Rank Group

News Release

1 September 2006

The Rank Group Plc

Interim Results for the six months ended 30 June 2006

- *Revenue up 7.2% to £426.1m (2005 - £397.3m)*
- *Group operating profit of £58.0m[+] (2005 - £61.6m); £45.9m after exceptional items (2005 - £61.6m)*
- *Adjusted profit before tax* of £40.7m (2005 - £41.9m); Profit before tax £19.9m (2005 - £32.7m)*
- *Adjusted earnings per share* of 5.1p (2005 – 4.6p); basic earnings per share of 1.4p (2005 – 0.7p)*
- *Gaming operating profit of £46.5m (2005 – £52.0m) reflecting one-off restructuring costs*
- *Hard Rock operating profit of £18.9m (2005 - £16.4m)*
- *Net debt down to £555.2m (2005 year end – £739.4m) reflecting proceeds from disposal of Deluxe Film*
- *Interim dividend of 2.0p per share (2005 – 5.0p per share)*

[+] *Before exceptional items*
* *Adjusted profits and earnings per share – profits and earnings before discontinued operations, exceptional items, foreign exchange on inter-company balances net of hedging and amortisation of equity component of convertible bond.*

Strategic priorities and key actions to date

- Re-energise Gaming division
  - Thorough review of businesses undertaken and action plans implemented
  - Simplified management structure put in place

- Establish appropriate cost structure for continuing Group
  - £6m of annual cost savings identified within Corporate and Gaming central overhead
  - £10m of annual operational cost savings identified in Mecca Bingo clubs and Grosvenor Casinos

- Maintain growth at Hard Rock and assess strategic options
  - Strategic review of Hard Rock commenced
  - Territorial development rights re-acquired

- Exit Deluxe Media Services and other non-core interests
  - Exit of Deluxe Media's UK operations complete
  - Commenced review of exit options for US Holidays

- Complete balance sheet restructuring
  - £102m returned via share buy-back; further £98m to be returned
  - £172m net proceeds from sale and leaseback and exit of surplus properties

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Commenting on the results, Ian Burke, Chief Executive, said:

"During the first half of the year, Rank has delivered revenue growth from continuing operations, and both Grosvenor Casinos and Hard Rock have generated double-digit improvements in operating profits. Mecca Bingo has held revenue steady but operating profit remains under pressure from rising business costs. Group profits have been held back by a number of non-recurring items relating to restructuring.

"Over the course of recent months my senior management team and I have undertaken a thorough review of the Group. We have identified five strategic priorities for Rank and taken steps to address each of these. Our strategic priorities are: to re-energise our UK Gaming business; to establish an appropriate operating platform and cost structure for the continuing Group; to maintain the growth and assess the strategic fit of Hard Rock; to exit Deluxe Media Services; and to complete the restructuring of the Group's balance sheet."

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Analyst Meeting, webcast and conference call details:
Friday 1 September 2006
There will be an analyst meeting at Merrill Lynch, 2 King Edward Street, London, EC1A 1HQ, starting at 9.30am. There will be a simultaneous webcast and conference call of the meeting. To register for the live webcast, please pre-register for access by visiting the Group website, (www.rank.com). Details for the conference call are given below. A copy of the webcast and slide presentation given at the meeting will be available on the Group's web-site later today.

Conference call details:
Friday 1 September 2006
9.20am International +44 (0) 1452 542 300 / UK Local 0845 245 3471 / USA Free 1866 220 1452
9.30am Meeting starts

Disclaimers
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 Company's financial position, business strategy, plans and objectives of management for future operations (including development plans and objectives relating to the Company'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 Company 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 Company's operating performance, present and future business strategies and the environment in which the Company will operate in the future. These forward-looking statements speak only as at the date of this announcement. Subject to the Listing Rules of the UK Listing Authority, the Company 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 Company'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.

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CHIEF EXECUTIVE'S REVIEW

Results – continuing operations

Revenue from continuing operations during the first six months of 2006 increased by 7.2% to £426.1m. Adjusted Group operating profit was down 5.8% to £58.0m (2005: £61.6m) partly as a result of £6m of restructuring costs recognised in the first half.

We have continued to grow revenue in our Gaming division but operating profit declined 10.6% to £46.5m (2005: £52.0m) as a result of increased operating costs and a number of non-recurring charges related to our programme of restructuring.

Operating profit in Bingo declined 16.7% to £36.0m (2005: £43.2m) on marginally lower revenue than in the first half of 2005. In Casinos we have grown operating profit by 13.9% to £20.5m (2005: £18.0m) with strong growth in admissions driving revenue improvement. Our interactive business, Blue Square, has enjoyed a positive six-month's trading, generating operating profit of £3.1m (2005: £0.3m).

Hard Rock operating profit increased 15.2% to £18.9m (2005: £16.4m). Steady progress in our company-operated cafes was supported by strong growth from third-party operated Hard Rock cafes, hotels and casinos.

Strategic priorities

Over the course of the last six months we have identified and started to address the five strategic priorities for the Group.

- Re-energise Gaming division
- Establish appropriate Group cost structure
- Maintain growth at Hard Rock and assess strategic options
- Exit Deluxe Media Services and other non-core interests
- Complete balance sheet restructuring

Re-energise Gaming division

Both Mecca Bingo and Grosvenor Casinos hold strong positions in their respective markets although Mecca's performance in recent years has been disappointing. We are in the process of reinvigorating our operations, to drive improved performance, to adapt to changing market conditions, and to grasp the opportunities presented by the full implementation of the 2005 Gambling Act.

As we announced at the time of our preliminary results in March 2006, we have carried out an operational review of our Gaming division. The review assessed all aspects of operations in our Mecca Bingo clubs and our Grosvenor casinos, from customer service standards and purchasing efficiency to crewing models and labour scheduling. As a result we have implemented a series of changes to improve our competitive positioning, drive revenue and control costs.

Going forward there will be greater operational focus from the Group's senior management team. We shall close Rank Group's head office in London and merge Corporate functions with our Gaming division support in Maidenhead. This will allow us to simplify our senior management structure and to eliminate duplication of a number of senior roles.

Our interactive business, Blue Square is now to be integrated more closely with Rank Gaming in order to maximise the developing synergies between our retail and on-line

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gaming operations. The move also creates a single centre for technology development and management for all of the Group's gaming businesses.

Establish appropriate Group cost structure

We are addressing the cost base of the Group at Corporate, divisional and unit levels. The key measures comprise:

- Closure of Rank Group London office
- Headcount reduction in Corporate and Gaming Division support functions
- Headcount reduction in Mecca Bingo clubs through an improved crewing model
- Greater purchasing and operational efficiency

As a result of these changes and a number of additional measures identified but not yet implemented, we expect to realise (from 2007) annual cost savings of £6m across our combined Corporate and Gaming overheads. In order to achieve these savings we will absorb up to £8m of non-recurring charges this year, including £4m in the first half (£3m in Gaming, £1m in Corporate).

In addition we expect to achieve around £10m of annual operational cost savings, principally in Mecca Bingo, where we have taken action to lower our employment costs through the introduction of a new crewing model. This has resulted in £2m of redundancy costs in the first half, although these should be self-financing in the full year. These operational efficiencies will help to mitigate the impact of the smoking ban, which will affect all of our UK retail gaming operations from next year.

Maintain growth at Hard Rock and assess strategic options

Hard Rock continues to perform well, with steady improvements in profits from the company-operated cafes supported by strong growth from third-party operated Hard Rock cafes, casinos and hotels.

The success of the Hard Rock brand in cafes, hotels and casinos and the establishment of a range of proven operating models have created a platform for future growth. It is appropriate that we identify – within the context of Rank's broader strategic aims – the best means of realising Hard Rock's significant potential. As a consequence we have commenced a review of strategic options for Hard Rock and we shall update the market on our conclusions following its completion.

Exit Deluxe Media and other non-core interests

As announced previously it is our intention to exit Deluxe Media, our DVD and CD manufacturing and distribution business, via a series of disposals.

On 30 June 2006, we completed the disposal to Sony DADC of Deluxe Media's UK DVD replication business and its UK distribution business. Since the end of the half-year we have also disposed of Deluxe Media's CD replication business, to EDC.

Through these transactions we have now effected a complete exit of Deluxe Media from the UK. We are in negotiations to sell the remaining businesses within Deluxe Media. These comprise a distribution business in continental Europe and a DVD replication and distribution business in the USA.

In addition we have commenced a review of options for exiting US Holidays, the time-share accommodation, camping and hotel business in Pennsylvania.

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In April 2006 we disposed of our financial investment in Universal Studios Japan.

Complete balance sheet restructuring

At our preliminary results in March 2006 we announced a new capital structure and dividend policy. As a consequence we committed to a £200m capital return via a share buy-back programme. Also we indicated that we would consider a sale and leaseback of a part of the Group's freehold portfolio.

To date, the Company has returned £102m to shareholders via an on-market buy-back. In total, 45.9 million shares in The Rank Group Plc were purchased and cancelled. It is our intention to re-commence the share buy-back following the announcement of these interim results.

During the first half of the year we conducted an extensive review of our Gaming property portfolio. In August 2006, as a result of this review, we completed a £211m sale and leaseback on 43 of our UK freehold properties. Under the terms of the agreement we will lease back the properties over a period of up to 15 years at an initial rental of £11.2m per annum (£8.0m in Mecca Bingo and £3.2m in Grosvenor Casinos).

Concurrent with the sale and leaseback transaction we transferred lease liabilities relating to 38 surplus properties. In addition we exited and transferred lease liabilities on six loss-making operations, comprising four bingo clubs and two casinos.

The combined sale and leaseback and the transfer of liabilities resulted in a net payment to Rank of £172m. A £53m profit on disposal will be reported in the second half.

Interim dividend

We are announcing an interim dividend of 2.0p per share. As we stated in March 2006, it is our intention to move towards a full-year dividend pay-out ratio of 50% of profit after tax (2.0 times dividend cover). The dividend will be paid on 13 October to shareholders on the register at 15 September 2006.

Current trading and outlook

Trading in the eight-week period since 30 June 2006 is following a broadly similar pattern to that seen in the first half of the year and is in line with our expectations.

In the Gaming division, we continue to generate revenue growth, although trading in Mecca Bingo is held back by the impact of the Scottish smoking ban on our 14 clubs in Scotland. In Grosvenor Casinos revenue growth has slowed slightly over the last eight weeks but remains strongly ahead for the year to date. Blue Square has maintained an impressive rate of growth during the period.

In Hard Rock's company-operated cafes, revenue remains strongly ahead of the same period last year. This performance is helped by trading at the relocated Hard Rock Cafe in New York City, which opened in August 2005.

While we recognise a number of near term challenges and opportunities, particularly for our UK gaming businesses, we remain confident in the Group's long-term growth prospects.

Ian Burke
Chief Executive, The Rank Group Plc

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OPERATING & FINANCE REVIEW

SUMMARY OF RESULTS (from continuing operations)

	Revenue		Operating Profit			
			Before exceptionals		After exceptionals	
	2006	2005	2006	2005	2006	2005
	£m	£m	£m	£m	£m	£m
Gaming	**277.3**	262.0	**46.5**	52.0	**46.5**	52.0
Hard Rock	**133.7**	121.3	**18.9**	16.4	**18.9**	16.4
US Holidays	**15.1**	14.0	**1.1**	1.1	**1.1**	1.1
Central costs and other			**(8.5)**	(7.9)	**(20.6)**	(7.9)
Continuing operations	**426.1**	397.3	**58.0**	61.6	**45.9**	61.6
Post tax loss from joint venture			**(0.9)**	(0.7)	**(0.9)**	(0.7)
Managed businesses' interest (net)			**(16.4)**	(19.0)	**(31.1)**	(19.0)
Adjusted profit before tax			**40.7**	41.9	**13.9**	41.9
Foreign exchange gain (loss) on inter-company balances net of IAS 32 & 39 hedging			**7.5**	(7.7)	**7.5**	(7.7)
Amortisation of equity component of Convertible bond			**(1.5)**	(1.5)	**(1.5)**	(1.5)
Profit before tax and exceptional items			**46.7**	32.7	**19.9**	32.7
Exceptional items			**(26.8)**	-	**-**	-
Profit before tax on continuing operations			**19.9**	32.7	**19.9**	32.7
Adjusted earnings per share					**5.1p**	4.6p
Basic earnings per share - continuing operations					**2.5p**	3.1p

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COMMENTARY

Group revenue from continuing operations, as reported, was up £28.8m driven by an increase in revenue at Hard Rock, Grosvenor Casinos and Blue Square.

Group operating profit before exceptional items was £3.6m less than 2005. Hard Rock achieved significantly higher profits due to a large increase in the contribution from hotels and casinos and an improved performance in company operated cafes. Gaming profits were lower. Central costs have increased to £8.5m (2005: £7.9m), reflecting restructuring costs in 2006.

The interest charge was £2.6m lower than in 2005 due to the lower levels of debt, which reflect the disposal of Deluxe Film.

The effective tax rate on adjusted profit is 20.0% (Full Year 2005 – 24.9%). The rate has benefited from the availability of overseas tax losses.

Adjusted Group profit before tax was £40.7m, 2.9% below last year. Adjusted earnings per share was 5.1p (2005 – 4.6p) reflecting the lower tax rate and a decrease in the average number of shares in issue as a result of the share buy back.

Under IFRS, foreign exchange movements on certain inter-company loans are recognised in the income statement as financial gains or losses. In this interim period a gain of £7.5m net of IAS 32 and 39 hedging has been recorded (2005 - a £7.7m charge). The amortisation of the convertible bond's equity component has resulted in a £1.5m charge (2005 - £1.5m) being recognised in the income statement in line with IAS 32 and 39.

The Group incurred a £14.7m exceptional charge relating to the refinancing carried out as a result of the sale of Deluxe Film and our intention to sell Deluxe Media.

In addition, the Group has reported a £12.1m exceptional loss on the disposal of its investment in Universal Studios Japan. This loss had previously been recognised in reserves.

In preparing our interim results for 2006, we have made a number of changes to our segmental disclosure. The changes we have made reflect more accurately the way in which we now manage our businesses. We have restated prior year numbers to account for these changes.

GAMING

	Revenue		**Operating Profit**	
	2006 £m	**2005 £m**	**2006 £m**	**2005 £m**
Bingo	**149.1**	149.3	**36.0**	43.2
Casinos	**109.6**	100.3	**20.5**	18.0
Interactive	**18.6**	12.4	**3.1**	0.3
Divisional overhead			**(13.1)**	(9.5)
	277.3	262.0	**46.5**	52.0

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During the first half of 2006, our Gaming division grew revenues by 5.8%. Operating profit declined by 10.6% with operating costs and divisional overhead both rising. Our review of our retail gaming businesses has resulted in a number of one-off costs, both at a club operating level and a divisional overhead level, the latter being impacted by £3m of one-off costs in the first half of 2006. Through our actions we expect to realise significant efficiencies from 2007.

BINGO

	Revenue		Operating Profit	
	2006	**2005**	**2006**	**2005**
	£m	**£m**	**£m**	**£m**
Mecca Bingo	**133.9**	133.9	**31.8**	38.5
Top Rank Espana	**15.2**	15.4	**4.2**	4.7
	149.1	149.3	**36.0**	43.2

First half revenue from our bingo operations in the UK and Spain remained steady at £149.1m but profits declined by 16.7% to £36.0m.

In Mecca Bingo we have grown revenue in our clubs in England and Wales but trading has been more difficult in our Scottish clubs, which have been subject to a smoking ban since 26 March 2006. Across the business, margins remain under pressure from increases in labour costs, utilities and business rates. In addition, the business has had to absorb £2m in redundancy costs in the first half of 2006, although we expect these to be self-financing in the full year.

Revenue and profit from our bingo clubs business in Spain, Top Rank Espana, was lower than in the first half of 2005. This was partly the result of the implementation of a partial smoking ban from January 2006.

At 30 June 2006 we operated 128 bingo clubs, including 117 in the UK under Mecca and 11 in Spain under Top Rank Espana.

UK Bingo statistics	**2006**	**2005**	**Change %**
Admissions (000s)	**9,956**	10,122	-1.6
Spend per head (£)	**13.45**	13.23	1.7

In Mecca Bingo we have grown spend per head by 1.7%, off-setting a 1.6% decline in admissions. This performance reflects a slowing of the admissions erosion we have seen in recent years and is the result of our strategy to improve the competitive positioning of our clubs. As expected, this strategy has also resulted in a lower rate of growth in spend per head.

During the first half of the year we opened two Mecca Bingo clubs, including the UK's first fully electronic bingo club, at Fountain Park, Edinburgh. We have been encouraged by the initial customer response to the club and are appraising opportunities for the further development of electronic bingo. There were two club closures during the period.

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Since the half-year ended we have closed four loss-making clubs and opened one new Mecca Bingo club, at Paisley in Scotland.

Analysis of UK bingo revenue	**2006 £m**	**2005 £m**	**Change %**
Main stage bingo	**23.3**	27.4	-15.0
Interval games	**61.8**	63.2	-2.2
Gaming machines	**36.1**	30.9	16.8
Food, beverage & other	**12.7**	12.4	2.4
	133.9	133.9	-

Revenues from main stage bingo and interval games have declined against the first half performance in 2005.

We have taken steps to improve our competitive position through a strategy of creating consistently high prizeboards. To achieve this we have deliberately reduced the ratio of participation fee that we take from main stage bingo sales. This has resulted in recent gains in market share (based upon ticket sales of the National Game) but inevitably has impacted our main stage revenue.

We continue to generate increases in spend per head and revenue from electronic gaming as a result of the improvement and expansion of our gaming machine areas. During the first six months of the year, we installed 245 additional Section 21 machines. At 30 June 2006 our Mecca Bingo UK estate comprised 407 Section 31 machines, 845 Section 21 machines and 3,984 AWP machines.

In our bingo clubs in Scotland we experienced a 14% drop in revenue in the weeks following the introduction of the smoking ban, based against the comparable period in 2005. During the 13 week period from 27 March to 26 June 2006, admissions in these clubs fell by 6% and spend per head was down 9%.

We have made a number of changes to our bingo clubs in Scotland to bolster admissions and to mitigate the impact on spend per head. These measures include the tactical use of linked interval games; more flexible bingo sessions; and the use of hand-held electronic bingo terminals to increase average ticket sales.

We will continue to adapt our product to meet the challenges of the smoking ban as we prepare for a UK-wide ban during 2007. The date upon which this ban will be implemented has not yet been determined.

CASINOS

Grosvenor Casinos	**Revenue**		**Operating Profit**	
	2006 £m	**2005 £m**	**2006 £m**	**2005 £m**
London – upper	**13.5**	10.8	**2.8**	2.1
London – mainstream	**35.1**	33.1	**6.2**	5.0
Provincial	**54.8**	50.4	**11.0**	10.4
Belgium	**6.2**	6.0	**0.5**	0.5
	109.6	100.3	**20.5**	18.0

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Over the course of the first six months of the year we achieved a 9.3% rise in revenue in Grosvenor Casinos. This strong sales performance has enabled us to increase operating profit by 13.9% to £20.5m, in spite of continuing cost inflation.

In the UK, Grosvenor Casinos grew admissions by 8.3%, while generating a modest improvement in spend per head. At 30 June 2006, active membership of our UK casinos stood at more than 616,000.

	Admissions (000s)		**Spend per head (£)**	
	2006	**2005**	**2006**	**2005**
UK				
London – upper	**28**	26	**491.82**	418.59
London – mainstream	**454**	436	**77.43**	75.94
Provincial	**1,800**	1,644	**30.43**	30.65
Total UK	**2,282**	2,106	**45.35**	44.79

London upper – Exceptionally high average win margins and a 6.5% improvement in admissions have driven a 25.0 % increase in revenues and a 33.3% rise in operating profit from our two higher-end London casinos, the Park Tower and the Clermont Club. This performance was driven in large part by trading at the Park Tower.

London mainstream – Steady growth in admissions and spend per head in our four London mainstream clubs (the Victoria, the Gloucester, the Connoisseur and the Hard Rock) have driven revenue improvements of 6.0% and a 24.0% increase in operating profit.

Provincial – In our 30 casinos outside London we achieved good growth in admissions and a steady performance in spend per head, driving an 8.7% improvement in revenue and a 5.8% increase in operating profit.

Belgium – In our two casinos in Belgium – at Middlekerke and Blankenberge – revenue and operating profit have remained broadly flat. From next year we expect to benefit from regulatory changes that will allow us to extend the gaming product in these casinos, including the introduction of electronic roulette.

Handle in our UK casinos is down slightly against the first half in 2005, (although win margin is slightly higher) with the majority of revenue growth being generated by gaming machines. Since the start of the year we have added to our estate 115 Section 31 machines and 73 Section 21 machines. At 30 June 2006 the Grosvenor Casinos estate comprised a total of more than 1,500 electronic gaming positions, including 639 Section 31 machines, 158 Section 21 machines and 747 electronic roulette positions.

We continue to invest in the expansion and improvement of our casino card rooms to meet the growth in demand for poker and other pari-mutuel card games. Currently we have 20 card rooms across our estate (more than any other UK operator) and host a number of high profile tournaments, including the European Poker Championships.

On 29 June 2006 we opened a new casino on Bury New Road in Manchester, ‘relocating’ a licence from the nearby Grosvenor Empire Street. The Bury New Road casino has been designed to appeal to a broad customer base and features a stylish bar, sports lounge and restaurant as well as 15 table games, 28 electronic roulette positions, 36 gaming machines and an 80 seat card room. It is the first casino to operate under our ‘G Casino’ brand.

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Since the end of the half-year we have closed two loss-making casinos, the Hard Rock Casino in Manchester and the Grosvenor in Scarborough. In addition we have agreed the £31m sale of the Clermont Club, our high-end London casino. The disposal of the Clermont Club is in line with our strategy of focusing on mainstream gaming, where we believe there is most to gain from changes to UK gambling regulations.

We have now been granted eight new casino licences under the 1968 Gambling Act. We will open the first of these during 2007 and expect the majority of our new casino licences to be operational by the end of 2009.

In July 2006, the Casino Advisory Panel published a series of league tables regarding the possible locations (by local government authority) of the 17 new casinos to be licensed under the 2005 Gambling Act. The list of selected locations is scheduled for publication in December 2006, with ratification expected in April 2007.

While we await further details on the locations of the new casinos, it is our intention to secure as many of the casino licences as we are able to. It is expected that the new casinos will be able to offer a broader range of gaming and gambling activities including sports betting (regional, large and small) and bingo (regional and large only). Rank's track record as an experienced and responsible operator of casinos, bingo clubs and sports betting operations puts the Group in a strong position to tender for the licences next year.

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INTERACTIVE

Blue Square	Gross Win / Revenue 2006 £m	2005 £m
Gaming	**10.2**	5.7
Sportsbook	**8.4**	6.7
Total	**18.6**	12.4
Operating profit	**3.1**	0.3

Our interactive business, Blue Square has enjoyed a strong start to the year with revenue up 50.0% and operating profit of £3.1m (2005 - £0.3m). Active customer numbers increased by 12.5% to 261,000.

We continue to drive significant growth from our on-line gaming business and have had particular success with Meccagames.com, including our multi-player on-line bingo product that we re-launched in August. On-line gaming now accounts for 54.8% of Blue Square's revenue.

We are in the process of integrating Blue Square into our Gaming division. This will allow us to develop the synergies between our online and our retail gaming operations, from games and technology development to cross-marketing. The Grosvenor on-line casino, which has resulted from this closer integration, will be launched during the second half of the year.

Revenue from sportsbook operations is up by 25.4%, with improved risk management systems helping to drive a stronger win margin. Blue Square continues to innovate in sports betting and in May launched Blue Square Prices on horse racing, becoming the UK's first on-line bookmaker to offer an alternative to the industry's standard Show Prices.

HARD ROCK

	Revenue 2006 £m	2005 £m	Operating Profit 2006 £m	2005 £m
Company Operated				
Cafes	**120.4**	110.7	**13.8**	12.7
Third Party Operated				
Cafes	**4.3**	2.8	**3.6**	2.2
Hotels/casinos	**9.0**	7.8	**7.7**	6.3
Equity distributions			**2.9**	2.5
Divisional overhead			**(9.1)**	(7.3)
	133.7	121.3	**18.9**	16.4
Lifestar Joint Venture - share of post tax results			**(0.9)**	(0.7)

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Hard Rock has delivered operating profit growth for the fourth reporting period in succession. Revenue is up 10.2% and profits are ahead by 15.2% to £18.9m with good performances from each of the business divisions.

The strength of the Hard Rock brand has been the key to growth from franchise cafes and from our third party agreements for hotels and casinos. Our continued investment in the Hard Rock brand, including highly visible marketing campaigns, is reflected in a rise in divisional overheads.

The centre-piece of Hard Rock's marketing in 2006 is 'Ambassadors of Rock', a series of rock concerts taking place around the globe (at or near Hard Rock locations), celebrating the 35th anniversary of Hard Rock. Among the artists performing this year as part of Ambassadors of Rock are The Who, Roger Waters, Texas, Razorlight, Motley Crue, Blondie, Fun Lovin' Criminals and Primal Scream.

We have re-acquired a number of territorial operating and development rights relating to Hard Rock. These comprise Hard Rock Cafe and Hotel development rights in Australia, (including three cafes currently operating) and Hard Rock Hotel development rights in the Middle East. In addition we have expressed an interest with Morgans Hotel Group to secure the development rights for Hard Rock Casinos and Hard Rock Casino Hotels across a number of US and international jurisdictions.

At 30 June 2006 Hard Rock comprised 121 Hard Rock Cafes (68 company operated; 53 franchised); four Hard Rock Hotels; and two Hard Rock Casino-Hotels.

Company operated cafes

First half revenue from Hard Rock's company-operated cafes grew revenue by 8.8% while operating profit increased by 8.7% to £13.8m.

The menu changes and pricing benefit we introduced in 2005 continued to drive sales from food and beverage. At the same time we increased diner to merchandise conversions, as a result of our improved retail range and sharper marketing.

The performance of our New York City Hard Rock Cafe, which we moved from West 57th Street to Times Square last summer, is also a major contributor to first half growth. In 2007 we plan to carry out a similar relocation project in Boston, Massachusetts, moving the Hard Rock Cafe from its Copley Square site to a new flagship location near Faneuil Hall, one of the most visited sites in Boston.

There were no new openings in the period but we closed two under-performing cafes, at Bristol in England and at Austin, Texas.

Hard Rock company operated cafe like-for-like revenue growth

	Food and Beverage %	Merchandise %	Total %
To 30 June 2006			
North America	10.9	2.8	8.4
Europe	5.2	12.6	7.6
Total	**9.6**	**5.2**	**8.2**

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Franchise cafes

Royalties and fees from our franchise cafes increased by 53.6% to £4.3m and operating profit rose 63.6% to £3.6m.

There were no franchise cafe openings during the first half of the year. However, in July we opened a new Hard Rock Cafe at Santo Domingo, Dominican Republic. We plan to open another six new franchise cafes in the second half, including the first Hard Rock Cafe in India, at Mumbai.

The strong growth in franchise cafe income was due in part to fees relating to Hard Rock Music Park in Myrtle Beach, South Carolina. The park, which is due to open in 2008 will feature 40 attractions including rollercoasters and a live music venue.

Hotels & Casinos

The improvement in performance from Hard Rock branded hotels and casinos is due in large measure to the continuing success of the two Hard Rock Casino Hotels at Tampa and Hollywood in Florida, both of which are owned and operated by the Seminole Tribe of Florida.

Equity distributions rose by 16.0% to £2.9m as a result of a good performance from Universal Rank Hotel Partners, which part-owns three hotels (including a Hard Rock Hotel) in Orlando, Florida.

In August 2006 we announced that we would dissolve our Lifestar joint venture with Sol Melia, the Spanish hotels group. As a consequence we will not now open the Hard Rock Hotel in Madrid, although our strategic aim of developing hotels under the Hard Rock brand is unchanged.

Future openings include the first Hard Rock condo-hotel in San Diego, California and the Hard Rock Hotel & Casino in Biloxi, Mississippi (which was closed in 2005 as a result of damage from Hurricane Katrina). Both properties are expected to open in 2007.

US HOLIDAYS

	Revenue		Operating Profit	
	2006 £m	**2005 £m**	**2006 £m**	**2005 £m**
US Holidays	**15.1**	14.0	**1.1**	1.1

US Holidays grew first-half revenue by 7.9% but operating profit was flat. US Holidays is a non-core business for Rank and we have commenced a review of exit options.

DISCONTINUED OPERATIONS

Deluxe Film

Deluxe Film was disposed on 27 January 2006 for net consideration of £394.2m. The division contributed £1.3m in operating profit before it was disposed.

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Deluxe Media Services

Deluxe Media Services, our DVD and CD manufacturing and distribution business, made an operating loss of £10.0m (2005 - £12.4m).

We completed the disposal to Sony DADC of Deluxe Media's UK DVD replication business and its UK distribution business on 30 June 2006. The net cash inflow from the transaction is £5.9m.

Since the end of the half-year we have also disposed of Deluxe Media's CD replication business, to EDC.

CASHFLOW AND NET DEBT

	2006 £m	2005 £m
Continuing Operations		
Cash inflow from operations	**51.0**	57.8
Capital expenditure	**(28.3)**	(14.1)
Fixed asset disposals	**1.7**	0.6
Operating cash inflow	**24.4**	44.3
Acquisitions, disposals and capital distributions	**409.5**	14.1
	433.9	58.4
Interest, tax and dividend payments	**(101.5)**	(79.0)
Share buy-back	**(102.7)**	-
Additional contribution to pension fund	**(50.0)**	-
Cash outflow relating to discontinued operations	**(17.8)**	(58.1)
Cash inflow (outflow)	**161.9**	(78.7)

Operating cash flow from continuing operations was £19.9m lower than 2005. This is largely due to increased capital expenditure and transaction costs.

Net debt

Net debt at 30 June 2006 was £555.2m compared with £739.4m at 31 December 2005. In addition to the cash flows detailed above, net debt was reduced by approximately £22m as a result of favourable movements in US dollar exchange rates.

Capital expenditure

	2006 £m	2005 £m
Continuing Operations		
Gaming	**22.8**	7.5
Hard Rock	**4.5**	6.3
US Holidays	**1.0**	0.3
	28.3	14.1

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GROUP INCOME STATEMENT – INTERIM (unaudited)

	2006			2005*		
	Before Exceptional Items £m	Exceptional Items £m	Total £m	Before Exceptional Items £m	Exceptional Items £m	Total £m
Continuing operations						
Revenue	**426.1**	**-**	**426.1**	397.3	-	397.3
Cost of sales	**(260.9)**	**-**	**(260.9)**	(245.2)	-	(245.2)
Gross profit	**165.2**	**-**	**165.2**	152.1	-	152.1
Other operating costs	**(107.2)**	**(12.1)**	**(119.3)**	(90.5)	-	(90.5)
Group operating profit (loss)	**58.0**	**(12.1)**	**45.9**	61.6	-	61.6
Financing:						
Interest payable	**(18.7)**	**(14.7)**	**(33.4)**	(22.5)	-	(22.5)
Interest receivable	**2.3**	**-**	**2.3**	3.5	-	3.5
Amortisation of equity component of convertible bond	**(1.5)**	**-**	**(1.5)**	(1.5)	-	(1.5)
Foreign exchange gain (loss) on inter-company loans net of hedging	**7.5**	**-**	**7.5**	(7.7)	-	(7.7)
Total financing charge	**(10.4)**	**(14.7)**	**(25.1)**	(28.2)	-	(28.2)
Share of post tax loss of joint ventures	**(0.9)**	**-**	**(0.9)**	(0.7)	-	(0.7)
Profit (loss) before tax	**46.7**	**(26.8)**	**19.9**	32.7	-	32.7
Taxation **(note 3)**	**(8.1)**	**4.4**	**(3.7)**	(12.9)	-	(12.9)
Profit (loss) for the period from continuing operations	**38.6**	**(22.4)**	**16.2**	19.8	-	19.8
Discontinued operations:						
Operations held for sale **(note 2)**	**(6.6)**	**-**	**(6.6)**	(2.2)	(12.5)	(14.7)
Profit (loss) for the period	**32.0**	**(22.4)**	**9.6**	17.6	(12.5)	5.1
Profit attributable to minority interest	**1.2**	**-**	**1.2**	0.6	-	0.6
Profit (loss) attributable to equity shareholders	**30.8**	**(22.4)**	**8.4**	17.0	(12.5)	4.5
	32.0	**(22.4)**	**9.6**	17.6	(12.5)	5.1
Basic earnings per share			**1.4 p**			0.7 p
Diluted earnings per share			**1.4 p**			0.7 p

** Restated for Blue Square revenue recognised on a gross win basis*

Further earnings per share information is provided in Note 6

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GROUP INCOME STATEMENT - INTERIM (unaudited)

	6 months to 30.6.06 £m	6 months to 30.6.05* £m	Year to 31.12.05 £m
Continuing operations			
Revenue	**426.1**	397.3	810.3
Cost of sales	**(260.9)**	(245.2)	(494.0)
Gross profit	**165.2**	152.1	316.3
Other operating costs (including exceptional items)	**(119.3)**	(90.5)	(200.9)
Operating profit	**45.9**	61.6	115.4
Net finance costs (including exceptional items)	**(32.6)**	(20.5)	(47.3)
Foreign exchange gain (loss) on inter-company loans net of hedging	**7.5**	(7.7)	(16.0)
Total finance costs	**(25.1)**	(28.2)	(63.3)
Share of post tax losses in joint ventures	**(0.9)**	(0.7)	(1.4)
Profit before tax	**19.9**	32.7	50.7
Taxation **(note 3)**	**(3.7)**	(12.9)	(5.1)
Profit after tax	**16.2**	19.8	45.6
Discontinued Operations			
Operations held for sale **(note 2)**	**(6.6)**	(14.7)	(254.1)
Profit (loss) for the period	**9.6**	5.1	(208.5)
Basic earnings (loss) per share	**1.4p**	0.7p	(33.6p)
Diluted earnings (loss) per share	**1.4p**	0.7p	(33.5p)

** Restated for Blue Square revenue recognised on a gross win basis*

Further earnings per share information is provided in Note 6.

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BALANCE SHEET (unaudited)

	As at 30.6.06 £m	As at 30.6.05 £m	As at 31.12.05 £m
Non-current assets			
Intangible assets	**177.9**	259.1	178.2
Property, plant and equipment	**339.8**	580.7	480.9
Trade and other investments	**59.1**	52.5	45.1
Other receivables	**20.0**	174.2	28.7
Deferred tax asset	**61.9**	54.2	62.5
	658.7	1,120.7	795.4
Current assets			
Financial assets			
- Derivative financial instruments	**5.8**	-	5.2
- Cash and cash equivalents	**81.6**	114.9	117.7
Inventories	**33.8**	62.3	33.0
Trade and other receivables	**56.5**	303.6	44.7
Assets held for sale			
- Discountined operations **(note 2)**	**43.5**	122.3	512.1
- Property, plant and equipment held for sale and leaseback	**137.6**	-	-
	358.8	603.1	712.7
Current liabilities			
Financial liabilities			
- Derivative financial instruments	**(2.2)**	-	(6.1)
- Loan capital and borrowings	**(45.8)**	(32.2)	(13.5)
Trade and other payables	**(153.1)**	(207.7)	(158.8)
Current tax liabilities	**(2.0)**	-	(2.8)
Liabilities held for sale **(note 2)**	**(69.1)**	(98.6)	(209.1)
	(272.2)	(338.5)	(390.3)
Net current assets	**86.6**	264.6	322.4
Non-current liabilities			
Financial liabilities			
- Derivative financial instruments	**(2.4)**	-	(2.2)
- Loan capital and borrowings	**(587.0)**	(820.1)	(836.2)
Other non-current liabilities	**(30.4)**	(164.8)	(69.2)
Provisions for other liabilities and charges	**(70.9)**	(31.9)	(42.1)
	(690.7)	(1,016.8)	(949.7)
Net assets	**54.6**	368.5	168.1
Shareholders' equity			
Called up share capital	**58.2**	62.5	62.6
Share premium account	**95.7**	90.0	93.1
Other reserves	**(108.6)**	206.0	1.0
Shareholders' funds	**45.3**	358.5	156.7
Equity minority interests	**9.3**	10.0	11.4
	54.6	368.5	168.1

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CASHFLOW STATEMENT (unaudited)

	6 months to 30.6.06 £m	6 months to 30.6.05 £m	Year to 31.12.05 £m
Cash flows from operating activities			
Cash generated from operations (note 4)	**37.3**	34.9	175.3
Interest paid	**(35.8)**	(17.0)	(41.4)
Interest received	**4.0**	3.0	5.4
Income tax paid	**(4.7)**	(3.7)	(5.2)
Additional pension payment	**(50.0)**	-	-
Interest and tax paid by discontinued operations	**(1.9)**	(2.1)	(6.2)
Net cash (used in) from operating activities	**(51.1)**	15.1	127.9
Cash flows from investing activities			
Proceeds from disposal of subsidiaries (net of cash disposed)	**400.6**	-	-
Acquisition of subsidiaries (net of cash acquired)	**-**	(0.3)	(3.0)
Purchase of property, plant and equipment	**(28.3)**	(14.1)	(46.2)
Proceeds from sale of property, plant and equipment	**1.7**	0.6	1.6
Investments in associates and joint ventures	**-**	(4.1)	(4.8)
Sale of investments available for sale.	**8.9**	-	-
Capital distribution from trade asset investment	**-**	18.5	18.5
Discontinued operations (note 2)	**(2.2)**	(33.1)	(66.6)
Net cash from (used in) investing activities	**380.7**	(32.5)	(100.5)
Cash flows from financing activities			
Dividends paid to Company shareholders	**(62.7)**	(61.2)	(92.5)
Dividends paid to minority interests	**(2.3)**	-	-
Issue of share capital	**2.7**	1.8	5.0
Redemption of share capital	**(102.7)**	-	-
Debt due within one year			
- drawdown on syndicated facilities	**24.3**	-	-
- repayment of sterling borrowings	**-**	-	(10.5)
Debt due after more than one year			
- drawdown on syndicated facilities	**351.3**	165.3	328.9
- repayment of dollar borrowings	**(219.0)**	(51.9)	(51.9)
- repayment of sterling borrowings	**(35.0)**	-	-
- repayment of syndicated facilities	**(317.7)**	-	(153.8)
- other	**(1.0)**	(2.4)	(3.0)
Finance lease principal repayments	**(0.7)**	(0.6)	(1.8)
Discontinued operations (note 2)	**(8.4)**	-	(5.5)
Net cash (used in) from financing activities	**(371.2)**	51.0	14.9
Net (decrease) increase in cash and cash equivalents	**(41.6)**	33.6	42.3
Cash and cash equivalents at beginning of period	**109.4**	65.5	65.5
Exchange (losses) gains on cash	**(1.2)**	0.1	1.6
Cash and cash equivalents at end of period	**66.6**	99.2	109.4

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STATEMENT OF RECOGNISED INCOME AND EXPENSE

	6 months to 30.6.06 £m	6 months to 30.6.05 £m	Year to 31.12.05 £m
Profit (loss) for the year	**9.6**	5.1	(208.5)
Currency translation net of tax and hedging	**(3.7)**	12.5	45.0
Actuarial gain (loss) on defined benefit pension scheme net of tax	**6.9**	(15.9)	(13.4)
Tax on non-qualifying leasehold property	**0.6**	-	4.3
Revaluation of available for sale securities	**25.4**	7.4	6.8
Revaluation of available for sale securities reclassed to net profit	**12.1**	-	-
Total recognised income (expense) for the period	**50.9**	9.1	(165.8)

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NOTES TO THE INTERIM FINANCIAL STATEMENTS (unaudited)

1. Basis of preparation and accounting policies

The interim financial statements have been prepared on the basis of the accounting policies set out in the Group's financial statements for the year ended 31 December 2005. The accounting policies have been consistently applied to all periods presented except as noted below. The financial information has been prepared in accordance with the Listing Rules of the London Stock Exchange.

The estimated value of the Group's Defined Benefit Pension IAS 19 surplus at 30 June 2006 is £64.6m. This surplus was estimated using the assumptions from the April 2004 full actuarial valuation. A new full actuarial valuation as at April 2006 is currently being prepared and the Company is discussing with the Pension Trustee the financing requirements of the Scheme. Pending finalisation of the 2006 valuation and the outcome of the discussion it is not felt appropriate to reflect the IAS 19 surplus in the 30 June 2006 Interim accounts. This position will be reviewed again when the 2006 full year accounts are prepared.

The Group reported Blue Square revenue with reference to gross win margin in its financial statements for the year ended 31 December 2005. Interim financial information for the period ended 30 June 2005 has been restated to reflect this change. There is no impact on net profit.

The Group has not adopted IAS 34 "Interim Financial Reporting" in these interim financial statements.

The financial information contained in this report has not been audited and does not constitute statutory accounts within the meaning of Section 240 of the Companies Act 1985. The statutory accounts for 2005, which were prepared under IFRS, have been delivered to the Registrar of Companies. The auditors' opinion on these accounts was unqualified and does not contain a statement made under Section 237(2) and Section 237(3) of the Companies Act 1985.

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2. Discontinued operations

The Deluxe Film and Deluxe Media Services businesses meet the IFRS criteria required to be classified as discontinued operations. As a result, revenue is excluded from the income statement and the results of the business, including any associated exceptional costs, are recorded in a single line on a post-tax basis.

Deluxe Film was disposed on 27 January 2006.

Deluxe Media's UK DVD replication business and its UK distribution business were disposed on 30 June 2006. Deluxe Media's CD replication business was disposed on 21 July 2006.

A breakdown of the results of discontinued operations is shown below.

	Interim 30.6.06 DMS £m	**Interim 30.6.06 Film £m**	**Interim 30.6.06 Total £m**	Interim 30.6.05 DMS £m	Interim 30.6.05 Film £m	Interim 30.6.05 Total £m	Year to 31.12.05 DMS £m	Year to 31.12.05 Film £m	Year to 31.12.05 Total £m
Revenue	**96.2**	**26.2**	**122.4**	136.8	201.7	338.5	267.1	415.7	682.8
Operating (loss) profit before exceptionals	**(10.0)**	**1.3**	**(8.7)**	(12.4)	29.0	16.6	(16.4)	65.7	49.3
Exceptional costs	**-**	**-**	**-**	(13.2)	-	(13.2)	(136.5)	(150.4)	(286.9)
Operating (loss) profit	**(10.0)**	**1.3**	**(8.7)**	(25.6)	29.0	3.4	(152.9)	(84.7)	(237.6)
Income from associates	**-**	**0.1**	**0.1**	-	0.6	0.6	-	0.8	0.8
Net financing (charge) credit	**(0.5)**	**-**	**(0.5)**	(0.8)	(2.1)	(2.9)	(1.0)	1.0	-
(Loss) profit before tax	**(10.5)**	**1.4**	**(9.1)**	(26.4)	27.5	1.1	(153.9)	(82.9)	(236.8)
Tax	**2.9**	**(0.4)**	**2.5**	(9.2)	(6.6)	(15.8)	(3.3)	(14.0)	(17.3)
Net (loss) profit	**(7.6)**	**1.0**	**(6.6)**	(35.6)	20.9	(14.7)	(157.2)	(96.9)	(254.1)

Assets and liabilities relating to the discontinued operations are as follows:

	Interim 30.6.06 DMS £m	**Interim 30.6.06 Film £m**	**Interim 30.6.06 Total £m**	Interim 30.6.05 DMS £m	Interim 30.6.05 Film £m	Interim 30.6.05 Total £m	Year to 31.12.05 DMS £m	Year to 31.12.05 Film £m	Year to 31.12.05 Total £m
Assets held for sale	**43.5**	**-**	**43.5**	122.3	-	122.3	69.4	442.7	512.1
Liabilities held for sale	**(69.1)**	**-**	**(69.1)**	(98.6)	-	(98.6)	(126.0)	(83.1)	(209.1)
Net (liabilities) assets held for sale	**(25.6)**	**-**	**(25.6)**	23.7	-	23.7	(56.6)	359.6	303.0

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Cash flows relating to the discontinued operations are as follows:

	Interim 30.6.06 DMS £m	**Interim 30.6.06 Film £m**	**Interim 30.6.06 Total £m**	Interim 30.6.05 DMS £m	Interim 30.6.05 Film £m	Interim 30.6.05 Total £m	Year to 31.12.05 DMS £m	Year to 31.12.05 Film £m	Year to 31.12.05 Total £m
Cash flow (used in) from operating activities	**(35.2)**	**19.6**	**(15.6)**	9.6	(34.6)	(25.0)	(23.3)	35.1	11.8
Cash flow (used in) from investing activities	**(0.9)**	**(1.3)**	**(2.2)**	(11.2)	(21.9)	(33.1)	(17.7)	(48.9)	(66.6)
Cash flow (used in) from financing activities	**(8.4)**	**-**	**(8.4)**	-	-	-	(4.8)	(0.7)	(5.5)
	(44.5)	**18.3**	**(26.2)**	(1.6)	(56.5)	(58.1)	(45.8)	(14.5)	(60.3)

3. Tax

The tax charge, including amounts disclosed within discontinued operations may be analysed as follows:

	6 months to 30.6.06 £m	**6 months to 30.6.05 £m**	**12 months to 31.12.05 £m**
Rank subsidiaries - continuing operations			
- Adjusted profit	**(8.1)**	(12.4)	(21.3)
- Foreign exchange on inter-company loans	**-**	(0.5)	(8.1)
Charge for continuing operations	**(8.1)**	(12.9)	(29.4)
Discontinued operations	**2.5**	(16.5)	(38.1)
Total pre-exceptional tax charge	**(5.6)**	(29.4)	(67.5)
Exceptional tax credit			
- continuing operations	**4.4**	-	24.3
- discontinued operations	**-**	0.7	20.8
	4.4	0.7	45.1

Taxation has been provided at an estimated effective rate of 20.0% on adjusted profit (2005 interim – 29.6%, 2005 full year – 24.9%).

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4. Reconciliation of operating profit to cash generated by operations

	6 months to 30.6.06 £m	6 months to 30.6.05 £m	12 months to 31.12.05 £m
Continuing operations			
Operating profit	**45.9**	61.6	115.4
Exceptional costs charged	**12.1**	-	12.1
Cash payments in respect of provisions and exceptional costs	**(12.5)**	(1.6)	(28.8)
Depreciation and amortisation	**21.2**	21.0	43.1
(Increase) decrease in working capital	**(15.7)**	(26.1)	16.6
Other Items	**-**	2.9	(1.1)
Net cash generated by continuing operations	**51.0**	57.8	157.3
Net cash (used) generated by discontinued operations	**(13.7)**	(22.9)	18.0
Net cash inflow generated by operations	**37.3**	34.9	175.3

5. Adjusted net profit

Adjusted net profit is derived as follows:

	6 months to 30.6.06 £m	6 months to 30.6.05 £m	12 months to 31.12.05 £m
Net profit (loss) attributable to equity shareholders	**8.4**	4.5	(209.7)
Discontinued operations net of tax	**6.6**	14.7	254.1
Exceptional items before tax on continuing operations	**26.8**	-	15.7
Foreign currency (gain) loss on inter-company balances net of hedging	**(7.5)**	7.7	16.0
Interest on convertible bond	**1.5**	1.5	3.0
Tax on adjusted items	**(4.4)**	0.5	(16.2)
Adjusted net profit attributable to equity shareholders	**31.4**	28.9	62.9

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6. Earnings per share

	6 months to 30.6.06 £m	6 months to 30.6.05 £m	12 months to 31.12.05 £m
Basic earnings (loss) per share			
before exceptional items	**5.0p**	2.7p	7.7p
after exceptional items	**1.4p**	0.7p	(33.6)p
Basic earnings per share - continuing operations			
before exceptional items	**6.1p**	3.1p	5.7p
after exceptional items	**2.5p**	3.1p	7.1p
Basic earnings (loss) per share - discontinued operations			
before exceptional items	**(1.1)p**	(0.4)p	2.0p
after exceptional items	**(1.1)p**	(2.4)p	(40.7)p
Diluted earnings (loss) per share			
before exceptional items	**5.0p**	2.7p	7.6p
after exceptional items	**1.4p**	0.7p	(33.5)p
Diluted earnings per share - continuing operations			
before exceptional items	**6.1p**	3.1p	5.7p
after exceptional items	**2.5p**	3.1p	7.1p
Diluted earnings (loss) per share - discontinued operations			
before exceptional items	**(1.1)p**	(0.4)p	1.9p
after exceptional items	**(1.1)p**	(2.4)p	(40.6)p
Basic adjusted earnings per share	**5.1p**	4.6p	10.1p

The weighted average number of shares used in the calculation of basic earnings (loss) per share is 611.2m (2005 first half: 623.8m, full year: 624.5m). For diluted earnings (loss) per share the weighted average number of shares used in the calculation is 611.4m (2005 first half: 625.3m, full year: 626.0m).

7. Exchange rates

The US$/£ exchange rates for the relevant accounting periods are:

US$/£	6 months to 30.6.06 £m	6 months to 30.6.05 £m	12 months to 31.12.05 £m
Average	**1.80**	1.86	1.81
Period-end	**1.85**	1.79	1.72

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8. Borrowings to net debt reconciliation

Under IFRS, accrued interest is classified as borrowings. In addition, net debt relating to discontinued operations held for sale is disclosed separately. A reconciliation of net borrowings disclosed in the balance sheet to the Group's net debt position is provided below.

	As at 30.6.06 £m	**As at 30.6.05 £m**	**As at 31.12.05 £m**
Borrowings, net of cash	**(551.2)**	(737.4)	(732.0)
Amounts disclosed within discontinued operations	**(3.7)**	(11.9)	(13.3)
Accrued interest net of unamortised facility fees	**(0.3)**	12.4	5.9
Net debt	**(555.2)**	(736.9)	(739.4)

Included within net debt is £15.0m (2005 Interim: £15.7m, 2005 Full Year: £8.3m) of bank overdrafts which are offset against cash and cash equivalents for the purposes of the cashflow statement.

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9. Statement of changes in shareholders' equity

	6 months to 30.6.06 £m	6 months to 30.6.05 £m	12 months to 31.12.05 £m
Profit (loss) attributable to equity shareholders	**8.4**	4.5	(209.7)
Dividends	**(62.7)**	(61.2)	(92.5)
Credit in respect of employee share schemes	**1.6**	1.9	3.7
Fair value adjustments to available for sale securities	**25.4**	7.4	6.8
Actuarial movement of defined benefit pension scheme net of tax	**6.9**	(15.9)	(13.4)
Share capital redeemed	**(102.7)**	-	-
New share capital subscribed	**2.7**	1.8	5.0
Tax on non-qualifiying leasehold property	**0.6**	-	4.3
Currency translation net of tax and hedging	**(3.7)**	12.5	45.0
Revaluation of available for sale securities reclassed to net profit	**12.1**	-	-
Net movement in shareholders' equity	**(111.4)**	(49.0)	(250.8)
Opening shareholders' equity as previously stated	**156.7**	391.3	391.3
Adoption of Financial Instruments IAS 32/39	**-**	16.2	16.2
Opening shareholders' equity as restated	**156.7**	407.5	407.5
Closing shareholders' equity	**45.3**	358.5	156.7

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Independent review report to The Rank Group Plc

Introduction

We have been instructed by the company to review the financial information for the six months ended 30 June 2006 which comprises the Group interim balance sheet as at 30 June 2006 and the related Group interim statements of income, cash flows and recognised income and expense for the six months then ended and related notes. We have read the other information contained in the interim report and considered whether it contains any apparent misstatements or material inconsistencies with the financial information.

Directors' responsibilities

The interim report, including the financial information contained therein, is the responsibility of, and has been approved by the directors. The Listing Rules of the London Stock Exchange require that the accounting policies and presentation applied to the interim figures should be consistent with those applied in preparing the preceding annual accounts except where any changes, and the reasons for them, are disclosed.

Review work performed

We conducted our review in accordance with guidance contained in Bulletin 1999/4 issued by the Auditing Practices Board for use in the United Kingdom. A review consists principally of making enquiries of Group management and applying analytical procedures to the financial information and underlying financial data and, based thereon, assessing whether the disclosed accounting policies have been applied. A review excludes audit procedures such as tests of controls and verification of assets, liabilities and transactions. It is substantially less in scope than an audit and therefore provides a lower level of assurance. Accordingly we do not express an audit opinion on the financial information. This report, including the conclusion, has been prepared for and only for the company for the purpose of the Listing Rules of the Financial Services Authority and for no other purpose. We do not, in producing this report, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Review conclusion

On the basis of our review we are not aware of any material modifications that should be made to the financial information as presented for the six months ended 30 June 2006.

PricewaterhouseCoopers LLP
London
1 September 2006

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