Rank Group

News Release

30 August 2007

The Rank Group Plc

Interim Results for the six months ended 30 June 2007

Financial highlights

- Revenue from continuing operations of £284.6m (2006: £277.3m)
- Group operating profit before exceptional items from continuing operations of £47.9m (2006: £38.0m)
- Adjusted profit before tax* of £37.3m (2006: £21.9m); profit before tax from continuing operations of £49.7m (2006: £1.1m)
- Adjusted earnings per share** of 5.2p (2006: 2.4p)
- Basic earnings per share of 72.4p (2006: 1.4p)
- Interim dividend per share of 2.0p (2006: 2.0p)
- Net debt of £292.5m (£447.2m at 31 December 2006)

Operating highlights

- Operating profit growth achieved in bingo, casino and interactive
- Cost saving initiatives deliver improvement in group operating margin
- UK businesses prepared for implementation of Gambling Act 2005 (from 1 September 2007)
- $965m (£502m) Hard Rock disposal completed; £353m returned to shareholders via 65.0p per share special dividend

Ian Burke, chief executive of the Rank Group, said: “We have enjoyed a positive start to our first year as a focused gaming business. The group has generated a strong increase in operating profit as a result of the actions taken to grow revenues and to reduce costs.

“We have undertaken a significant amount of work to prepare Mecca Bingo for the challenge of the smoking ban in England, which took effect on 1 July 2007. We believe that the actions we have taken will help to stabilise the business in the short term but we are also focused on the longer term modernisation and subsequent growth of Mecca Bingo.

“In Grosvenor Casinos we have made good progress, despite having to absorb a substantial and unbudgeted rise in casino gaming duty as a result of the Government’s 2007 Budget. Our aim is to broaden the appeal of our casinos for the mainstream leisure market through the modernisation and growth of our clubs portfolio, the development of our gaming and non-gaming products and through a focus on customer recruitment and customer service.

“Our interactive business, Blue Square, has delivered another strong rise in operating profit. We are investing in the future growth of this business by applying more resource to marketing in the UK and by seeking imaginative means to open up new markets.

“At a group level we have been focused on preparing all of our businesses for the introduction of the new Gambling Act, to make the most of commercial opportunities and to adapt procedures to ensure that we maintain our high standards of responsible operation. In addition we have been active in making representations to Government regarding the fairness and openness of the taxation of our businesses.

“The UK gambling market has entered a dynamic phase in its development, driven by changes in social attitudes, the modernisation of gambling laws, advances in technology and investment in modern licensed gaming premises. Whilst continuing to address the near term challenges facing our businesses, we remain focused on the long term growth opportunities within gaming.”

** adjusted profit is calculated by excluding discontinued operations, exceptional items, foreign exchange on inter-company balances including hedging, amortisation of interest relating to the equity component of the convertible bond and net return on defined benefit pension asset.*
*** adjusted earnings per share is calculated by taking basic earnings (excluding discontinued operations, exceptional items, foreign exchange on inter-company balances including hedging, amortisation of interest relating to the equity component of the convertible bond, net return on defined benefit pension asset and the tax adjustment in respect of the deferred tax rate change) divided by the weighted average number of ordinary shares.*

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Photographs available from www.newscast.co.uk and www.rank.com

Analyst meeting, webcast and conference call details:

Thursday 30 August 2007
There will be an analyst meeting at Merrill Lynch Financial Centre, 2 King Edward Street, London, EC1A 1HQ, starting at 9.30am. There will be a simultaneous webcast and dial-in of the meeting.

To register for the live webcast, please pre-register for access by visiting the Group website (www.rank.com). A copy of the webcast and slide presentation given at the meeting will be available on the Group's website later today. The webcast will be available for a period of six months.

Conference Call Details:

Thursday 30 August

9.20am	International	+44 (0) 1452 542 300
	UK Local	0845 245 3471
	USA Free	1866 220 1452
	Conference ID	14414833

9.30am Meeting starts

A replay will be made available for seven days on International +44 (0) 1452 550000 / UK Local 0845 245 5205 / USA Free 1 866 247 4222 (passcode 14414833#)

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.

CHIEF EXECUTIVE'S REVIEW

INTRODUCTION

Following the disposals of US Holidays in December 2006 and of Hard Rock in March 2007, we have restated our 2006 interim results. A restatement of group full year profits for 2006, which also reflects changes in accounting policy, is contained within the notes to this statement.

In addition we have restated a number of key performance indicators. Going forward, we will report admissions and spend per head for Mecca Bingo, Top Rank Espana and Grosvenor Casinos on a like-for-like basis (which excludes club closures, openings and relocations), which we believe more accurately reflects the underlying performance of our businesses.

In our disclosure on our UK casinos we have consolidated the 'London Upper' and 'London Mainstream' segments as a consequence of the sale of our high end Clermont Club in 2006. Accordingly, we have restated admissions and spend per head for our London casinos in 2006 to provide comparability.

SUMMARY OF RESULTS – CONTINUING OPERATIONS

Revenue from continuing operations during the first six months of 2007 increased by 2.6% to £284.6m against the comparable period in 2006. Group operating profit rose by 26.1% to £47.9m with the cost saving initiatives introduced in 2006 helping to generate a substantial improvement in operating margin.

Our interactive gaming business, Blue Square delivered growth in operating profit before exceptional items of 77.4% to £5.5m on a 40.9% increase in revenue.

Mecca Bingo delivered growth in like-for-like revenue but operating profit declined slightly with a £4.0m increase in lease costs (arising from last year's sale and leaseback transaction) off-setting the cost saving measures introduced in 2006. Top Rank Espana shows good signs of recovering from the introduction last year of a partial ban on smoking, with operating profit returning to near pre-ban levels.

Grosvenor Casinos generated a modest improvement in operating profit on good like-for-like revenue growth. This represents a highly creditable performance given the need to absorb £1.6m of additional lease costs (arising from last year's sale and leaseback transaction) and a £1.7m unbudgeted increase in casino gaming duty.

We are delivering the cost savings outlined at the time of our interim results in 2006, with gaming shared service costs falling to £10.2m and with group central costs almost halving to £4.5m.

STRATEGIC PRIORITIES

Our priorities over the course of the last 18 months have been to meet the immediate challenges facing our businesses, while maintaining focus on the longer term value creation opportunities within the gaming market.

I am pleased with the vigour that our businesses have displayed in responding to the near-term challenges, particularly with regard to the efforts made to adapt our Mecca Bingo clubs for the UK-wide introduction of smoking bans and in preparing all of our UK operations for the full implementation of the Gambling Act 2005 ("2005 Act").

Our immediate priority is to generate sustainable growth in profits by increasing our base of active customers across each of our businesses. We are now reaching out to a broader range of customers through brand and product development, more visible and effective marketing, heightened and more consistent levels of service and by adding scale to widen distribution.

MANAGING THE SMOKING BAN AND LOSS OF SECTION 21 TERMINALS

During the course of the last 18 months, smoking in enclosed public places has been progressively banned throughout the UK, with legislation taking effect in Scotland (26 March 2006), Wales (2 April 2007) and England (1 July 2007). The introduction of these bans has had a discernible effect on revenue within our UK bingo clubs, due to the relatively high incidence of smoking amongst our customers and the structured nature of bingo gameplay.

In our Mecca Bingo clubs in Scotland we saw a 17% fall in like-for-like revenue during the 12 month period immediately following the ban. Between the anniversary of the ban's introduction and 26 August 2007 we have generated a 3.9% improvement in revenue from our Scottish clubs, delivering growth in each of the last four months.

Our experience in Scotland in 2006 has helped us to prepare our bingo clubs in Wales and England. Our efforts have focused on preserving an enjoyable experience for all of our customers, whether they smoke or not. This has included the development of outside sheltered areas across the majority of our clubs, the extension of electronic bingo, the more widespread use of high prize linked interval games and improvements in employee and customer communication.

In the period between the introduction of the smoking ban on 1 July 2007 and 26 August 2007, we have experienced a 4.4% decline in like-for-like revenue from our bingo clubs in England, although this performance has benefited from more favourable weather and a higher level of promotional activity than in the comparable weeks in 2006. Our three clubs in Wales have experienced a 6.1% decline in revenue between the introduction of their ban on 2 April 2007 and 26 August 2007.

While we are encouraged that our clubs in Wales and England are performing better in relative terms than our Scottish clubs did during the same period in 2006, we believe that we need to experience a full 12 months' trading before we can draw any hard conclusions as to the success of our actions to mitigate the effects of the smoking ban.

From 1 September 2007, under the 2005 Act, all gaming machines in the UK will be reclassified according to stake limits, prize limits and locations. As a consequence of this we will no longer be able to offer Section 21 terminals.

In Mecca Bingo this will result in a reduction in the number of higher jackpot (up to £500) machines we are able to offer, where the limit is four per club, but an increase in lower prize (up to £35) machines, where local restrictions have now been lifted. In Grosvenor Casinos there will be a net reduction in the total number of machines we are able to offer, due to the limit of 20 machines per club.

We expect these changes to cause some disruption to our business in the short-term but plan to overcome this through investment in the expansion and improvement of our electronic gaming products.

PORTFOLIO DEVELOPMENT

Mecca Bingo

During the first six months of the year we have sustained our efforts to improve the quality of our Mecca Bingo clubs portfolio.

We have invested in a number of major refurbishment projects, including the upgrading of our machine gaming areas in several clubs and the provision of sheltered outside enclosures in the majority of our clubs.

We have continued to improve the quality of the portfolio through active management and in the first half of 2007 we closed ten clubs. Typically these clubs presented limited scope for modernisation or adaptation for the smoking ban and a small number offered greater value under alternative use. Of these, five freehold properties have been marketed for sale. At 30 June 2007 we had completed the disposals of the properties in Hounslow, Fulham Broadway and Swansea for an aggregate cash consideration of £13.1m, and have reported a £9.1m profit on disposal (net of associated closure costs). The combined proceeds from all of these property disposals will be used for reinvestment in the business.

During the first half of 2008 we expect to open a new Mecca Bingo club alongside the new G Casino in Thanet, Kent. We have identified a number of additional locations where we wish to operate and expect to open a further four new clubs, including relocations, by the end of the decade.

Grosvenor Casinos
In Grosvenor Casinos we are engaged in a major programme to modernise and expand our clubs portfolio. In February we opened a new G Casino in the centre of Luton, relocating a licence from the former Grosvenor Casino on the outskirts of the town. In addition, we completed a project to extend and refurbish our casino in Blackpool, relaunching the club as a G Casino.

G Casinos are aimed at the mainstream leisure gaming market and typically occupy large premises in high profile and easily accessible locations. As well as featuring spacious and modern gaming areas and large purpose-built poker rooms, a significant proportion of the G Casino's area is set aside for non-gaming activities through the provision of live entertainment, sports and media lounges, bars and restaurants. During the second-half of the year, we will relaunch the Hard Rock Casino at London's Leicester Square as a G Casino, taking to four the number of casinos operating under the brand. Where we are developing new casinos or relocating existing licences, such as at Thanet (2008), Aberdeen (2008) and Dundee (2009) we will do so as G Casinos.

Over the next four years we will execute a major programme of portfolio enhancement and expansion for our casinos. By 2010, we aim to open five new casinos (under the Gaming Act 1968), to relocate as many as three existing casinos to larger more modern premises and to carry out major refurbishment, including extensions, of a further 20 casinos. In this way we expect to grow significantly the total footprint of our business by the end of the decade.

We remain interested in the opportunity to develop a number of the 17 'new generation' casinos that are provided for within the 2005 Act, although following recent comments from the Department for Culture, Media and Sport it is unclear how many licences will ultimately be granted.

PRODUCT DEVELOPMENT

Mecca Bingo
Games development forms a key part of our strategy to broaden the appeal of Mecca Bingo by offering enhanced entertainment and excitement.

In September 2007, as a consequence of the 2005 Act's provision for operators to carry over a proportion of customer stakes into future bingo sessions, we will launch Mecca Millionaire, which is designed to pay out a £1 million jackpot prize. On average we expect to create one new Mecca Millionaire every 45 days, generating heightened excitement and providing a key focus for our marketing activity.

Following successful trials in 48 Mecca Bingo clubs in the first half of the year, we are installing hand-held electronic bingo units in the majority of our clubs. Electronic bingo provides customers with greater choice of how many bingo tickets they play per game and it has led to an increase in average ticket sales per customer in the clubs where it has been introduced.

At present only the three clubs with fixed desk-top units offer customers electronic bingo on interval games as well as mainstage bingo. However, we are now conducting tests to introduce interval games on portable technology.

Grosvenor Casinos
By working closely with the Gambling Commission we have agreed a list of new casino bankers' games that we can introduce to our casinos under the terms of the 2005 Act. During the second half of the year, we will test three internationally established casino games (Texas Hold 'Em, Pai Gow Poker and Let it Ride) and six new side-bets, which previously have not been on the list of approved games within the UK.

The 2005 Act will allow us to charge 'rake' on card room (player-to-player) poker, in place of the flat usage fees that have traditionally constituted card room revenue. As the UK's largest poker operator, we will consider carefully where and how we might implement this change.

Blue Square
In our interactive business, Blue Square, we are seeking to access new markets through the development of new products and new means of distribution.

We have signed an agreement with Virgin Media to provide its 3 million broadband, mobile phone and interactive television customers with our suite of betting and gaming products. The new service was launched in August.

As we stated at the time of our preliminary results in March 2007, we have been evaluating plans to develop an online bingo business for the Spanish market. We have completed this process of evaluation and plan to launch the business within the next six months.

VISIBLE AND EFFECTIVE MARKETING

Grosvenor Casinos
Under the provisions of the 2005 Act, the tight advertising restrictions on casino advertising are to be relaxed. From 1 September 2007, we will be able to communicate our product offer and our location to potential casino customers, subject to an agreed code of practice. We believe that this presents us with a major opportunity both to stimulate interest in our casinos from potential customers and to help demystify the wider public perception of the nature of casinos and casino gaming.

In September we will launch our first major advertising campaign for casinos, focusing on local and regional press and radio, to heighten awareness and to stimulate growth in new members.

From 4 September, our casinos will feature on Channel 4 Television as the venues for the Grosvenor UK Poker Tour, the largest and most high profile series of poker tournaments ever to be played in the UK. Over the course of 22 hour-long programmes, Channel 4 will televise the action from all 11 tour tournaments. The grand final is scheduled to take place in London at the Victoria Casino's new poker room between 29 November and 2 December 2007.

Blue Square
During the first half of the year, Blue Square stepped up its UK marketing activity, agreeing a number of high profile, televised sponsorships with the aims of increasing brand awareness and generating growth in active customers.

This marketing programme featured sponsorship of the Blue Square UK Darts Open and the Blue Square Greyhound Derby, which captured in aggregate 32 hours of prime time coverage on SKY Sports. In addition, we launched our first national television advertising campaign for meccabingo.com.

Since the start of the second half of the year, Blue Square has become the first company to sponsor an entire day at horse racing's Glorious Goodwood festival (Channel 4) and has launched title and broadcast sponsorship of non-league football's Blue Square Premier (formerly known as the Football Conference), which is expected to receive up to 500 hours of coverage on Setanta Sports during the course of the 2007/8 season.

Mecca Bingo
The development of new high prize, high excitement games, like Mecca Millionaire, will be supported by a campaign of local press and radio advertising and by outreach marketing activity.

This will supplement our new and lapsed member recruitment programme. At present, 32 of our Mecca Bingo clubs have a new member recruitment manager whose responsibility it is to reach out into the local community to attract new members to Mecca Bingo.

GAMBLING TAXATION

During the first half of the year we have continued to press the Government for clarity on its approach to gambling taxes. In particular we have highlighted the lack of consistency in the application of taxation to the different forms of gambling covered under the 2005 Act.

In March 2007 we joined with the Bingo Association in a vigorous and highly vocal campaign to seek a taxation regime for the bingo industry that is in line with the general level of betting taxation. On 25 July 2007, the Prime Minister provided a personal undertaking to meet with industry representatives in order to review the current regime. Although this meeting has not yet taken place, we welcome his personal involvement and hope that a fair resolution may now be reached.

The announcement of the Budget on 14 March 2007 featured a surprise decision to restructure the sliding scale of casino gaming duty. This change, which was introduced without prior consultation or notice, is expected to cost us approximately £8m in additional duty on an annual basis and around £6m in the current year. In the period between its introduction on 1 April and 30 June 2007, the new duty regime has cost the group £1.7m in additional duty.

INTERIM DIVIDEND

The board has committed to maintain, as a minimum, the absolute level of regular dividend per share in 2007 as was declared for 2006. As a consequence, we are announcing an interim dividend of 2.0p per share. The dividend will be paid on 12 October 2007 to shareholders on the register at 14 September 2007.

OUTLOOK

We have delivered a strong performance across the group in the first half of 2007. However, the second half of the year will prove more challenging. This is due mainly to the effects of the smoking bans which are now in place across the UK and the requirement for our bingo clubs and casinos to remove or convert Section 21 terminals in time for the full implementation of the 2005 Act (on 1 September).

In the eight week period since 1 July 2007, group like-for-like revenues were marginally lower than in the same period in 2006.

By continuing to develop our businesses in terms of products, service, environment and marketing we have put ourselves in a good position to seize the long-term growth opportunities that are presented by the 2005 Act and by the wider modernisation of the UK gaming industry.

SUMMARY OF RESULTS
(from continuing operations)

	Revenue		Operating profit			
			Before exceptionals		After exceptionals	
	2007 £m	2006 £m	2007 £m	2006 £m	2007 £m	2006 £m
Mecca Bingo	**132.5**	133.9	**31.5**	31.8	**40.6**	31.8
Top Rank Espana	**15.8**	15.2	**4.6**	4.2	**4.6**	4.2
Grosvenor Casinos	**110.1**	109.6	**21.0**	20.5	**21.0**	20.5
Blue Square	**26.2**	18.6	**5.5**	3.1	**5.5**	3.1
Gaming Shared Services	**-**	-	**(10.2)**	(13.1)	**(10.2)**	(13.1)
	284.6	277.3	**52.4**	46.5	**61.5**	46.5
Central costs and other	**-**	-	**(4.5)**	(8.5)	**(4.5)**	(20.6)
Continuing operations	**284.6**	277.3	**47.9**	38.0	**57.0**	25.9
Interest (net)			**(10.6)**	(16.1)	**(10.6)**	(30.8)
Adjusted profit before taxation			**37.3**	21.9	**46.4**	(4.9)
Amortisation of equity component of convertible bond			**(1.8)**	(1.5)	**(1.8)**	(1.5)
Foreign exchange on inter-company balances (including hedging)			**-**	7.5	**-**	7.5
Net return on defined benefit pension asset			**5.1**	**-**	**5.1**	**-**
Profit before taxation			**40.6**	27.9	**49.7**	1.1
Basic earnings (loss) per share – continuing operations			**5.2p**	3.3p	**7.2p**	(0.3)p
Adjusted earnings per share (note 7)			**5.2p**	2.4p		

Group revenue from continuing operations was up by £7.3m, driven by the increase at our online business Blue Square. As noted earlier, revenue at our other operations was impacted by the closure of a number of sites in both 2007 and 2006 as well as the effect of the smoking bans in the UK and Spain.

Group operating profit before exceptional items was £9.9m higher than 2006. Profits from our operating businesses grew by £3.0m despite £1.7m in additional casino duty and £5.6m in additional lease costs arising from the 2006 sale and leaseback transaction. We reduced shared service costs and central costs by an aggregate £6.9m (although the 2006 figures included £4.0m of non-recurring costs).

The net interest charge was £5.5m lower than in 2006, which reflects the sale and leaseback in 2006, the disposal of Hard Rock in March 2007 and the accompanying payment of a special dividend in April 2007.

The effective tax rate on adjusted profits is 34.3% (2006: 33.3%). The tax charge is in line with the continuing Group’s anticipated effective tax rate of 30% to 35%.

Adjusted Group profit before tax was £15.4m above last year. Adjusted earnings per share of 5.2p (2006: 2.4p) reflect the higher level of Group operating profit and the decrease in the average number of shares in issue. The number of shares has reduced as a result of the returns we have made to shareholders through a share buyback programme in 2006 and the share consolidation that accompanied the special dividend in 2007.

Under International Financial Reporting Standards (IFRS), foreign exchange movements on certain inter-company loans are recognised in the income statement as financial gains or losses. In this period no gain has been recognised against the results of the continuing Group (2006: gain £7.5m). The amortisation of the Group's convertible bond's equity component has resulted in a £1.8m (2006: £1.5m) charge being recognised in the income statement in accordance with IAS 32 and IAS 39.

The Group closed ten bingo clubs in the first six months of 2007 and sold three of the freehold clubs for an aggregate consideration of £13.1m. The profit on disposal of the clubs, net of closure costs for the remaining clubs, totalled £9.1m and has been shown as an exceptional item in accordance with our revised accounting policy stated in note 2 to the Interim Financial Statements.

In addition the Group has changed its accounting policy for pensions as set out in Note 11 to the Interim Financial Statements. The impact of the change is that the service cost element of pension costs is shown within operating profit whereas interest and return on assets is now shown within finance costs. This change is in accordance with accounting best practice.

The performances of Mecca Bingo, Top Rank Espana, Grosvenor Casinos and Blue Square are covered in more detail below.

BINGO

	Revenue		Operating Profit	
	2007	2006	**2007**	2006
	£m	£m	**£m**	£m
Mecca Bingo	**132.5**	133.9	**31.5**	31.8
Top Rank Espana	**15.8**	15.2	**4.6**	4.2
	148.3	149.1	**36.1**	36.0

Revenue of £148.3m from our bingo operations was only marginally lower than in the same period in 2006 and was delivered from a smaller base of clubs. Operating profit rose slightly to £36.1m.

Mecca Bingo

Like-for-like (comparable clubs)	**Admissions**		**Spend per head**		**Revenue growth**
	2007 (000s)	**2006 (000s)**	**2007 £**	**2006 £**	**%**
Mecca Bingo	**8,804**	9,237	**14.44**	13.55	**1.6**

In our UK bingo clubs business, Mecca Bingo, first-half revenue declined by 1.0% to £132.5m and operating profit was down 0.9% to £31.5m, with the programme of efficiencies introduced in 2006 off-setting in large part the £4.0m increase in lease costs, arising from last year's sale and leaseback. Mecca Bingo's share of the bingo market (calculated by its share of National Game ticket sales) edged higher to 29%, despite the effect of club closures in the period.

On a like-for-like basis, revenue increased by 1.6% with a 6.6% rise in spend per head and a 4.7% decline in admissions. This performance constituted a 4.7% rise in like-for-like revenue in England and Wales and a 5.5% fall in Scotland. However, in Scotland we began to generate a level of recovery during the second quarter of the year, with a 0.9% increase in like-for-like revenue in the 13-week period between the anniversary of the introduction of the ban and 30 June 2007.

In preparation for the introduction of the smoking ban in England, which came into effect on 1 July 2007, we undertook a number of actions to minimise disruption to our customers. At 30 August 2007, 80 of our clubs across the UK were able to offer outside sheltered areas, principally for the benefit of those customers who wish to smoke.

Where possible we intend to amend our gaming licences to allow customers the opportunity to play bingo within these sheltered enclosures. In April, at Mecca Bingo Dundee, we opened the first licensed outdoor bingo area in the UK. Since the start of the second half, the number of our clubs offering outside bingo gaming areas has grown to nine and the number of clubs where we have gained licensing approval to do likewise has risen to 15.

During the first half of the year we closed ten Mecca Bingo clubs as part of our programme to improve the quality of our business. We estimated that, in the absence of the called-for changes to taxation, these clubs would become loss-making under the smoking ban. In the majority of cases we have been able to retain a significant proportion of the membership base within nearby Mecca Bingo clubs.

At 30 June 2007, we operated 103 Mecca Bingo clubs across the UK. Since that date we have closed one further club, at Kilburn in north London.

Analysis of UK bingo revenue	**2007**	**2006**
	£m	**£m**
Main stage bingo	**23.1**	23.3
Interval games	**59.0**	61.8
Gaming machines	**37.8**	36.1
Food, beverage and other	**12.6**	12.7
Total	**132.5**	133.9

Revenue from main stage bingo declined slightly in the period, broadly in line with the fall in total admissions. Revenue from interval games was affected by the smoking bans in Scotland and Wales and fell by 4.5% to £59.0m.

Revenue from gaming machines continued to grow as a result of our programme to expand and improve our gaming machine areas and now accounts for 28.5% of total club revenues.

From 1 September 2007 our bingo clubs will be restricted to four 'Category B3' machines (which offer a maximum jackpot of £500). While there are no statutory limits on the number of lower prize 'Category C' machines (for jackpots between £8 and £35) we will no longer be able to offer the popular Section 21 terminals to our customers.

We have undertaken a number of actions in order to manage customer responses to this change and to retain the revenue generated by Section 21 terminals (which represented 18% of Mecca's machines estate but a greater proportion of machines revenue). These actions include the conversion of almost all of our Section 21 terminals to Category B3 or Category C machines, the removal of more than 300 outdated machines and the creation of larger and more attractive gaming machine areas. As a result of all of these changes we anticipate a net increase in the number of gaming machines of approximately 7% by 2008.

Top Rank Espana

Like-for-like (comparable clubs)	**Admissions**		**Spend per head**		**Revenue growth**
	2007 (000s)	**2006 (000s)**	**2007 £**	**2006 £**	**%**
Top Rank Espana	**1,223**	1,239	**12.92**	12.27	**3.9**

Top Rank Espana, which operates 11 bingo clubs in Spain, has enjoyed a positive start to the year with revenue starting to recover from the partial smoking ban introduced in 2006. Revenue of £15.8m was 3.9% ahead of the first half in 2006 and operating profit increased by 9.5% to £4.6m.

We grew spend per head by 5.3%, largely as a result of our investment in new gaming machines technology and improved electronic gaming areas. The requirement in September last year to introduce physical partitions between smoking and non-smoking areas continued to affect admissions, which fell 1.3%, although the rate of decline slowed by comparison with the second half of 2006.

The modernisation of gambling laws in Spain presents opportunities for further product development and growth. Recently we have introduced electronic roulette terminals into a small number of our bingo clubs. We will continue to evaluate opportunities to add scale to our business in Spain.

CASINOS

In Grosvenor Casinos, revenue of £110.1m was 0.5% ahead of the first half last year, despite a number of portfolio changes in 2006 (which resulted in a net reduction in the number of casinos operated). Operating profit grew 2.4% to £21.0m despite the negative effects of the rise in casino gaming duty (£1.7m incremental duty paid in the period) and the £1.6m additional lease costs arising from last year's sale and leaseback transaction.

	Revenue		Operating profit	
	2007 £m	**2006 £m**	**2007 £m**	**2006 £m**
London	**46.3**	48.6	**8.9**	9.0
Provincial	**57.7**	54.8	**11.7**	11.0
Belgium	**6.1**	6.2	**0.4**	0.5
Total	**110.1**	109.6	**21.0**	20.5

In the UK, we achieved a 0.6% increase in revenue and 3.0% growth in operating profit. On a like-for-like basis, revenue was 3.6% ahead of the first half in 2006, with a 5.6% rise in spend per head and a 1.8% decline in admissions. Active membership rose to more than 788,000, representing 7.3% growth over the last 12 months.

Like-for-like (comparable clubs)	**Admissions**		**Spend per head**		**Revenue growth**
	2007 (000s)	**2006 (000s)**	**2007 £**	**2006 £**	**%**
London	**491**	477	**94.38**	92.92	**4.5**
Provincial	**1,570**	1,622	**32.44**	30.52	**2.8**
Total UK	**2,061**	2,099	**47.19**	44.70	**3.6**

London – Our London casinos (comprising the Park Tower, the Victoria, the Connoisseur, the Gloucester and the Hard Rock) delivered good underlying growth, although the effects of last year's sale of the Clermont Club and of higher lease costs caused operating profit for the segment to dip slightly. On a like-for-like basis revenue increased by 4.5% with admissions ahead by 2.9% and spend per head up 1.6%.

During the period, the Victoria Casino underwent a major 14-week refurbishment to improve the layout of the club and to create London's largest dedicated poker room. During the second half of the year, the Hard Rock Casino on Leicester Square will also undergo significant refurbishment before being rebranded as a G Casino in September 2007.

Provincial – our 28 provincial casinos delivered 5.3% growth in revenue and a 6.4% improvement in operating profit. On a like-for-like basis revenue grew by 2.8% with a 3.2% decline in admissions and a 6.3% increase in spend per head. Our year-on-year admissions performance is affected by a strong comparative period in the first quarter of 2006, when exceptionally high promotional activity boosted customer attendance. As we predicted we experienced a return to admissions growth during the second quarter of the year.

In February we opened a new G Casino in the centre of Luton, (relocating a licence from the former Grosvenor Casino on the outskirts of the town) and we re-branded our club in Blackpool as a G Casino, extending the casino area from 15,000 sq ft to 26,000 sq ft and carrying out a major refurbishment in the process.

In March we secured a new casino licence at Southend-on-Sea in Essex. Over the course of the last three years we have been granted nine new casino licences (all outside London). We have one further application in progress, in Edinburgh, which we hope to gain during the second half. These non-operating licences provide significant potential for the growth of our portfolio.

Belgium – Our two casinos in Belgium, at Middlekerke and Blankenberge, experienced modest decreases in revenue and operating profit.

INTERACTIVE

Blue Square	2007 £m	2006 £m
Gaming	**17.2**	10.2
Sportsbook	**9.0**	8.4
Gross win/ revenue	**26.2**	18.6
Operating Profit	**5.5**	3.1

In Blue Square, our interactive gambling business, we grew revenue by 40.9% to £26.2m, with operating profit increasing by 77.4% to £5.5m. Active customer numbers grew by 22.7% to more than 320,000.

The performance of our gaming products was the principal driver of Blue Square's growth with gross win increasing by 68.6% to £17.2m. Gross win in sportsbook of £9.0m was 7.1% ahead of the first half in 2006 and represents a good performance in this more mature segment of the interactive market.

During the period we launched or agreed a number of high profile televised sponsorships for Blue Square, covering some of the biggest events this year in poker tournaments, non-league football, greyhound racing, horse racing and darts. We believe that this level of targeted activity will sustain the growth of our business within the UK, although the consequent increase in marketing expenditure is likely to compress our operating margin in the second half of 2007.

CASH FLOW AND NET DEBT

	2007 £m	2006 £m
Continuing operations		
Cash inflow from operations	**60.6**	39.8
Capital expenditure	**(15.0)**	(22.8)
Fixed asset disposals	**19.2**	1.7
Operating cash inflow	**64.8**	18.7
Acquisitions and disposals	**498.7**	409.5
Payment in respect of provisions and exceptional costs	**(2.6)**	(11.3)
	560.9	416.9
Interest, tax and dividend payments	**(34.0)**	(98.5)
Special dividend / share buy-back	**(352.5)**	(102.7)
Additional contribution to pension fund	**(15.4)**	(50.0)
Other (including foreign exchange translation)	**(0.3)**	20.0
Discontinued operations	**(4.0)**	(1.5)
Decrease in net debt	**154.7**	184.2
Opening net debt	**(447.2)**	(739.4)
Closing net debt (note 9)	**(292.5)**	(555.2)

Net debt has reduced by £154.7m in the period, primarily as a result of the proceeds from the sale of Hard Rock offset by the related special dividend.

Operating cash flow shown above was £64.8m, £46.1m higher than 2006 primarily due to the £9.9m increase in pre-exceptional operating profit over 2006 together with the property sales arising from the club closures and capital expenditure below 2006 levels. An analysis of capital expenditure by segment is presented below.

Capital Expenditure

	2007 £m	2006 £m
Continuing operations		
Mecca Bingo	**5.1**	5.0
Top Rank Espana	**1.8**	2.6
Grosvenor Casinos	**5.7**	13.2
Blue Square	**1.8**	1.3
Other	**0.6**	0.7
Total	**15.0**	22.8

Capital expenditure for Mecca included £1.6m associated with the introduction of the smoking ban, including the erection of sheltered outside areas.

Capital expenditure for Grosvenor included the development of the G Casino in Luton opened in February 2007, the conversion of Blackpool to a G Casino and the refurbishment of the Grosvenor Victoria Casino in London.

Acquisitions and Disposals

The £498.7m cash inflow in the period arises on the sale of Hard Rock. The amount comprises proceeds of £502m, plus an additional amount received from the purchaser in respect of certain expenditures arising in the period between 7 December 2006 and 5 March 2007, less disposal costs and tax incurred to date.

Special Dividend

On 9 April 2007 the Group paid a special dividend of 65.0p per share following the disposal of Hard Rock. The payment of the special dividend was accompanied by an 18 for 25 share consolidation. The total value of the special dividend paid was £352.5m.

Pension Fund

During the course of the period the Group made payments totalling £15.4m in accordance with an agreement with the Group pension plan trustees. This included a £0.4m payment that, under Section 75 of the Pensions Act, was required following the sale of Hard Rock. In addition, we have committed to a series of future contributions totalling £35m to be paid over the next three years, with the last payment due no later than January 2010. These payments are in addition to the Group's normal annual contributions. In August 2007 we will make a £5m Section 75 payment in respect of Deluxe Media Services and this will be treated as part of the committed future contributions. The three remaining payments of £10m each are due in January of 2008, 2009 and 2010. The scheme has been closed to new entrants since 2000.

Bank Facilities

In April 2007 the Group negotiated new banking facilities comprising a £250m revolving credit facility and a £150m term loan, both of which expire in 2012. The Group's US $100m Yankee bond, which is shown in current liabilities, expires in January 2008 and will be repaid using these facilities.

SHAREHOLDER INFORMATION

Dividends

The board has resolved to pay an interim dividend of 2.0p per Ordinary share (2006: 2.0p per share). The record date for the interim dividend is 14 September 2007 and the payment date is 12 October 2007.

A final dividend of 4.0p per share was paid on 11 May 2007 at a cost of £15.7m.

GROUP INCOME STATEMENT (unaudited)
For the period ended 30 June 2007

	2007			2006 (restated)		
	Before exceptional Items	**Exceptional Items**	**Total**	Before exceptional Items	Exceptional Items	Total
	£m	**£m**	**£m**	£m	£m	£m
Continuing operations						
Revenue	**284.6**	**-**	**284.6**	277.3	-	277.3
Cost of sales	**(144.9)**	**-**	**(144.9)**	(146.8)	-	(146.8)
Gross profit	**139.7**	**-**	**139.7**	130.5	-	130.5
Other operating (costs) income	**(91.8)**	**9.1**	**(82.7)**	(92.5)	(12.1)	(104.6)
Group operating profit (loss)	**47.9**	**9.1**	**57.0**	38.0	(12.1)	25.9
Financing:						
- finance costs	**(13.5)**	**-**	**(13.5)**	(18.3)	(14.7)	(33.0)
- finance income	**2.9**	**-**	**2.9**	2.2	-	2.2
- amortisation of equity component of convertible bond	**(1.8)**	**-**	**(1.8)**	(1.5)	-	(1.5)
- foreign exchange gain on inter-company loans including hedging	**-**	**-**	**-**	7.5	-	7.5
- net return on defined benefit pension asset	**5.1**	**-**	**5.1**	-	-	-
Total net financing charge	**(7.3)**	**-**	**(7.3)**	(10.1)	(14.7)	(24.8)
Profit (loss) before taxation	**40.6**	**9.1**	**49.7**	27.9	(26.8)	1.1
Taxation (note 4)	**(16.1)**	**0.5**	**(15.6)**	(7.3)	4.4	(2.9)
Profit (loss) for the period from continuing operations	**24.5**	**9.6**	**34.1**	20.6	(22.4)	(1.8)
Discontinued operations (note 3)	**(0.3)**	**308.0**	**307.7**	11.4	-	11.4
Profit (loss) for the period	**24.2**	**317.6**	**341.8**	32.0	(22.4)	9.6
Profit attributable to minority interest	**-**	**-**	**-**	1.2	-	1.2
Profit (loss) attributable to equity shareholders	**24.2**	**317.6**	**341.8**	30.8	(22.4)	8.4
	24.2	**317.6**	**341.8**	32.0	(22.4)	9.6
Earnings (loss) per share attributable to equity shareholders						
Basic	**5.1p**	**67.3p**	**72.4p**	5.0p	(3.6)p	1.4p
Diluted	**5.1p**	**67.3p**	**72.4p**	5.0p	(3.6)p	1.4p
Earnings (loss) per share - continuing operations						
Basic	**5.2p**	**2.0p**	**7.2p**	3.3p	(3.6)p	(0.3)p
Diluted	**5.2p**	**2.0p**	**7.2p**	3.3p	(3.6)p	(0.3)p
Earnings (loss) per share - discontinued operations						
Basic	**(0.1)p**	**65.3p**	**65.2p**	1.7p	-	1.7p
Diluted	**(0.1)p**	**65.3p**	**65.2p**	1.7p	-	1.7p

Further earnings per share information is provided in note 7.

The 2006 comparative has been restated for the classification of Hard Rock and US Holidays as discontinued operations.

GROUP INCOME STATEMENT (unaudited)
For the period ended 30 June 2007

	6 months to 30.6.07 £m	6 months to 30.6.06 (restated) £m	Year to 31.12.06 (restated) £m
Continuing operations			
Revenue	**284.6**	277.3	549.6
Cost of sales	**(144.9)**	(146.8)	(282.5)
Gross profit	**139.7**	130.5	267.1
Other operating costs (including exceptional items)	**(82.7)**	(104.6)	(140.2)
Group operating profit	**57.0**	25.9	126.9
Net finance costs (including exceptional items)	**(7.3)**	(32.3)	(44.0)
Foreign exchange gain on inter-company loans including hedging	**-**	7.5	10.0
Total net financing charge	**(7.3)**	(24.8)	(34.0)
Profit before tax	**49.7**	1.1	92.9
Taxation (note 4)	**(15.6)**	(2.9)	21.6
Profit (loss) for the period from continuing operations	**34.1**	(1.8)	114.5
Discontinued operations (note 3)	**307.7**	11.4	4.5
Profit for the period	**341.8**	9.6	119.0
Earnings per share attributable to equity shareholders			
Basic	**72.4p**	1.4p	19.9p
Diluted	**72.4p**	1.4p	19.9p
Dividend per ordinary share	**2.0p**	2.0p	6.0p

The 2006 interim comparative has been restated for the classification of Hard Rock and US Holidays as discontinued operations. The 2006 full year comparative has also been restated to reclassify certain pension costs to net financing costs and certain costs as exceptional items. Further details are provided in note 11.

GROUP BALANCE SHEET (unaudited)
As at 30 June 2007

	As at 30.06.07	As at 30.06.06 (restated)	As at 31.12.06 (restated)
	£m	£m	£m
Non-current assets			
Intangible assets	**172.7**	191.8	173.2
Property, plant and equipment	**194.7**	325.9	203.8
Investments	**0.5**	59.1	0.5
Defined benefit pension asset	**106.1**	-	75.8
Deferred tax assets	**2.5**	61.9	9.7
Trade and other receivables	**1.4**	20.0	8.4
	477.9	658.7	471.4
Current assets			
Financial assets			
- derivative financial instruments	**1.8**	5.8	9.5
- cash and cash equivalents	**95.8**	81.6	83.6
Inventories	**3.7**	33.8	4.3
Trade and other receivables	**39.8**	56.5	56.7
Assets held for sale	**1.4**	181.1	242.0
	142.5	358.8	396.1
Total assets	**620.4**	1,017.5	867.5
Current liabilities			
Financial liabilities			
- derivative financial instruments	**(3.8)**	(2.2)	(2.6)
- loan capital and borrowings	**(60.3)**	(45.8)	(10.8)
Trade and other payables	**(108.7)**	(153.1)	(125.2)
Current tax liabilities	**(5.9)**	(2.0)	(2.3)
Provisions for other liabilities and charges	**(15.6)**	(15.6)	(12.7)
Liabilities held for sale	**-**	(69.1)	(44.5)
	(194.3)	(287.8)	(198.1)
Net current (liabilities) assets	**(51.8)**	71.0	198.0
Non-current liabilities			
Financial liabilities			
- derivative financial instruments	**-**	(2.4)	(1.6)
- loan capital and borrowings	**(328.1)**	(587.0)	(510.5)
Deferred tax liabilities	**(7.7)**	-	(7.7)
Other non-current liabilities	**(32.3)**	(30.4)	(32.9)
Provisions for other liabilities and charges	**(43.8)**	(55.3)	(41.4)
	(411.9)	(675.1)	(594.1)
Total liabilities	**(606.2)**	(962.9)	(792.2)
Net assets	**14.2**	54.6	75.3
Shareholders' equity			
Ordinary shares	**54.2**	58.2	54.2
Share premium	**98.2**	95.7	98.1
Other reserves	**(138.2)**	(108.6)	(77.0)
Total shareholders' equity	**14.2**	45.3	75.3
Minority interests	**-**	9.3	-
Total equity	**14.2**	54.6	75.3

The 2006 comparatives have been restated to reclassify £13.9m of assets from property, plant and equipment to intangible assets. The 2006 half year comparatives have also been restated to reclassify £15.6m of provisions from non-current to current liabilities.

GROUP CASH FLOW STATEMENT (unaudited)
For the period ended 30 June 2007

	6 months to 30.06.07	6 months to 30.06.06 (restated)	Year to 31.12.06 (restated)
	£m	£m	£m
Cash flows from operating activities			
Cash generated from operations (note 5)	**58.0**	28.5	70.3
Net interest paid	**(16.4)**	(31.5)	(58.2)
Tax paid	**(1.9)**	(4.3)	(3.9)
Additional pension payment	**(15.4)**	(50.0)	(50.0)
Discontinued operations (note 3)	**(4.9)**	6.2	7.5
Net cash from (used in) operating activities	**19.4**	(51.1)	(34.3)
Cash flows from investing activities			
Net proceeds from sale of businesses (net of cash disposed, disposal costs and tax)	**498.7**	400.6	449.8
Acquisition of businesses	**-**	-	(0.6)
Purchase of property, plant and equipment	**(15.0)**	(22.8)	(50.2)
Proceeds from sale of property, plant and equipment	**19.2**	1.7	10.1
Net proceeds from sale and leaseback	**-**	-	171.9
Proceeds from sale of investments	**-**	8.9	8.8
Discontinued operations (note 3)	**0.9**	(7.7)	(21.8)
Net cash from investing activities	**503.8**	380.7	568.0
Cash flows from financing activities			
Dividends paid to shareholders - ordinary	**(15.7)**	(62.7)	(74.1)
Dividends paid to shareholders - special	**(352.5)**	-	-
Net proceeds from issue of ordinary share capital	**0.1**	2.7	5.2
Share buy-back	**-**	(102.7)	(201.4)
Purchase of own shares	**(2.1)**	-	-
Debt due within one year			
- drawdown of syndicated facilities	**150.0**	24.3	-
Debt due after more than one year			
- drawdown of syndicated facilities	**-**	351.3	300.1
- repayment of US Dollar borrowings	**-**	(219.0)	(219.1)
- repayment of Sterling borrowings	**-**	(35.0)	(35.0)
- repayment of syndicated facilities	**(285.2)**	(317.7)	(326.3)
- other	**-**	(1.0)	-
Finance lease principal repayments	**(0.3)**	(0.4)	(1.6)
Discontinued operations (note 3)	**(2.5)**	(11.0)	(13.8)
Net cash used in financing activities	**(508.2)**	(371.2)	(566.0)
Effects of exchange rate changes	**0.1**	(1.2)	(1.7)
Net increase (decrease) in cash and cash equivalents	**15.1**	(42.8)	(34.0)
Cash and cash equivalents at beginning of year	**75.4**	109.4	109.4
Cash and cash equivalents at end of period	**90.5**	66.6	75.4

The 2006 comparatives have been restated as a result of discontinued operations.

GROUP STATEMENT OF RECOGNISED INCOME AND EXPENSE (unaudited)
For the period ended 30 June 2007

	6 months to 30.06.07 £m	6 months to 30.06.06 £m	Year to 31.12.06 £m
Profit for the financial period	**341.8**	9.6	119.0
Currency translation net of tax and hedging	**(6.0)**	(3.7)	(28.3)
Actuarial gain on defined benefit pension scheme net of tax	**6.9**	6.9	64.7
Revaluation of available for sale securities	**-**	25.4	22.8
Cumulative foreign exchange losses recycled within net profit	**8.6**	-	-
Revaluation of available for sale securities recycled within net profit	**(44.4)**	12.1	12.1
Adjustment in respect of deferred tax from 30% to 28%	**1.7**	-	-
Tax on non-qualifying leasehold property	**-**	0.6	-
Total recognised income for the year	**308.6**	50.9	190.3
- attributable to minority interest	**-**	1.2	1.8
- attributable to equity shareholders	**308.6**	49.7	188.5
	308.6	50.9	190.3

NOTES TO THE INTERIM FINANCIAL STATEMENTS (unaudited)
For the period ended 30 June 2007

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 2006 except as outlined in note 11. The accounting policies have been consistently applied to all periods presented. The financial information has been prepared in accordance with the Listing Rules of the London Stock Exchange.

The Group has not adopted IAS 34 "Interim Financial Reporting" in these interim financial statements. IAS 34 is mandatory for reporting periods commencing on or after 20 January 2007.

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 the year ended 31 December 2006, which were prepared under IFRS as adopted by the EU, have been delivered to the Registrar of Companies. The auditors' opinion on these accounts was unqualified and did not contain a statement made under Section 237(2) and Section 237(3) of the Companies Act 1985.

2. Continuing operations – exceptional items

The Group defines exceptional items as those items which, by their size or nature, are separately disclosed in order to give a full understanding of the Group's financial performance and aid comparability of the Group's result between periods. This would include, to the extent they are material, gains or losses on the disposal of property, impairments of the carrying values of clubs, costs of club closures, onerous lease provisions on vacant properties and disposals of businesses.

Pre-tax exceptional items are set out below:

	6 months to 30.06.07	6 months to 30.06.06	Year to 31.12.06 (restated)
	£m	£m	£m
Net profit on club disposals – Grosvenor	**-**	-	13.0
Net profit on club disposals – Mecca	**9.1**	-	6.1
Profit on sale and leaseback transaction	-	-	55.3
Impairment of Bingo clubs	-	-	(8.6)
Financing charge	**-**	(14.7)	(14.7)
Loss on sale of investment	**-**	(12.1)	(12.1)
Total	**9.1**	(26.8)	39.0

The net profit on club disposals in 2006 comprises the sale of the Clermont Club in Grosvenor and the sale of the Dingle club in Mecca Bingo,.

The impairment charge of £8.6m recognised in 2006 included the estimated impact of the smoking ban on the carrying value of the Group's clubs. The smoking ban was introduced in England on 1 July 2007 and at this early stage we believe the original calculations made remain our best estimate of the financial impact. The Group will continue to monitor the carrying value of its clubs in the second half of 2007 as the financial impact of the ban becomes clearer.

3. Discontinued operations

The Group completed the sale of Hard Rock on 5 March 2007 resulting in an exceptional profit of £325.7m before related financing and taxation costs of £17.7m. The results, revenue and costs are recorded in a single line on a post-tax basis in the income statement. A breakdown of the results of discontinued operations is shown below.

In the period Hard Rock made a small operating profit of £0.1m, made £0.3m loss from associates and incurred interest of £0.1m, giving a pre exceptional loss on discontinued operations of £0.3m.

	Hard Rock	**US Holidays**	**DMS**	**Film**	**Total**
	30.6.07	**30.6.07**	**30.6.07**	**30.6.07**	**30.6.07**
	£m	**£m**	**£m**	**£m**	**£m**
Revenue	**35.6**	**-**	**-**	**-**	**35.6**
Operating profit before exceptional items	**0.1**	**-**	**-**	**-**	**0.1**
Profit on disposal of Hard Rock	**325.7**	**-**	**-**	**-**	**325.7**
Loss from associates	**(0.3)**	**-**	**-**	**-**	**(0.3)**
Net finance costs (including exceptional items)	**(10.0)**	**-**	**-**	**-**	**(10.0)**
Profit before tax	**315.5**	**-**	**-**	**-**	**315.5**
Taxation (including exceptional items)	**(7.8)**	**-**	**-**	**-**	**(7.8)**
Net profit	**307.7**	**-**	**-**	**-**	**307.7**
(Restated)	30.6.06	30.6.06	30.6.06	30.6.06	30.6.06
	£m	£m	£m	£m	£m
Revenue	133.7	15.1	96.2	26.2	271.2
Operating profit (loss)	18.9	1.1	(10.0)	1.3	11.3
(Loss) income from associates	(0.9)	-	-	0.1	(0.8)
Net finance costs	(0.3)	-	(0.5)	-	(0.8)
Profit (loss) before tax	17.7	1.1	(10.5)	1.4	9.7
Taxation	(0.8)	-	2.9	(0.4)	1.7
Net profit (loss)	16.9	1.1	(7.6)	1.0	11.4

	31.12.06 £m	31.12.06 £m	31.12.06 £m	31.12.06 £m	31.12.06 £m
Revenue	271.2	28.0	163.1	26.2	488.5
Operating profit (loss) before exceptional items	40.4	2.1	(13.9)	1.5	30.1
Loss on disposal of US Holidays	-	(20.0)	-	-	(20.0)
(Loss) income from associates	(1.3)	-	-	0.1	(1.2)
Net finance costs	(2.6)	-	(0.9)	-	(3.5)
Profit (loss) before tax	36.5	(17.9)	(14.8)	1.6	5.4
Taxation (including exceptional items)	0.4	(3.7)	5.3	(2.9)	(0.9)
Net profit (loss)	36.9	(21.6)	(9.5)	(1.3)	4.5

Cash flows relating to discontinued operations are as follows:

	Hard Rock	**US Holidays**	**DMS**	**Film**	**Total**
	30.6.07 £m	**30.6.07 £m**	**30.6.07 £m**	**30.6.07 £m**	**30.6.07 £m**
Cash flow from operating activities	**(0.7)**	**-**	**(4.2)**	**-**	**(4.9)**
Cash flow from investing activities	**(1.4)**	**-**	**2.3**	**-**	**0.9**
Cash flow from financing activities	**(0.1)**	**-**	**(2.4)**	**-**	**(2.5)**
	(2.2)	**-**	**(4.3)**	**-**	**(6.5)**
(Restated)	30.6.06 £m	30.6.06 £m	30.6.06 £m	30.6.06 £m	30.6.06 £m
Cash flow from operating activities	20.4	1.4	(35.2)	19.6	6.2
Cash flow from investing activities	(4.5)	(1.0)	(0.9)	(1.3)	(7.7)
Cash flow from financing activities	(2.5)	(0.1)	(8.4)	-	(11.0)
	13.4	0.3	(44.5)	18.3	(12.5)
	31.12.06 £m	31.12.06 £m	31.12.06 £m	31.12.06 £m	31.12.06 £m
Cash flow from operating activities	45.0	(3.0)	(53.0)	18.5	7.5
Cash flow from investing activities	(17.5)	(1.8)	0.1	(2.6)	(21.8)
Cash flow from financing activities	(4.4)	(0.1)	(9.2)	(0.1)	(13.8)
	23.1	(4.9)	(62.1)	15.8	(28.1)

4. Taxation

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

	6 months to 30.06.07 £m	6 months to 30.06.06 (restated) £m	Year to 31.12.06 (restated) £m
Continuing operations			
- adjusted profit	**12.8**	7.3	13.4
- deferred tax impact of reduction in Corporation Tax rate to 28%	**1.8**	-	-
- tax on foreign exchange on inter-company loans and net return on pension asset	**1.5**	-	(8.8)
Charge for continuing operations	**16.1**	7.3	4.6
Discontinued operations	**-**	(1.7)	3.9
Total pre-exceptional tax charge	**16.1**	5.6	8.5

Exceptional tax charge (credit)			
- continuing operations	**(0.5)**	(4.4)	(26.2)
- discontinued operations	**7.8**	-	(3.0)
Total exceptional tax charge (credit)	**7.3**	(4.4)	(29.2)
Total tax charge (credit)	**23.4**	1.2	(20.7)

The announced reduction in the headline Corporation Tax rate from 30% to 28% has led to a one off increase in the tax charge of £1.8m as the Group's UK deferred tax assets are restated based on the reduced rate. An offsetting £1.7m credit has been recognised through the Statement of Recognised Income and Expenditure in accordance with IAS 12.

The effective tax rate on adjusted profit for the group of 34.3% (2006: 33.3%) is in line with the Group's expectation of an underlying effective tax rate for the continuing Group of between 30% and 35%. The effective tax rate for the Group for the full year is expected to be approximately 35%.

The exceptional tax credit on continuing operations of £0.5m comprises deductions available to the Group following the closure of a number of clubs during the year.

The exceptional tax charge on discontinued operations of £7.8m comprises a current charge on the sale of Hard Rock less current tax credits on exceptional financing costs associated with the sale.

5. Reconciliation of operating profit to cash generated from operations

	6 months to 30.06.07	6 months to 30.06.06 (restated)	Year to 31.12.06 (restated)
Continuing operations	**£m**	£m	£m
Operating profit	**57.0**	25.9	126.9
Exceptional (credit) charge	**(9.1)**	12.1	(53.7)
Depreciation and amortisation	**13.9**	14.4	28.9
Increase in working capital	**(1.4)**	(11.6)	(3.7)
Other	**0.2**	(1.0)	8.9
Cash inflow from operations	**60.6**	39.8	107.3
Cash payments in respect of provisions and exceptional costs	**(2.6)**	(11.3)	(37.0)
Net cash generated from continuing operations	**58.0**	28.5	70.3

6. Reconciliation of adjusted profit attributable to equity shareholders

Adjusted profit attributable to equity shareholders is derived as follows:

	6 months to 30.06.07	6 months to 30.06.06 (restated)	Year to 31.12.06 (restated)
	£m	£m	£m
Profit attributable to equity shareholders	**341.8**	8.4	117.2
Discontinued operations (net of minority interest)	**(307.7)**	(10.2)	(2.7)
Exceptional items before tax on continuing operations	**(9.1)**	26.8	(39.0)
Foreign currency gains on inter-company balances including hedging	**-**	(7.5)	(10.0)
Amortisation of equity component of convertible bond	**1.8**	1.5	3.0
Net return on defined benefit pension asset	**(5.1)**	-	(6.7)
Deferred tax impact of reduction in Corporation Tax rate to 28%	**1.8**	-	-
Tax on adjusted items	**1.0**	(4.4)	(35.0)
Adjusted profit attributable to equity shareholders	**24.5**	14.6	26.8

7. Earnings per share

	6 months to 30.06.07	6 months to 30.06.06 (restated)	Year to 31.12.06 (restated)
Continuing operations			
Adjusted profit (see note 6)	**£24.5m**	£14.6m	£26.8m
Weighted average number of shares	**472.2m**	611.2m	587.5m
Basic adjusted earnings per share	**5.2p**	2.4p	4.6p

The weighted average number of shares used in the calculation of basic earnings per share is 472.2m (2006 interim: 611.2m, 2006 full year: 587.5m). For diluted earnings per share the weighted average number of shares used in the calculation is 472.2m (2006 interim: 611.4m, 2006 full year: 588.0m).

Options are dilutive at the profit from continuing operations level and so, in accordance with IAS 33, have been treated as dilutive for the purpose of diluted earnings per share.

8. Exchange rates

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

	6 months to 30.06.07	6 months to 30.06.06	Year to 31.12.06
Average	**1.98**	1.80	1.85
Period end	**2.01**	1.85	1.96

Following the sale of the Group's operations in the US, movements in exchange rates have a minimal impact on the operating profit of the continuing Group. Movements in exchange rates increased net debt by £1.2m during the period.

9. Borrowings to net debt reconciliation

Under IFRS, accrued interest and facility fees are classified as borrowings. In addition, net debt, which is part of the assets and liabilities 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 30.06.07 £m	As at 30.06.06 £m	As at 31.12.06 £m
Borrowings, net of cash	**(292.6)**	(551.2)	(437.7)
Amounts disclosed within disposal group	**-**	(3.7)	(5.2)
(Prepaid) accrued interest and facility fees	**0.1**	(0.3)	(4.3)
Net debt	**(292.5)**	(555.2)	(447.2)

10. Statement of changes in shareholders' equity

	6 months to 30.06.07 £m	6 months to 30.06.06 £m	Year to 31.12.06 £m
Profit attributable to equity shareholders	**341.8**	8.4	117.2
Dividends	**(368.2)**	(62.7)	(74.1)
Credit in respect of employee share schemes	**0.5**	1.6	0.4
Fair value adjustments to available for sale securities	**-**	25.4	22.8
Revaluation of available for sale securities recycled within net profit	**(44.4)**	12.1	12.1
Actuarial gain on defined benefit pension scheme net of tax	**6.9**	6.9	64.7
Adjustment in respect of deferred tax from 30% to 28%	**1.7**	-	-
Share buy-back	**-**	(102.7)	(201.4)
Purchase of own shares	**(2.1)**	-	-
New share capital subscribed	**0.1**	2.7	5.2
Tax on non-qualifying leasehold property	**-**	0.6	-
Currency translation net of tax and hedging	**(6.0)**	(3.7)	(28.3)
Cumulative foreign exchange losses recycled within net profit	**8.6**	-	-
Net movement in shareholders' equity	**(61.1)**	(111.4)	(81.4)
Opening shareholders' equity	**75.3**	156.7	156.7
Closing shareholders' equity	**14.2**	45.3	75.3

11. Restatement of 2006 full year comparative

The Group has amended its accounting policy in relation to exceptional items and the net return on the defined benefit pension asset.

The accounting policy previously reported in the Group's financial statements for the year ended 31 December 2006 in relation to exceptional items has been amended to aid comparability of the Group's results. Further details of the revised policy are provided in note 2.

The Group has also reviewed its policy in relation to the classification within the income statement of the net return arising on its defined benefit pension asset. To improve comparability of the results and in accordance with accounting best practice, the Group has decided to reclassify the net return arising on the defined benefit pension asset from operating profit to net financing costs.

These changes had no impact on the 2006 interim comparative.

The table below provides a reconciliation of the impact of the changes on the 2006 full year comparative:

	As published	Reclassification			As restated
	Year to	Net return on pension asset	Club disposals	Impairment	Year to
	31.12.06 £m	£m	£m	£m	31.12.06 £m
Continuing operations					
Mecca Bingo	**63.2**	(2.1)	(6.1)	8.6	**63.6**
Top Rank Espana	**8.9**	-	-	-	**8.9**
Grosvenor Casinos	**39.5**	(3.2)	-	-	**36.3**
Blue Square	**7.8**	-	-	-	**7.8**
Gaming Shared Services	**(24.8)**	(1.2)	-	-	**(26.0)**
Central Costs and other	**(17.2)**	(0.2)	-	-	**(17.4)**
Operating profit pre exceptional items	**77.4**	(6.7)	(6.1)	8.6	**73.2**
Interest (net)	**(33.0)**	-	-	-	**(33.0)**
Adjusted profit before taxation	**44.4**	(6.7)	(6.1)	8.6	**40.2**
Amortisation of equity component of convertible bond	**(3.0)**	-	-	-	**(3.0)**
Foreign exchange on inter-company balances (including hedging)	**10.0**	-	-	-	**10.0**
Net return on defined benefit pension asset	**-**	6.7	-	-	**6.7**
Exceptional items	**41.5**	-	6.1	(8.6)	**39.0**
Profit before taxation	**92.9**	-	-	-	**92.9**

In addition, the 2006 balance sheet comparatives have been restated to reclassify £13.9m of assets from property, plant and equipment to intangible assets.

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 2007 which comprises consolidated interim balance sheet as at 30 June 2007 and the related consolidated interim statements of income, cash flows and statement of 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 Financial Services Authority 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.
This interim report has been prepared in accordance with the basis set out in Note 1.

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 2007.

PricewaterhouseCoopers LLP
Chartered Accountants
London
30 August 2007