tax credit of £0.1m (six months ended 31 December 2018: £nil).

Factors affecting future taxation

UK corporation tax is calculated at 18.50% (six months ended 31 December 2018: 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 2019 (unaudited) £m	Six months ended 31 December 2018 (unaudited) £m
Tax charge	**(9.5)**	(4.1)
Adjusted for:		
Tax on separately disclosed items	**(0.4)**	(1.6)
Tax charge included in underlying profit	**(9.9)**	(5.7)

6 Dividends

	Six months ended 31 December 2019 (unaudited) £m	Six months ended 31 December 2018 (unaudited) £m
Dividends paid to equity holders		
Final dividend for 2018/19 paid on 29 October 2019 - 5.50p per share	**21.5**	-
Final dividend for 2017/18 paid on 30 October 2018 - 5.30p per share	**-**	20.7
Total	**21.5**	20.7

The Board has declared an interim dividend of 2.80p per ordinary share. The dividend will be paid on 13 March 2020 to shareholders on the register at 14 February 2020. The financial information does not reflect this dividend.

7 Underlying earnings per share

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

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

	Six months ended 31 December 2019 (unaudited) £m	Six months ended 31 December 2018 (unaudited) £m
Profit attributable to equity shareholders	**39.9**	18.7
Adjusted for:		
Separately disclosed items after tax	**3.2**	6.1
Underlying net earnings attributable to equity shareholders	**43.1**	24.8
Weighted average number of ordinary shares in issue	**390.7m**	390.7m
Underlying earnings per share (p) – basic	**11.0p**	6.4p
Underlying earnings per share (p) – diluted	**11.0p**	6.4p

8 Provisions

	Property lease provisions £m	Disposal provisions £m	Restructuring provisions £m	Indirect tax provisions £m	Pay provisions £m	Total £m
At 1 July 2019	**33.5**	**3.9**	**0.2**	**1.2**	**8.0**	**46.8**
Effect of adoption of IFRS 16	**(30.2)**	**-**	**-**	**-**	**-**	**(30.2)**
Utilised in period	**-**	**-**	**(0.1)**	**-**	**(0.1)**	**(0.2)**
At 31 December 2019 (unaudited)	**3.3**	**3.9**	**0.1**	**1.2**	**7.9**	**16.4**
Current	**1.2**	**0.2**	**0.1**	**1.2**	**7.9**	**10.6**
Non-current	**2.1**	**3.7**	**-**	**-**	**-**	**5.8**
At 31 December 2019 (unaudited)	**3.3**	**3.9**	**0.1**	**1.2**	**7.9**	**16.4**

9 Borrowings to net debt reconciliation

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

	At 31 December 2019 (unaudited) £m	At 31 December 2018 (unaudited) £m
Total loans and borrowings	**(167.2)**	(62.3)
Adjusted for:		
Accrued interest	**0.2**	0.1
Unamortised facility fees	**(2.1)**	(0.1)
	(169.1)	(62.3)
Cash and short-term deposits	**116.4**	70.0
Net (debt) cash excluding IFRS 16 lease liabilities	**(52.7)**	7.7
IFRS 16 lease liabilities	**(247.8)**	-
Net (debt) cash	**(300.5)**	7.7

10 Cash generated from continuing operations

	Six months ended 31 December 2019 (unaudited) £m	Six months ended 31 December 2018 (unaudited) £m
Operating profit	**56.1**	25.8
Separately disclosed items	**3.7**	6.1
Operating profit before separately disclosed items	**59.8**	31.9
Depreciation and amortisation	**37.9**	20.4
Increase in inventories	**(0.1)**	(0.2)
Increase in other receivables	**(1.3)**	(5.3)
Increase in trade and other payables	**11.8**	13.3
Share-based payments	**1.0**	0.4
Settlement of share-based payments	**-**	(0.4)
Impairment of property, plant and equipment	**-**	0.2
	109.1	60.3
Cash utilisation of provisions (See note 8)	**(0.2)**	(2.4)
Cash receipts (payments) in respect of separately disclosed items	**0.4**	(1.9)
Cash generated from operations	**109.3**	56.0

11 Contingent liabilities

Property leases

Concurrent to the £211.0m 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 93 years and a current annual rental obligation (net of sub-let income) of approximately £0.3m.

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 2019, 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.

13 Acquisition of subsidiary

On 4 October 2019, the Group acquired 100% of the issued share capital of Stride Gaming plc ('Stride') for a total cash consideration of £116.0m which included £1.5m in respect of employee benefit schemes. There was no deferred or contingent consideration.

Stride is an established scale player in the highly regulated UK soft gaming market and provides B2C services through a portfolio of 150 online brands, 14 of which are operated on Stride's proprietary platform and also B2B services licensing its proprietary platform. The acquisition of Stride will accelerate the transformation of Rank and create one of the UK's leading online gaming businesses.

The provisional fair value of the assets acquired and liabilities assumed, goodwill and consideration are outlined below. The amounts disclosed are provisional and the accounting will be completed within the 12-month measurement period permitted by IFRS 3 'Business Combinations'.

	£m
Intangible assets	41.1
Other non-current assets	3.7
Trade and other receivables	5.4
Cash and short-term deposits	30.5
Trade and other payables	(14.2)
Loans and borrowings	(2.5)
Deferred tax liability	(0.1)
Net assets acquired	**63.9**
Non-controlling interest	(0.2)
Goodwill	52.3
Total consideration	**116.0**

The fair value of each component of consideration is analysed as:	**£m**
Total consideration - cash	**116.0**

13 Acquisition of subsidiary (continued)

The identified intangible assets recognised separately from goodwill are as follows:

	£m
Customer relationships	6.2
Brand	3.7
Technology	29.8
Software and licenses	1.4
Total intangible assets	**41.1**

The fair value of trade and other receivables and trade and other payables correspond to the book value at which all receivables are expected to be received. The goodwill consists of future revenue opportunities and the assembled workforce including marketing and technological expertise. No amount of the goodwill recognised is expected to be deductible for tax purposes. The goodwill of £52.3m arises from expected entity specific synergies. Acquisition related costs of £1.8m have been recognised as a separately disclosed item in the Group income statement.