

12 December 2007

**Trading update
49 weeks to 9 December 2007**

The Rank Group Plc (“Rank” or “the company”) announces a 1% increase in like-for-like revenue and a 2% decline in total revenue for the 49 weeks to 9 December 2007. We anticipate that group operating profit for 2007 will be broadly in line with market expectations.

The effects of the smoking ban, recent restrictive changes to gaming regulations and a weakening in consumer confidence have resulted in an uncertain outlook for 2008. Consequently, the Board has taken a number of actions which it considers appropriate in view of these challenging circumstances, including the decision not to pay a final dividend for 2007.

The trading figures announced today reflect a stabilisation in revenue from Mecca Bingo and Grosvenor Casinos since the time of our last market update in October 2007. Over this period we have continued to generate revenue growth from Blue Square and from Top Rank Espana, although the rate of this growth has slowed in recent weeks.

Year-on-year segmental and group revenue for 49 weeks to 9 December 2007		
	Like-for-like revenue (excludes club openings, closures and relocations)	Total revenue
Mecca Bingo	(4)%	(7)%
Top Rank Espana	8%	8%
Grosvenor Casinos	0%	(4)%
Blue Square	34%	34%
Group	1%	(2)%

As the company has stated previously, the trading performances of Mecca Bingo and Grosvenor Casinos deteriorated from September 2007, as the loss of Section 21 gaming terminals in both businesses compounded the earlier effects of the smoking ban and a weakening in consumer confidence. For this reason the performances of these businesses in the discrete 14 week period between 1 September 2007 and 9 December 2007 are disclosed in this update.

Mecca Bingo

Like-for-like revenue for Mecca Bingo in the year to date was down 4% on the comparable period in 2006, with admissions down 7% and spend per head up 3%.

In the 14 weeks from 1 September 2007, like-for-like revenue declined by 18% with admissions down 15% and spend per head down 3%. In England and Wales, revenue declined by 20% with admissions down 16% and spend per head down 5%. In Scotland, revenue declined by 3% with admissions down 13% and spend per head up 11%.

This performance represents a stabilisation in revenue since the time of our last trading update, with an improving trend in spend per head offsetting a further weakening in admissions. Industry data and comment has continued to support our view that our experience is shared by the wider bingo market.

We have undertaken a thorough review of trading in Mecca Bingo, to identify and understand the key drivers of our recent performance. The scope of this review encompasses market conditions, customer attitudes, competitor activity and the effects of our own actions. This ongoing assessment is informing the way that we are addressing the challenges that face the business.

In the immediate term we have progressed a number of the business improvement actions, focused on enhancing the customer experience, that we identified at the time of our interim results.

- We are stepping up the rollout of electronic bingo. More than 5,000 units have now been deployed across 99 clubs, generating incremental revenue and profit and supporting the value of our prizeboards;
- We have accelerated the development of licensed outdoor gaming areas. Twenty-five are now operational, generating incremental revenue and profit and supporting the value of our prizeboards;
- We have gained licensing approval for outdoor gaming areas at a further five clubs and we will open these before the end of the year. We have identified up to 32 additional clubs where we may be able to develop outdoor gaming areas during 2008 (subject to gaining the necessary approvals and permissions);
- We are improving our gaming machines product through better arcade design, improved machines management and product marketing and a limited trial of server based gaming machines;
- We are developing bingo variant games (allowed under the Gambling Act 2005) and expect to begin deployment of these during the first half of 2008.
- We are testing a new range of food and drink for Mecca Bingo customers and plan to extend this during 2008.

During the first quarter of 2008, we will open a new Mecca Bingo club at Thanet in Kent. We keep under review our portfolio of clubs but at present have no plans to make any closures.

We continue to support the efforts of the Bingo Association in pressing Government for a change in bingo taxation, to grant the industry parity with other forms of gambling. During October, the Chancellor of the Exchequer visited our Mecca Bingo club in Fountain Park, Edinburgh. Later in the month the Prime Minister met with representatives from the Bingo Association. We are encouraged by Government's new found desire to engage on this issue, but disappointed that it has not yet led to a review of taxation policy. We will maintain our support for the Bingo Association in this matter.

Top Rank Espana

In the year to date, like-for-like revenue for Top Rank Espana was up 8% on the comparable period in 2006, with admissions down 2% and spend per head up 10%.

During the final quarter of the year, we have detected a gradual weakening in consumer confidence in Spain which has led to some softening in admissions.

Grosvenor Casinos

In the year to date, like-for-like revenue for Grosvenor Casinos was broadly in line with the comparable period in 2006, with a 2% decline in admissions and a 1% rise in spend per head.

In the 14 weeks from 1 September 2007, like-for-like revenue declined by 7% with admissions down 5% and spend per head down 2%. While the decline in admissions is disappointing we have seen continued growth in active membership, with strong growth in new member sign-ups in those clubs that have received advertising support since the end of September 2007. The effect of the smoking ban in reducing customer dwell times is largely responsible for the decline in spend per head. Market data suggests that this experience has been felt across the UK casino industry.

We have progressed a number of the business improvement actions highlighted at the time of our interim results.

- We are developing a customer loyalty scheme and intend to introduce it to a number of our larger casinos during 2008;
- We are assessing opportunities to grow active membership and admissions through advertising, direct marketing and promotions, as permitted under the Gambling Act 2005;
- We have now introduced new member sales managers into 17 of our clubs;
- We are improving our gaming machines by introducing product upgrades and through more efficient machines management.

We will continue with our strategy of making selective investments to upgrade the quality of our casinos portfolio and we intend to open two new G Casinos, at Thanet in Kent (a relocation of the Grosvenor Casino Ramsgate licence) during the first half of 2008 and at Aberdeen (a new licence) in the second half of the year.

In addition we will close the Grosvenor Casino at Liverpool at the end of this year. This closure is principally the result of the Government's sudden and unexpected decision to increase casino gaming duty from April 2007. We will retain the casino licence with the intention to develop it on an alternative site in the medium term.

Blue Square

Like-for-like revenue for Blue Square grew by 34% during the first 49 weeks of the year. This performance was driven by the success of interactive gaming products, notably meccabingo.com. Although there has been some slowing of growth in recent weeks, this is measured against a strong final quarter in 2006.

Blue Square has made further progress with its strategy of pursuing growth outside the UK. In October, we announced a non-exclusive agreement with 888 Holdings plc to offer Blue Square's sports betting products to 888 customers, both within the UK and overseas, from 2008. Separately, we have also developed an online bingo business for the Spanish gaming market, which we plan to launch in the first quarter of 2008.

Capital expenditure and cost control

In the light of the current unfavourable trading and market conditions, the Board has agreed a number of actions.

We have reviewed our capital spending plans for 2008 and decided to defer a number of major projects. Our guidance for next year's capital expenditure has been revised down from £50 million to £20 million, although we shall keep this under review.

The development of a new G Casino and Mecca Bingo club at Thanet and the development of a new G Casino in Aberdeen are not affected by this change and will open as planned in 2008.

We maintain our focus on cost control and have introduced a series of measures to help protect operating margin at unit level. We continue to target cost reductions within corporate and shared services, although with £6 million of cost savings already realised this year, the scope for further significant benefit is limited.

Pension plan

Rank operates a defined benefit pension plan. Together with the Pension Trustee, the company is conducting active discussions with a number of interested parties with a view to transferring the plan's assets and liabilities to an insurer. Rank will update the market on the outcome of these discussions at the appropriate time.

Dividend

Given the company's current trading, the level of uncertainty facing the gaming industry and the more general market concerns of a consumer spending slowdown as we move into 2008, the Board has decided not to pay a final dividend for 2007. The Board intends to resume dividend payments once trading conditions and the market outlook have improved.

Banking covenants

Rank is currently operating within its banking covenants. Taking into account management actions on capital expenditure, cost control and the dividend, and assuming that trading continues broadly in line with current levels, we would expect this position to be maintained.

Outlook

The short-term trading outlook for Rank remains challenging. However, the Board remains confident in its long-term strategy to generate value for shareholders by taking advantage of the anticipated growth in leisure-based gambling, primarily in the UK. Rank intends to provide an update on this strategy and the prospects for its businesses at the presentation of its preliminary results on 29 February 2008.

Ends

Conference call

A conference call for investors and analysts will be held at 8.30am GMT today (12 December 2007). To access this call please follow the dial-in instructions below.

UK (free call): 0800 6940 257
USA (free call): 1866 966 9439
International: +44 (0) 1452 55 55 66
Conference ID: 27620474

A replay of the conference call will be available until 19 December. To access the replay, please follow the instructions below:

UK (free call): 0800 953 1533
USA (free call): 1866 247 4222
International: +44 (0)1452 55 00 00
Passcode: 27620474#

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