Rank Group

News Release

29 February 2008

The Rank Group Plc

Financial results for the 12 months ended 31 December 2007

Financial highlights

- Revenue from continuing operations of £534.4m (2006: £549.6m)
- Group operating profit before exceptional items from continuing operations of £68.3m (2006: £73.2m); £23.1m (2006: £126.9m) after exceptional items
- Adjusted profit before tax* of £46.2m (2006: £40.2m); profit before tax and exceptional items from continuing operations of £52.3m (2006: £53.9m)
- Adjusted earnings per share** of 7.4p (2006: 4.6p)
- Basic earnings per share from continuing operations before exceptional items of 7.3p (2006: 8.4p)
- Board decision not to pay a final dividend - dividend per share for 2007 of 2.0p (2006: 6.0p)
- Net debt of £316.9m (£447.2m at 31 December 2006)

Review of key events

- $965m (£502m) Hard Rock disposal completed in March 2007
- £353m returned to shareholders in April 2007 by way of a 65.0p per share special dividend
- Group's progress impacted by negative effects on UK retail businesses of smoking ban, changes to gaming regulations, increases in taxation and deterioration in consumer confidence
- Significant cost reduction in 2007; further £15m of cost savings identified for 2008
- Agreement to transfer assets and liabilities of Group's defined benefit pension plan
- Capital spending programme for 2008 reviewed in light of difficult trading conditions

Ian Burke, chief executive of Rank Group said: "After making a strong start to our first year as a focused gaming business, we experienced a significant deterioration in trading conditions in the second half for our UK retail businesses, Mecca Bingo and Grosvenor Casinos.

"The combination of regulatory changes, structural increases in gaming duty and the ban on smoking in enclosed public places had a negative effect on the Group at a time of weakening consumer confidence. We have responded with vigour to these challenges, adapting our businesses to protect revenue, addressing our cost base to preserve margin and reviewing our capital spending plans. Nevertheless we expect 2008 to be a challenging year for Rank.

"Our priority is to overcome the near term issues facing our businesses while retaining a long term focus on the opportunities to create value through the growth in mainstream gaming based leisure."

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* adjusted profit before tax is calculated by adjusting profit before tax from continuing operations to exclude exceptional items, unwinding of discount in disposal provisions, other financial gains/(losses), amortisation of the equity component of the convertible bond and net return on defined benefit pension asset.
** a reconciliation of adjusted earnings per share is included in note 6.

Enquiries

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

Analyst meeting, webcast and conference call details:

Friday, 29 February 2008
There will be an analyst meeting at Goldman Sachs, River Court, 120 Fleet Street, London, EC4A 2BB, 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:

Friday, 29 February 2008

9.20am	International:	+44 (0)20 8609 0205
	UK toll free:	0800 358 2705
	USA toll free:	1866 793 4279
	Conference ID:	942550#

9.30am Meeting starts

A replay will be made available for seven days on International: +44 (0)20 8609 0289/ UK: 0800 358 2189 (passcode 205256#)

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.

SUMMARY OF RESULTS – CONTINUING OPERATIONS

The Group delivered growth in operating profit for the first six months of the year but the second half proved more difficult as our bingo clubs and casinos absorbed the negative effects of new legislation, higher taxation and a deteriorating economic environment for consumers.

	Revenue £m		**Operating profit* £m**	
	2007	**2006**	**2007**	**2006 (restated)**
Mecca Bingo	240.5	261.7	43.6	63.6
Top Rank Espana	32.3	31.1	9.3	8.9
Grosvenor Casinos	209.5	217.6	29.9	36.3
Blue Square	52.1	39.2	10.9	7.8
Shared services			(18.5)	(26.0)
Central costs			(6.9)	(17.4)
Continuing operations	**534.4**	**549.6**	**68.3**	**73.2**

* before exceptional items

The Group has restated its financial results for 2006 to reflect changes in accounting policy relating to exceptional items and the net return on the Group's defined benefit pension plan. A restatement of Group full year profits for 2006 is contained in note 10 to the Group financial information.

In addition a number of key performance indicators have been restated on a like for like rather than absolute basis. This reflects more accurately the underlying performances of the Group's businesses.

Revenue from continuing operations of £534.4m was 2.8% lower than in 2006 while Group operating profit of £68.3m was down 6.7%. Like for like revenue (which excludes new openings, closures and relocations of bingo clubs and casinos) was 0.5% ahead of our performance in 2006.

The decline in operating profit was due in part to £6.9m of additional lease costs (relating to the 2006 sale and leaseback transaction) and £4.6m of incremental casino gaming duty (arising from taxation changes announced in the Budget 2007). We achieved a net cost reduction of £18.0m in Group central costs and shared services, although this related in part to £8.9m of one-off costs incurred in 2006. Excluding the effects of these one-off costs, the duty increases and higher lease costs, Group operating profit was 2.8% lower than in 2006.

Blue Square delivered the strongest performance in the Group, achieving significant growth in revenue and operating profit, while revenue and operating profit in Top Rank Espana recovered in part from the effects of the partial smoking ban introduced in 2006.

Our two largest businesses, Mecca Bingo and Grosvenor Casinos both generated lower revenue and operating profit than in 2006. The lower profit performance was due in part to higher lease costs and (in the case of Grosvenor Casinos) the increased rates of casino gaming duty introduced in April 2007. During the final four months of the year, revenue in both businesses fell, as the negative effects of the smoking ban and the loss of Section 21 gaming terminals (required by the Gambling Act 2005) were compounded by a deterioration in consumer confidence.

In 2007 the Group has incurred £45.2m of exceptional operating losses chiefly related to the impairment of assets and the creation of onerous lease provisions in Mecca Bingo and Grosvenor Casinos. Further details are provided below.

STRATEGIC PRIORITIES

We remain committed to our vision of creating the UK's leading gaming group, with a long term strategy to generate shareholder value through the development of gaming-based leisure businesses. We continue to develop a range of differentiated betting and gaming products, geared to different segments of the adult population and distributed through a variety of retail and interactive channels.

Our focus is on increasing the number of visits to our businesses by rewarding our most loyal customers, reaching out to engage with new customers and delivering a consistently high level of service and product to all of our customers.

Our immediate aim in 2008 is to stabilise the Group performance in what is expected to be a difficult year for the leisure sector, balancing near-term financial requirements with the long term growth opportunities for our businesses. Consequently, we have reviewed our capital spending plans and refined a number of the expansion and portfolio enhancement targets that we set at the time of our interim results in August 2007.

STABILISE GROUP PERFORMANCE

Adapt businesses to protect revenue

During 2007 we introduced a number of innovations, designed specifically to address the challenge of the smoking ban. Our principal aim was to adapt our bingo clubs and casinos to preserve enjoyment for smoking as well as non-smoking customers.

In the year, we completed the first phase of this programme, erecting sheltered areas at the majority of our Mecca Bingo clubs and Grosvenor Casinos. We introduced a total of 720 interval bingo playing positions into the shelters at 30 of our Mecca Bingo clubs, having obtained the necessary local licensing and planning approvals. These shelters proved popular with customers, generating incremental revenue for the clubs and supporting club prizeboards.

The second phase of this programme to expand and improve the sheltered enclosures at selected clubs is currently underway. In Mecca Bingo we are now operating interval bingo in 39 of our outside enclosures and we have obtained gaming licensing approval to extend this to a further two clubs. We plan to have developed outside gaming at 50 of our clubs by the end of the current year.

Tighten cost controls to deliver savings

We have targeted a further £15m of cost reductions across the Group during 2008. This is based upon a series of margin protection measures identified during the final quarter of 2007, which included: reduction of marketing and promotional expenditure in Mecca Bingo and Grosvenor Casinos; a deferral of annual pay reviews; greater purchasing and operating efficiencies; and a small number of redundancies.

This package of cost savings is in addition to the significant cost savings delivered in 2007.

Selective capital investment

Given the changes affecting our businesses and the current economic volatility, we have decided to prioritise capital spending and to defer a number of major capital projects. Among these projects are plans to refurbish a number of our Grosvenor Casinos and rebrand them under the G Casino name. We will keep all expenditure under review and plan to commence development projects as the trading environment improves.

The development of the G Casinos in Aberdeen and Dundee are not affected by our revision of capital expenditure and are scheduled to open in 2008 and 2009 respectively. Our new G Casino at Thanet in Kent opened in February 2008.

SUSTAINABLE GROWTH IN CUSTOMER VISITS

Improve product offer and customer service

Our portfolio of businesses allows us to target different segments of the UK adult population with a range of gaming and non-gaming products, including bingo, casino games, gaming machines, poker, sports betting and food and drink. Our ability to innovate (subject to any regulatory restrictions) is an important part of our strategy to attract and retain customers.

Gaming products

During 2007 we extended the roll-out of electronic bingo to 99 of our Mecca Bingo clubs, principally through the use of hand-held terminals. This involved the testing and trial of five different models of hand-held units, sourced from suppliers in the UK and in North America. By the end of the year we had more than 5,000 hand-held and desktop units across these clubs. In addition we currently have 178 electronic bingo positions across our 11 Top Rank Espana bingo clubs in Spain.

The most immediate benefit of electronic bingo is that it allows customers to play a higher number of bingo tickets per game. During 2008, we will continue to develop electronic bingo and are at present testing an enhanced product that allows for richer games content and greater interactivity.

In late 2006 we introduced video bingo into two of our Top Rank Espana clubs. Following the success of this trial we adapted the product and launched it in the UK at five of our Mecca Bingo clubs in January 2008. Video bingo terminals allow customers across our clubs portfolio to play individual automated games of bingo against each other.

Following a review of our gaming machines estate, we are making a range of improvements both in Mecca Bingo and in Grosvenor Casinos. During the second half of 2007 we initiated a trial of server based gaming machines in three of our Mecca Bingo clubs and in 2008 we will replace a significant number of machines, to deliver a more efficient mix of products.

Under the Gambling Act 2005 (the “Gambling Act”) it has become simpler to test new casino games and we have introduced a number of new games and side-bets into our casinos. We will continue to explore opportunities to adopt successful casino games from other gaming jurisdictions.

In Blue Square we are extending our sports betting coverage to incorporate a range of international sports, as part of the overseas development of the business.

Non-gaming products

We recognise that our food and beverage offers in Mecca Bingo and Grosvenor Casinos have not kept pace with developments in the eating-out market and that we need to improve our menus, our service skills and our systems.

In 2007 we tested a number of new catering concepts in Mecca Bingo, with a focus on quality, value and convenience and we are appointing dedicated food and beverage managers in a number of our larger casinos and bingo clubs. To support this we will complete the installation of a new electronic point of sale system in Grosvenor Casinos during the first half of 2008. A similar project for Mecca Bingo will be underway shortly.

Reward loyal customers and engage with new customers

Reward loyal customers

In 2008 we will launch a new customer rewards programme for customers of Grosvenor and G Casinos, deploying the world-leading Bally system in a number of our casinos on a trial basis. This will enable us to provide additional benefits to our most loyal customers and will help us to gain a greater understanding of customer preferences and playing patterns.

We are currently exploring loyalty programmes for Mecca Bingo and for Blue Square's interactive gaming and betting products and aim to introduce schemes for each business in the current year.

Engage with new customers

Across the Group we have stepped up our efforts to grow our customer base through a targeted approach to new member marketing.

In Mecca Bingo and Grosvenor Casinos we are using offer-based direct marketing, member referral schemes and new member sales managers to attract new and lapsed customers.

During the final quarter of 2007 Grosvenor Casinos launched its first press and radio consumer advertising campaign (as a result of the Gambling Act's relaxation of advertising restrictions for gaming companies), providing local sales and marketing support for 18 of our casinos. While we do not anticipate material expenditure on casino advertising in 2008, the potential to create greater consumer awareness and understanding of our casinos is expected to be significant in the long term.

During 2007, Blue Square stepped up its marketing programme with a series of sponsorships, designed to raise awareness of the brand in its key markets. The flagship events were:

- Horse racing – Blue Square Nassau Stakes/Stewards Cup (televised on BBC1)
- Greyhound racing - Blue Square Greyhound Derby (televised on SKY Sports)
- Non-league football – Blue Square Premier, Blue Square North & Blue Square South (televised on Setanta Sports)
- Darts - Blue Square UK Darts Open (televised on SKY Sports)
- Poker – Blue Square Grosvenor UK Poker Tour (televised on Channel 4)

These five sponsorships achieved widespread coverage for Blue Square on terrestrial and digital television in 2007 (which included only half a season of the Blue Square Premier).

Extend reach through development of retail and interactive distribution channels

Mecca Bingo

Although the sector is experiencing a period of volatility, bingo remains a highly popular leisure pursuit in the UK. In the long term we aim to grow the number of bingo players, through club and interactive development. In recent years however we have had to shrink our club portfolio in the face of high taxation, changes in customer preferences, adverse changes to gaming regulations and the effects of the smoking ban.

During 2007 we closed 11 bingo clubs (ten in the first half; one in the second half), which we considered particularly vulnerable in the light of the smoking ban. Typically these clubs, of which eight were owned on a freehold basis, presented limited scope for modernisation or adaptation and a small number offered greater value under alternative use.

At 31 December 2007, we had completed the disposal of six of the freehold properties for an aggregate consideration of £23.1m (reporting a £17.2m profit on disposal net of associated closure costs). At present we have no plans for further club closures, although we will continue to keep our portfolio under review.

In February 2008 we opened a new Mecca Bingo club at Thanet in Kent, taking our total number of clubs to 103. Although we have identified a number of additional locations where we intend to open new clubs, we have decided to suspend further new club development until we have greater visibility over trading conditions.

In addition, we have examined opportunities to maximise the returns on our assets through the development of adult gaming centres within those properties where we have excess space. We opened our first adult gaming centre in Ashford in January 2008.

Top Rank Espana

We continue to monitor the development of the gambling market in Spain to assess opportunities for our Spanish bingo clubs business.

Grosvenor Casinos

Our strategy to grow our active customer base is supported by a programme of casino development. In 2007, our G Casino concept (launched in Manchester in 2006) was extended to Luton (licence relocation), Blackpool and London's Leicester Square (re-branding the Grosvenor and Hard Rock Casinos respectively).

G Casinos are aimed at the mainstream leisure market and typically occupy large sites in high profile and easily accessible locations. As well as featuring spacious and modern gaming areas, a significant proportion of the G Casino is set aside for soft gaming (pari-mutuel games such as poker) or non-gaming activities through the provision of live entertainment, sports and media lounges, bars and restaurants.

With the opening of G Casinos in Thanet and Aberdeen during 2008, the brand will have been extended to six locations by the end of the year.

In December 2007 we closed our loss-making Grosvenor Casino in Liverpool, although in time we expect to relocate the licence to an improved site in the city.

At present we operate 32 casinos in Great Britain and we hold licences to operate casinos in a further 13 locations. This includes the two new licences that were granted under the 1968 Gaming Act (the "1968 Act") to Grosvenor Casinos in 2007, at Southend-on-Sea and at Edinburgh. Our non-operating 1968 Act casino licences present significant scope for the business to widen its distribution.

We expect to have opened five new casinos (including G Casino Aberdeen) by 2012. In addition we will seek to relocate a number of licences and invest selectively in the modernisation and extension of existing casinos. The slightly slower pace of development than indicated previously reflects this year's revised capital spending plans and is representative of a more general slowing in new supply across the market.

Since April 2006, there has been a moratorium in effect on the submission of applications for new casino licences under the 1968 Act. Although a number of applications submitted prior to April 2006 are still to be determined, the success rate is low (nine out of 30 applications were granted in 2007, only four of which were in markets where Grosvenor operates) and we have started to see a number of casino closures. As a consequence, we anticipate that by 2012 there will be fewer than 160 casinos operating in Great Britain under the 1968 Act.

The Government has announced its intention to proceed with the development of 16 'new generation' casinos, provided for within the Gambling Act. We remain interested in a small number of the licences and believe that our track record of responsible and innovative operation of casinos in Britain is a strong asset. However, at present it is not clear whether the Order to approve the locations of these licences will be approved by Parliament, how the bidding process will work and precisely what operating conditions will apply to the new casinos.

Blue Square

During 2007, Blue Square continued to extend its customer reach through agreements with Virgin Media (to offer Blue Square sports betting and bingo to Virgin's broadband internet customers) and Probability Games (to provide mobile phone versions of popular casino games).

During the first half of 2008 we will launch bingouniversal.com, an online bingo and gaming website for the Spanish market and we will begin offering multi-lingual, multi-currency sports betting services to customers of 888.com, under a 'white label' agreement.

GAMBLING TAXATION

During 2007 we stepped up our campaign for a level playing field across the gambling industry through the application of fair and consistent tax and regulatory policies.

The focus of our efforts was the pursuit of a change in taxation for bingo which unlike any other form of gambling in the UK is subject to both 17.5% value added tax (VAT) and 15% gross profits tax (GPT). It is disappointing that, in spite of repeated questions from Members of Parliament and the Bingo Association, the Government has yet to provide a satisfactory explanation for its continued discrimination against bingo.

The Government's decision to increase casino gaming duty in the Budget 2007 cost Grosvenor Casinos an additional £4.6m in gaming duty. The change, which was introduced without prior notification or consultation with the casinos industry, resulted in a 22.6% increase in casino gaming duty, although some of our smaller casinos experienced duty rises of as much as 500%.

HM Treasury has stated that it is reviewing the taxation treatment of player-to-player poker played in casinos. The effect of applying GPT to poker fees (in addition to VAT) would not be material in terms of Group profits but would nevertheless discourage investment in poker rooms, which represent a softer gaming aspect to casino operations. We would consider such a move to be contradictory to the stated aims of the Government's gambling policy.

PENSION PLAN

On 28 February 2008 we announced that we had entered into a series of agreements with the Trustee of the Rank Pension Plan and Rothesay Life (a wholly owned subsidiary of Goldman Sachs), to transfer the assets and liabilities of the pension plan to Rothesay Life.

The transfer will secure the accrued benefits for the members of the pension plan and will remove the remaining financial risks and liabilities in relation to the pension plan from Rank. As a result of the transfer, Rank will no longer be required to make remaining scheduled contributions totalling £30.8m, which the Group agreed with the pension trustee at the time of the sale of Deluxe Film in 2006.

Upon completion of the transfer Rank expects to receive a cash payment of at least £20m, representing the Group's allocation of the expected surplus within the pension plan after an appropriate sharing with the plan's members and any anticipated costs, including tax, associated with the transfer.

The transfer is subject to clearance from HM Revenue & Customs regarding the tax treatment of the transfer. Rank expects this clearance to be obtained by May 2008 with completion of the transfer expected in June 2008.

HARD ROCK AND PAYMENT OF SPECIAL DIVIDEND

On 5 March 2007, we completed the $965m (£502m) disposal of Hard Rock to Seminole Hard Rock Entertainment Inc, a wholly-owned subsidiary of the Seminole Tribe of Florida. As a consequence we were able to return £353m to shareholders via a 65.0p per share special dividend, which was paid on 9 April 2007. The special dividend payment was accompanied by an 18 for 25 share consolidation.

DIVIDEND

On 12 October 2007, the Group paid to shareholders an interim dividend of 2.0p per share. However, as a result of the difficult and uncertain trading environment, the Board announced on 12 December 2007 that it had decided not to pay a final dividend for the year. The Board intends to resume dividend payments once trading conditions and the market outlook have improved.

CURRENT TRADING & OUTLOOK

We announced at the time of our last market update in December 2007 that trading had stabilised in Mecca Bingo and Grosvenor Casinos in the nine-week period since 7 October. During the first eight weeks of 2008 this position has been broadly maintained in Grosvenor Casinos with a modest improvement in Mecca Bingo.

Year-on-year revenue growth for the 8 weeks to 24 February 2008		
	Like for like revenue % (excludes new club openings, closures and relocations)	**Total revenue %**
Mecca Bingo	(13.5)	(16.8)
Top Rank Espana	(2.7)	(2.7)
Grosvenor Casinos	(13.4)	(12.2)
Blue Square	14.9	14.9
Group	**(10.3)**	**(11.0)**

During the period, Group revenue declined by 10.3% on a like for like basis against the first eight weeks in 2007.

In Mecca Bingo, like for like revenue was 13.5% lower than in the first eight weeks in 2007, with admissions down by 13.6% and spend per head up 0.1%. This compares with the 17.3% fall in revenue experienced during the 17 weeks from the start of September 2007 (when the Gambling Act was implemented) to the end of the year.

In Grosvenor Casinos like for like revenue was 13.4% lower than in the first eight weeks in 2007, with admissions down 13.4% and spend per head level. This performance reflects a good comparative trading period in 2007, the effects of competitor openings on a small number of our casinos and a reduction in promotional expenditure at the start of 2008. In absolute revenue terms we have continued to trade in line with the final 17 weeks in 2007.

In Blue Square revenue grew by 14.9%, with a strong improvement in gaming but continued weakness from our sportsbook.

The Board believes that 2008 will be a challenging year for Rank's businesses as they continue to respond to changes in the legislative and economic environment. The priority for the Group is to stabilise performance while retaining a focus on the longer-term opportunities for growth in the gaming sector.

BINGO

Mecca Bingo

Our UK bingo clubs business, Mecca Bingo, experienced a mixed year. An encouraging first half was overshadowed by a difficult second half, as the business started to feel the effects of the smoking ban, the loss of Section 21 gaming terminals and a deterioration in consumer confidence. These difficulties were common across the broader bingo club sector and, despite the closure of 11 clubs in the year, Mecca Bingo's share of the market increased marginally from 28.7% to 28.8%.

	Revenue		**Operating profit***	
	2007 **£m**	2006 £m	**2007** **£m**	2006 (restated) £m
Mecca Bingo	**240.5**	261.7	**43.6**	63.6
Top Rank Espana	**32.3**	31.1	**9.3**	8.9
Total bingo	**272.8**	292.8	**52.9**	72.5

* before exceptional items

During 2007, revenue from Mecca Bingo declined by 8.1% against the previous year to £240.5m, partly as a result of the closure of 11 clubs. Operating profit was down 31.4% to £43.6m, although this was due in part to £4.9m of additional lease costs, resulting from the 2006 sale and leaseback transaction.

Like for like clubs (excludes new club openings, closures and relocations)	**Admissions**		**Spend per head**	
	2007 **000s**	2006 000s	**2007** **£**	2006 £
Mecca Bingo	**16,809**	17,964	**13.76**	13.45

On a like for like basis, revenue in Mecca Bingo declined by 4.3% with admissions down 6.4% and spend per head up 2.3%. Active membership of more than 999,000 was 8.2% lower than in 2006.

During the first six months of the year, Mecca Bingo grew like for like revenue by 1.6% and delivered underlying growth in operating profit (excluding the higher lease costs). In the second-half, like for like revenue declined by 12.0%, while operating profit was down 62.2%.

The Group had expected that the smoking ban and the loss of Section 21 gaming terminals (as required by the Gambling Act from 1 September 2007) would have negative effects on revenue and operating profit in the second half of the year. However, the combination of these events with a discernible weakening in consumer confidence, caused trading during the final four months of the year to prove more difficult than we had anticipated.

During the 17 week period between the start of September 2007 and the end of the year, like for like revenue declined by 17.3%, with admissions down by 15.0% and spend per head down by 2.8%. In England and Wales like for like revenue declined by 19.9%, whereas in Scotland (where the smoking ban was introduced in March 2006) revenue fell by 1.9%.

In preparation for the difficult trading conditions in the second-half of the year, we conducted a major review of our portfolio, which resulted in the closure of 11 clubs (ten in the first half and one in the second half). In February 2008, we opened our first new bingo club for 17 months, at Thanet in Kent. We will continue to keep our portfolio under review but, in the light of current trading volatility, we do not consider it prudent to commit to any further club openings or closures.

	2007 £m	2006 £m	Change %
Mainstage bingo	43.2	43.2	-
Interval games	106.4	120.4	(11.6)
Gaming machines	67.1	72.8	(7.8)
Food & drink/other	23.8	25.3	(5.9)
Total	**240.5**	**261.7**	**(8.1)**

Mainstage bingo – Despite the closure of 11 clubs and the decline in admissions, we held year-on-year revenue from mainstage bingo steady at £43.2m, with a slight increase during the second half. This was largely as a consequence of our deployment of electronic bingo terminals, which allowed customers to play a higher number of bingo tickets per game. Spend per head on mainstage bingo increased by 12.5% against 2006.

Interval games – Revenue from 'Cashline' interval games declined by 11.6% to £106.4m as a result of club closures, lower admissions and the disruptive effect of the smoking ban. Spend per head on Cashline was down by 0.8% against 2006. The development of Cashline positions in outside smoking enclosures will help to protect interval game revenue in 2008.

Gaming machines – Revenue from gaming machines of £67.1m was down 7.8% against 2006, with club closures, lower admissions, the smoking ban and the loss of Section 21 gaming terminals causing a decline during the second half of the year. The requirement to remove or adapt nearly 1,000 Section 21 terminals by 1 September 2007 (upon the introduction of the Gambling Act) caused significant disruption to the business. We will be focusing greater efforts to improve our gaming machine product offer in 2008, through the development of larger and more comfortable arcades and a more targeted approach to machine deployment.

Food and drink/other – Revenue from food and drink and other items of £23.8m was 5.9% lower than in 2006, although this was affected by club closures and lower admissions. Spend per head increased by 5.8%.

Top Rank Espana

	Admissions		Spend per head	
	2007 000s	2006 000s	**2007 £**	2006 £
Top Rank Espana	**2,458**	2,469	**13.13**	12.61

Following a difficult 2006 (when a partial smoking ban was introduced in Spain), our Spanish bingo clubs business, Top Rank Espana, enjoyed a limited recovery in 2007.
Revenue increased by 3.9% to £32.3m, while operating profit grew by 4.5% to £9.3m.

Admissions, which continue to be affected by the smoking ban, declined by 0.4% but spend per head rose by 4.1%, principally as a result of improvements to our gaming machines and electronic gaming products. Active membership of Top Rank Espana's clubs remained steady at approximately 330,000.

CASINOS

Grosvenor Casinos

Following a strong first half of the year, Grosvenor Casinos experienced difficult trading conditions during the second half as the smoking ban and a slowdown in consumer spending affected revenue generation. Operating profit was lower than in 2006, largely as a result of higher lease costs and a substantial and unbudgeted increase in casino gaming duty, arising from the Government's Budget 2007.

	Revenue		Operating profit*	
	2007 £m	2006 £m	**2007 £m**	2006 (restated) £m
London	**88.0**	94.1	**14.7**	14.7
Provincial	**108.4**	110.3	**14.3**	20.2
Belgium	**13.1**	13.2	**0.9**	1.4
Total casinos	**209.5**	217.6	**29.9**	36.3

* before exceptional items

Revenue from Grosvenor Casinos of £209.5m was 3.7% lower than in 2006, although this was due almost entirely to the sale of the Clermont Club in December 2006 and the closures of our Manchester Hard Rock Casino and Scarborough Grosvenor Casino in July 2006. For the same reasons, our share of the British casino market (measured as share of overall admissions) fell from 30.4% to 27.7%.

Like for like revenue declined by 0.6%, with admissions down 1.2% and spend per head up 0.6%.

Operating profit of £29.9m was 17.6% lower than in 2006. Stripping out the effects of the £4.6m increase in gaming duty and the £2.0m of additional lease costs (resulting from the 2006 sale and leaseback transaction), operating profit grew by 0.6%. Active membership of our casinos increased by 3.7% to more than 803,000, demonstrating the broadening appeal of casino gaming in Great Britain.

Trading in the second half of the year proved more challenging than in the first, as our casinos started to feel the effects of the smoking ban, the loss of Section 21 gaming terminals and the slowdown in consumer spending. New competitor casinos in London, Manchester, Bristol and Swansea also had some effect on the performances of our casinos operating in those markets.

Like for like clubs (excludes new club openings, closures and relocations)	**Admissions**		**Spend per head**	
	2007 **000s**	2006 000s	**2007** **£**	2006 £
London	**968**	997	**90.92**	86.21
Provinces	**3,077**	3,121	**30.59**	31.21
UK casinos	**4,045**	4,118	**45.03**	44.52
Belgium	**182**	162	**72.12**	81.27
Total casinos	**4,227**	4,280	**46.19**	45.91

London – In 2007 our London casinos experienced a 6.5% year-on-year decline in revenue. On a like for like basis (excluding the Clermont Club, which was sold in December 2006) revenue grew by 2.4% with a 5.5% rise in spend per head off-setting a 2.9% decline in admissions. Trading conditions in the second half of the year were more difficult than in the first as the competitive impact of the new ‘Casino at the Empire’ on Leicester Square (owned by US gaming company, Harrah’s) compounded the effects of the smoking ban. During the year, we carried out major refurbishments at our Victoria Casino and at our G Casino on Leicester Square (formerly known as the Hard Rock Casino).

Provinces - In 2007 our provincial casinos experienced a 1.7% year-on-year decline in revenue. On a like for like basis (excluding two licence relocations, two casinos closed in 2006 and one casino closed in 2007) revenue was down by 3.4% with spend per head 2.0% lower and admissions down 1.4%. In December 2007, we closed our loss-making Liverpool Grosvenor Casino.

Belgium – Our two Belgian casinos, in the seaside towns of Middlekerke and Blankenberge, generated revenue of £13.1m, slightly behind the prior year. Admissions increased by 12.3% to more than 182,000 but spend per head was 11.3% lower than in 2006.

Blue Square

	2007 **£m**	2006 £m
Gaming	**36.9**	23.0
Sportsbook	**15.2**	16.2
Total revenue	**52.1**	39.2
Operating profit	**10.9**	7.8

Our interactive gaming business, Blue Square, grew revenue by 32.9% to £52.1m in 2007, with operating profit up 39.7% to £10.9m. Active membership increased by 12.6% to more than 321,000.

Growth was driven entirely by our gaming products, which increased revenue by 60.4% to £36.9m. We enjoyed strong performances in bingo and games (principally through meccabingo.com) but our poker product lost ground on its performance in 2006 as a result of the requirement to move from the Tribeca to the Playtech operating platforms.

Our sports betting business had a difficult year, with revenue slipping 6.2% to £15.2m.

During 2007, we made progress in growing our business outside the UK. In November we agreed a 'white label' deal with 888 Holdings to supply the Blue Square sports betting service to customers of 888's gaming websites. We expect this to commence in the first quarter of 2008.

During the course of the year, we invested in the development of bingouniversal.com, our online bingo and gaming business for the Spanish market, which is scheduled for launch in the first half of this year.

The Blue Square Grosvenor UK Poker Tour, which started in 2007, was the biggest series of poker tournaments ever seen in the UK. The tour comprised a series of 11 tournaments, hosted by Grosvenor and G Casinos across the country with total player registrations exceeding 3,000. These players competed for prize money of more than £3.2m. Between September and December 2007, Channel 4 Television screened the tournaments in a series of 22 hour-long weekly programmes, attracting average weekly audiences of 205,000. Viewing figures for the grand final alone of 320,000 represents the biggest audience for a poker competition ever held in the UK.

In August 2007, Blue Square launched its sponsorship of the non-league Football Conference (re-christened the Blue Square Premier, Blue Square North and Blue Square South) and of its coverage on Setanta Sports Television. During the period between August and December 2007, viewing figures for Blue Square Premier matches reached 118,000. The progress of a number of Blue Square non-league football clubs in the FA Cup has resulted in significant exposure for the brand on BBC1 and SKY Sports in the current year.

SUMMARY OF RESULTS
(from continuing operations)

	Revenue		Operating profit			
			Before exceptionals		After exceptionals	
	2007	2006	2007	2006 (restated)	2007	2006 (restated)
	£m	£m	£m	£m	£m	£m
Mecca Bingo	**240.5**	261.7	**43.6**	63.6	**16.0**	98.8
Top Rank Espana	**32.3**	31.1	**9.3**	8.9	**9.3**	8.9
Grosvenor Casinos	**209.5**	217.6	**29.9**	36.3	**19.2**	73.6
Blue Square	**52.1**	39.2	**10.9**	7.8	**10.9**	7.8
Gaming Shared Services	**-**	-	**(18.5)**	(26.0)	**(18.5)**	(32.7)
Central costs and other	**-**	-	**(6.9)**	(17.4)	**(13.8)**	(29.5)
Continuing operations	**534.4**	549.6	**68.3**	73.2	**23.1**	126.9
Interest (net)			**(22.1)**	(33.0)	**(22.1)**	(47.7)
Adjusted profit before taxation			**46.2**	40.2	**1.0**	79.2
Amortisation of equity component of convertible bond			**(3.6)**	(3.0)	**(3.6)**	(3.0)
Unwinding of discount in disposal provisions			**(1.3)**	-	**(1.3)**	-
Net return on defined benefit pension asset			**10.5**	6.7	**10.5**	6.7
Other financial gains (losses)			**0.5**	10.0	**0.5**	10.0
Profit before taxation			**52.3**	53.9	**7.1**	92.9
Basic earnings (loss) per share – continuing operations			**7.3p**	8.4p	**(1.2)p**	19.5p
Adjusted earnings per share (note 6)			**7.4p**	4.6p		

The Group has restated its financial results for 2006 to reflect changes in accounting policies relating to exceptional items and the net return on the defined benefit pension asset. Further details are provided in note 10.

Group revenue from continuing operations fell by £15.2m, driven by the reductions in Mecca Bingo and Grosvenor Casinos partially offset by the increase at our online business Blue Square. As noted earlier, revenue was impacted by the closure of a number of bingo clubs and casinos in both 2007 and 2006 as well as the effects of the smoking bans in the UK and Spain and the removal of Section 21 gaming machines.

Group operating profit before exceptional items was £4.9m lower than in 2006. Profits from our operating businesses were impacted by £4.6m in additional casino duty and £6.9m in additional lease costs arising from the 2006 sale and leaseback transaction. We reduced shared service costs and central costs by an aggregate £18.0m (although the 2006 figures included £8.9m of non-recurring costs).

The net interest charge was £10.9m lower than in 2006, which reflects lower average net debt following the sale and leaseback in 2006 and the proceeds from the disposal of Hard Rock in March 2007 (net of the accompanying payment of a special dividend in April 2007).

Adjusted Group profit before tax and exceptionals was £6.0m higher than last year.

The effective tax rate on adjusted profits is 30.9% (2006: 33.3%). The tax charge is in line with the continuing Group's anticipated effective tax rate of 30% to 35%.

Adjusted earnings per share of 7.4p (2006: 4.6p) reflects the higher adjusted pre-tax profit, the lower effective tax rate and the decrease in the average number of shares in issue. The number of shares has reduced as a result of the returns made to shareholders through the share buyback programme in 2006 and the share consolidation that accompanied the special dividend in 2007.

In 2007 the Group paid a final dividend in respect of 2006 of 4.0p per Ordinary share, an interim dividend of 2.0p per Ordinary share in respect of 2007 and a special dividend of 65.0p following the disposal of Hard Rock. The special dividend was accompanied by an 18 for 25 share consolidation.

Given the difficult trading conditions currently being experienced, 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 announced in December that it would not pay a final dividend for 2007. The Board intends to resume dividend payments once trading conditions and the market outlook have improved. Our medium term dividend cover target remains 2.0 times earnings.

Exceptional items

In order to give a full understanding of the Group's financial performance and aid comparability between periods, the Group has changed its accounting policy on exceptional items as detailed in note 10 to the Group financial information.

The Group has carried out an impairment review of each casino and bingo club in accordance with IAS 36. This requires a comparison of the discounted future cash flows for each club to it's carrying value. The impact of the smoking ban, removal of Section 21 machines, increased casino competition and the unexpected increase in Casino Duty have all had a material negative impact on the Group.

The review has resulted in impairments of £25.7m in Mecca Bingo and £8.2m in Grosvenor Casinos. In addition we have created further onerous lease provisions of £19.1m in Mecca Bingo, where the future cashflows are expected to be insufficient to cover the future lease obligations. Grosvenor

Casinos closed its loss-making Liverpool casino in December 2007, incurring a small write-off of fixed assets and the creation of a £1.7m onerous lease provision. These leases have an unexpired life of between 10 and 57 years.

The Group has a limited number of onerous leases at sites no longer used by the operating businesses. The provision on these sites has been increased by £6.9m as a result of lower sub-let income and increased running costs.

In the year Rank closed 11 Mecca Bingo clubs and sold six of the freehold sites for an aggregate consideration of £23.1m. The profit on disposal of the clubs, net of closure costs for the remaining clubs and Grosvenor Liverpool, totalled £16.4m.

Details on the exceptional items relating to discontinued operations are included in note 2 to the Group financial information.

Discontinued operations

Discontinued operations in 2007 comprise the results of Hard Rock and additionally in 2006, Deluxe Media, Deluxe Film and US Holidays. The Group completed the sale of Hard Rock on 5 March 2007, resulting in an exceptional profit of £352.7m, before related financing and taxation costs of £37.3m. The results, revenues and costs are shown in a single line on a post-tax basis in the income statement. Further details are provided in note 4 to the Group financial information.

Cash flow and net debt

	2007	2006
	£m	£m
Continuing operations		
Cash inflow from operations	**101.8**	107.3
Capital expenditure	**(47.3)**	(50.2)
Fixed asset disposals	**29.4**	10.1
Operating cash inflow	**83.9**	67.2
Acquisitions and disposals	**495.8**	629.9
Payment in respect of provisions and exceptional costs	**(15.8)**	(37.0)
	563.9	660.1
Interest, tax and dividend payments	**(57.3)**	(136.2)
Special dividend / share buy-back	**(352.5)**	(201.4)
Additional contribution to pension fund	**(19.6)**	(50.0)
Other (including foreign exchange translation)	**(2.5)**	34.0
Discontinued operations	**(1.7)**	(14.3)
Decrease in net debt	**130.3**	292.2
Opening net debt	**447.2**	739.4
Closing net debt	**316.9**	447.2

At the end of December 2007, net debt was £316.9m compared with £447.2m at the end of December 2006. The net debt comprised bank debt of £150.0m, £163.9m in convertible unsecured loan stock, £57.0m in fixed rate Yankee bonds, £14.6m in finance leases and £3.5m in overdrafts, partially offset by cash at bank and in hand of £72.1m.

Financial structure and liquidity

The Group's bank borrowings are available under a £250m revolver loan and a £150m term loan, both of which were put in place in April 2007 and which mature in 2012. These syndicated loans require the maintenance of minimum ratios of earnings before interest, tax, depreciation and amortisation to both net interest payable and net debt, which are tested bi-annually at June and December.

In addition the Group has uncommitted borrowing facilities of £40m, which are available for general use.

In January 2008 the Group repaid the US$100m 6.375% Yankee bonds out of existing facilities.

In January 2009 the £167.7m 3.875% convertible unsecured loan stock falls due. The Group currently plans to repay the bond by drawing on existing bank borrowings, without recourse to the capital markets.

Capital expenditure

	2007 £m	2006 £m
Mecca Bingo	**19.8**	16.3
Top Rank Espana	**4.5**	5.5
Grosvenor Casinos	**17.1**	24.4
Blue Square	**4.5**	2.8
Others	**1.4**	1.2
Total	**47.3**	50.2

Capital expenditure for Mecca Bingo included £2.7m on the development of our latest bingo club in Thanet (opened in February 2008) and £2.2m on various works connected with the introduction of the smoking ban, including the construction of a number of external shelters. The balance of the expenditure was on club refurbishments and minor capital works.

In Grosvenor Casinos we spent a total of £9.2m on G Casino relocations and re-branding, with £3.5m on the extension and re-branding of Blackpool as a G Casino, £1.1m on the relocation of the Luton casino (which opened in February 2007) and £4.6m on the new G casino in Thanet (opened in February 2008), which is a relocation of our Ramsgate licence. In addition we spent £2.1m on the refurbishment of the Victoria Casino in London, including an expanded poker room.

The increased expenditure in Blue Square included expansionary capital for the new deals with Virgin Media and 888 Holdings as well as the development of our new Spanish bingo website.

In light of the current trading conditions, the Group has decided to defer a number of major capital projects. We now expect 2008 capital expenditure to be in the order of £20m although this will be kept under review. The new G Casino in Aberdeen (opening 2008) is unaffected by this change.

Pension fund

During the course of the year we made payments totalling £19.6m to the plan in accordance with an agreement with the Group pension plan trustee. This included £4.6m that, under Section 75 of the Pensions Act, was required following the sales of Hard Rock and Deluxe Media.

The Group has decided to close the plan for future service accrual and, following consultation with our employees, contributions ceased in February 2008 although employees benefits have been augmented to 30 June 2008. Employees affected have been offered a replacement stakeholder scheme or a salary supplement.

As detailed above we have agreed to transfer the assets and liabilities of the Groups defined benefit pension plan to Rothesay Life. Assuming the transaction completes, an exceptional charge will be recognised in 2008.

Going concern

In adopting the going concern basis for preparing the financial statements the Directors have considered the issues impacting the Group during 2007 as detailed in the business review above and have reviewed the Group's projected compliance with its banking covenants detailed above. Based on the Group's cash flow forecasts and operating budgets, which take into account management's actions on capital expenditure, cost control and the suspension of the dividend and assuming that trading continues broadly in line with current levels, the Directors believe that the Group will generate sufficient cash to meet its borrowing requirements for at least the next 12 months and comply with its banking covenants.

GROUP INCOME STATEMENT
For the year ended 31 December 2007

	Note	2007 Before exceptional items £m	2007 Exceptional items (note 2) £m	2007 Total £m	2006 (restated)* Before exceptional items £m	2006 (restated)* Exceptional items (note 2) £m	2006 (restated)* Total £m
Continuing operations							
Revenue		**534.4**	**-**	**534.4**	549.6	-	549.6
Cost of sales		**(283.9)**	**-**	**(283.9)**	(282.5)	-	(282.5)
Gross profit		**250.5**	**-**	**250.5**	267.1	-	267.1
Other operating (costs) income		**(182.2)**	**(45.2)**	**(227.4)**	(193.9)	53.7	(140.2)
Group operating profit (loss)		**68.3**	**(45.2)**	**23.1**	73.2	53.7	126.9
Financing:							
– finance costs		**(27.4)**	**-**	**(27.4)**	(36.2)	(14.7)	(50.9)
– finance income		**5.3**	**-**	**5.3**	3.2	-	3.2
– amortisation of equity component of convertible bond		**(3.6)**	**-**	**(3.6)**	(3.0)	-	(3.0)
– unwinding of discount in disposal provisions		**(1.3)**	**-**	**(1.3)**	-	-	-
– net return on defined benefit pension asset		**10.5**	**-**	**10.5**	6.7	-	6.7
– other financial gains (losses)		**0.5**	**-**	**0.5**	10.0	-	10.0
Total net financing charge		**(16.0)**	**-**	**(16.0)**	(19.3)	(14.7)	(34.0)
Profit (loss) before taxation		**52.3**	**(45.2)**	**7.1**	53.9	39.0	92.9
Taxation	3	**(20.7)**	**8.3**	**(12.4)**	(4.6)	26.2	21.6
(Loss) profit for the year from continuing operations		**31.6**	**(36.9)**	**(5.3)**	49.3	65.2	114.5
Discontinued operations	4	**1.4**	**315.4**	**316.8**	21.5	(17.0)	4.5
Profit for the year		**33.0**	**278.5**	**311.5**	70.8	48.2	119.0
Profit attributable to equity shareholders		**33.0**	**278.5**	**311.5**	69.0	48.2	117.2
Profit attributable to minority interest		**-**	**-**	**-**	1.8	-	1.8
		33.0	**278.5**	**311.5**	70.8	48.2	119.0
Earnings per share attributable to equity shareholders							
– basic	6	**7.7p**	**64.7p**	**72.4p**	11.8p	8.1p	19.9p
– diluted	6	**7.7p**	**64.7p**	**72.4p**	11.8p	8.1p	19.9p
Earnings (loss) per share – continuing operations							
– basic	6	**7.3p**	**(8.5)p**	**(1.2)p**	8.4p	11.1p	19.5p
– diluted	6	**7.3p**	**(8.5)p**	**(1.2)p**	8.4p	11.1p	19.5p
Earnings (loss) per share – discontinued operations							
– basic	6	**0.4p**	**73.2p**	**73.6p**	3.4p	(3.0)p	0.4p
– diluted	6	**0.4p**	**73.2p**	**73.6p**	3.4p	(3.0)p	0.4p

Details of dividends paid and payable to equity shareholders are disclosed in note 5.

* Details of the restatement to the 2006 comparatives are disclosed in note 10.

GROUP BALANCE SHEET
At 31 December 2007

	2007 £m	2006 (restated)* £m
Assets		
Non-current assets		
Intangible assets	**179.0**	173.2
Property, plant and equipment	**179.2**	203.8
Investments	**0.1**	0.5
Defined benefit pension asset	**130.7**	75.8
Deferred tax assets	**13.5**	9.7
Trade and other receivables	**1.5**	8.4
	504.0	471.4
Current assets		
Financial assets		
– derivative financial instruments	**0.6**	9.5
– cash and cash equivalents	**72.1**	83.6
Inventories	**3.4**	4.3
Trade and other receivables	**29.9**	56.7
	106.0	154.1
Assets held for sale	**-**	242.0
	106.0	396.1
Total assets	**610.0**	867.5
Liabilities		
Current liabilities		
Financial liabilities		
– derivative financial instruments	**(2.5)**	(2.6)
– loan capital and borrowings	**(60.7)**	(10.8)
Trade and other payables	**(103.8)**	(125.2)
Current tax liabilities	**(5.4)**	(2.3)
Provisions for other liabilities and charges	**(20.4)**	(12.7)
	(192.8)	(153.6)
Liabilities held for sale	**-**	(44.5)
	(192.8)	(198.1)
Net current (liabilities) assets	**(86.8)**	198.0
Non-current liabilities		
Financial liabilities		
– derivative financial instruments	**-**	(1.6)
– loan capital and borrowings	**(331.0)**	(510.5)
Deferred tax liabilities	**(7.5)**	(7.7)
Other non-current liabilities	**(32.0)**	(32.9)
Provisions for other liabilities and charges	**(60.0)**	(41.4)
	(430.5)	(594.1)
Total liabilities	**(623.3)**	(792.2)
Net (liabilities) assets	**(13.3)**	75.3
Capital and reserves attributable to the Company's equity shareholders		
Ordinary shares	**54.2**	54.2
Share premium	**98.2**	98.1
Capital redemption reserve	**33.4**	33.4
Exchange translation reserve	**(0.3)**	(4.5)
Other reserves	**(198.8)**	(105.9)
Total shareholders' (deficit) equity	**(13.3)**	75.3
Minority interests	**-**	-
Total (deficit) equity	**(13.3)**	75.3

* Details of the restatement to the 2006 comparatives are disclosed in note 10.

GROUP CASH FLOW STATEMENT
For the year ended 31 December 2007

	2007	2006
	£m	£m
Cash flows from operating activities		
Cash generated from operations	**86.0**	70.3
Interest received	**5.8**	5.0
Interest paid	**(35.6)**	(63.2)
Tax paid	**(4.1)**	(3.9)
Additional pension payments	**(19.6)**	(50.0)
Discontinued operations	**(0.3)**	7.5
Net cash from (used in) operating activities	**32.2**	(34.3)
Cash flows from investing activities		
Proceeds from sale of businesses (net of cash disposed)	**496.2**	449.8
Acquisition of businesses	**(0.4)**	(0.6)
Purchase of intangible assets	**(4.2)**	(4.0)
Purchase of property, plant and equipment	**(43.1)**	(46.2)
Proceeds from sale of property, plant and equipment	**23.3**	10.1
Proceeds from sale and leaseback net of lease assignment	**6.1**	171.9
Proceeds from sale of investments	**-**	8.8
Discontinued operations	**(1.4)**	(21.8)
Net cash from investing activities	**476.5**	568.0
Cash flows from financing activities		
Net proceeds from issue of ordinary share capital	**0.1**	5.2
Purchase of own shares	**(2.1)**	-
Dividends paid to shareholders - ordinary	**(23.4)**	(74.1)
Dividends paid to shareholders - special	**(352.5)**	-
Share buy-back	**-**	(201.4)
Debt due within one year		
– drawdown on syndicated facilities	**150.0**	-
Debt due after more than one year		
– repayment of Sterling borrowings	**-**	(35.0)
– repayment of Dollar borrowings	**-**	(219.1)
– drawdown on syndicated facilities	**-**	300.1
– repayment of syndicated facilities	**(285.2)**	(326.3)
– other	**(1.2)**	-
Finance lease principal payments	**(2.1)**	(1.6)
Amounts received from subsidiaries	**-**	-
Discontinued operations	**(0.1)**	(13.8)
Net cash used in financing activities	**(516.5)**	(566.0)
Effects of exchange rate changes	**1.0**	(1.7)
Net decrease in cash and cash equivalents	**(6.8)**	(34.0)
Cash and cash equivalents at 1 January	**75.4**	109.4
Cash and cash equivalents at 31 December	**68.6**	75.4

Details of cash flows relating to discontinued operations are provided in note 4.

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GROUP STATEMENT OF RECOGNISED INCOME AND EXPENSE
For the year ended 31 December 2007

	2007 **£m**	2006 £m
Profit for the year	**311.5**	119.0
Currency translation net of tax and hedging	**(4.4)**	(28.3)
Actuarial gain on defined benefit pension scheme net of tax	**17.4**	64.7
Adjustment in respect of deferred tax on pensions from 30% to 28%	**2.4**	-
Revaluation of available-for-sale securities	**(0.4)**	22.8
Revaluation of available-for-sale securities recycled within net profit	**(44.4)**	12.1
Cumulative foreign exchange losses recycled within net profit	**8.6**	-
Total recognised income for the year	**290.7**	190.3
– attributable to equity shareholders	**290.7**	188.5
– attributable to minority interest	**-**	1.8
	290.7	190.3

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NOTES TO THE GROUP FINANCIAL INFORMATION

1. Basis of preparation and accounting policies

The financial information attached has been extracted from the audited financial statements for the year ended 31 December 2007, and has been prepared in accordance with IFRS as adopted by the EU and IFRIC interpretations issued and effective at the time of preparing those financial statements.

The financial information for the years ended 31 December 2007 and 31 December 2006 do not constitute the financial statements for those years. The annual report and financial statements for the year ended 31 December 2007 were approved by the Board of Directors on 28 February 2008, together with this announcement, but not have yet been delivered to the Registrar of Companies. The auditor's report on the financial statements for both years was unqualified and did not contain a statement under either Section 237 (2) or 237 (3) of the Companies Act 1985. The financial statements for 2006 have been delivered to the Registrar.

The principal accounting policies adopted under IFRS and applied in the preparation of the financial statements are available on the Group's website, www.rank.com except for the changes to the accounting policies as set out below.

In 2007 the Rank Group Plc changed its policies in accounting for exceptional items and the net return on its defined benefit pension asset. The Group has adjusted comparative amounts disclosed for the prior period presented as if the new accounting policies had always been applied (see note 10).

(i) Exceptional items
The Group now 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 value of clubs and associated onerous lease provisions, costs of club closures, onerous lease provisions on vacant properties and disposal of businesses.

Previously the Group defined exceptional items as those non-recurring items which by their nature or size would distort the comparability of the Group's result from year to year. The impact of the policy change is to reclassify certain costs from operating items to exceptional in relation to impairments and profits on disposal of Mecca Bingo clubs in 2006.

(ii) Net return on the defined benefit pension asset
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.

2. Exceptional items

	Note	2007	2006 (restated)
		£m	£m
Exceptional items relating to continuing operations			
Impairment of clubs		**(33.9)**	(8.6)
Provision for onerous leases		**(27.7)**	-
Net profit on sale of property less associated closure costs		**16.4**	19.1
Profit on sale and leaseback transaction		**-**	55.3
Loss on sale of investment		**-**	(12.1)
Exceptional items before financing and taxation relating to continuing operations		**(45.2)**	53.7
Financing charge		**-**	(14.7)
Taxation	3	**8.3**	26.2
Exceptional items relating to continuing operations		**(36.9)**	65.2
Exceptional items relating to discontinued operations			
Hard Rock		**352.7**	-
US Holidays		**-**	(20.0)
Financing charge		**(9.9)**	-
Taxation	3	**(27.4)**	3.0
Exceptional items relating to discontinued operations		**315.4**	(17.0)
Total exceptional items		**278.5**	48.2

Continuing operations

Following the introduction of the smoking ban in England and Wales, the loss of Section 21 machine income and the unexpected rise in Casino Duty, an impairment charge of £33.9m and associated onerous lease provisions of £20.8m have been recognised during the year.

During the year the Group closed 11 Mecca Bingo clubs and one Grosvenor casino. The resulting profit on sale of certain properties, net of associated closure and disposal costs, was £16.4m.

The Group has a limited number of onerous leases at sites no longer used by the operating businesses. The provision on these sites has been increased by £6.9m as a result of lower sub-let income and increased running costs.

Discontinued operations

The Group completed the sale of Hard Rock on 5 March 2007 resulting in an exceptional profit of £352.7m before related financing and taxation costs of £37.3m. The exceptional financing charge relates to the costs associated with the currency option taken to hedge the receipt of the US Dollar proceeds and the write off of prepaid facility fees. Due to favourable movements in the exchange rate the currency option hedge was not utilised. The profit arising includes cumulative foreign exchange losses of £8.6m and fair value gains of £44.4m in relation to available-for-sale securities. These gains and losses had previously been recognised in equity.

3. Taxation

	2007 £m	2006 (restated) £m
Current income tax on continuing operations		
Current tax – UK	**(22.7)**	0.3
Current tax – overseas	**(5.2)**	(5.6)
Current tax charge	**(27.9)**	(5.3)
Current tax on exceptional items	**8.3**	9.7
Amounts (under) over provided in previous year	**(6.0)**	2.2
Total current tax	**(25.6)**	6.6
Deferred tax on continuing operations		
Deferred tax – UK	**10.5**	0.7
Deferred tax – overseas	**0.4**	1.4
Deferred tax on exceptional items	**-**	16.5
Restatement of deferred tax from 30% to 28%	**(3.4)**	-
Amounts over (under) provided in previous year	**5.7**	(3.6)
Total deferred tax	**13.2**	15.0
Tax (charge) credit in the income statement on continuing operations	**(12.4)**	21.6

In 2007 current tax on exceptional items within continuing operations includes a tax credit of £8.3m relating to the £27.7m onerous lease charge.

	2007 £m	2006 £m
Current income tax on discontinued operations		
Current tax – UK	**(0.6)**	6.9
Current tax – overseas	**-**	(2.9)
Current tax (charge) credit	**(0.6)**	4.0
Current tax on exceptional items	**4.9**	-
Amounts over (under) provided in previous year	**0.3**	(1.4)
Total current tax	**4.6**	2.6
Deferred tax on discontinued operations		
Deferred tax – UK	**-**	(2.2)
Deferred tax – overseas	**-**	(3.8)
Deferred tax on exceptional items	**(32.3)**	3.0
Amounts under provided in previous year	**-**	(0.5)
Total deferred tax	**(32.3)**	(3.5)
Tax charge in the income statement on discontinued operations	**(27.7)**	(0.9)

The announced reduction in the headline UK Corporation Tax rate from 30% to 28% has resulted in a one off increase in the current year tax charge of £3.4m as the Group's UK deferred tax asset is restated based on the reduced rate. An offsetting £2.4m credit has been recognised directly in equity in accordance with IAS 12.

4. Discontinued operations and disposal groups held for sale

The Group completed the sale of Hard Rock on 5 March 2007 resulting in an exceptional profit of £352.7m before related financing and taxation costs of £37.3m. 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.

	2007	2006				
	Hard Rock £m	Hard Rock £m	US Holidays £m	Deluxe Media Services £m	Deluxe Film £m	Total £m
Revenue	**35.6**	271.2	28.0	163.1	26.2	488.5
Operating profit (loss) before exceptional items	**2.1**	40.4	2.1	(13.9)	1.5	30.1
Exceptional items (see note 2)	**352.7**	-	(20.0)	-	-	(20.0)
Operating profit (loss)	**354.8**	40.4	(17.9)	(13.9)	1.5	10.1
Share of post-taxation (loss) income from joint ventures and associates	**(0.3)**	(1.3)	-	-	0.1	(1.2)
Net financing charge (including exceptional items)	**(10.0)**	(2.6)	-	(0.9)	-	(3.5)
Profit (loss) before taxation	**344.5**	36.5	(17.9)	(14.8)	1.6	5.4
Taxation (including exceptional items)	**(27.7)**	0.4	(3.7)	5.3	(2.9)	(0.9)
Net profit (loss)	**316.8**	36.9	(21.6)	(9.5)	(1.3)	4.5
Other segment information:						
Depreciation and amortisation	**-**	12.7	0.7	-	-	13.4
Capital expenditure	**(1.4)**	(7.7)	(1.8)	(1.4)	(2.6)	(13.5)

Cash flows relating to the discontinued operations are as follows:

	2007	2006				
	Hard Rock £m	Hard Rock £m	US Holidays £m	Deluxe Media Services £m	Deluxe Film £m	Total £m
Cash flows from operating activities	**(0.3)**	45.0	(3.0)	(53.0)	18.5	7.5
Cash flows from investing activities	**(1.4)**	(17.5)	(1.8)	0.1	(2.6)	(21.8)
Cash flows from financing activities	**(0.1)**	(4.4)	(0.1)	(9.2)	(0.1)	(13.8)
	(1.8)	23.1	(4.9)	(62.1)	15.8	(28.1)

5. Dividends

	2007 £m	2006 £m
Equity – ordinary		
Final for 2006 paid on 11 May 2007 - 4.0p (2005: 10.3p) per share	**15.6**	62.6
Special for 2007 paid on 9 April 2007 - 65.0p (2006: nil) per share	**352.5**	-
Interim for 2007 paid on 12 October 2007 - 2.0p (2006: 2.0p) per share	**7.8**	11.5
	375.9	74.1

Following the sale of Hard Rock, a special dividend of 65.0 pence per share was paid on 9 April 2007.

The Directors have not proposed a final dividend in respect of the year ended 31 December 2007 (2006 - 4.0p).

6. Earnings (loss) per share

	2007			2006 (restated)		
	Before exceptional items	**Exceptional items**	**Total**	Before exceptional items	Exceptional items	Total

(a) Basic earnings per share
Basic earnings per share is calculated by dividing the profit or loss attributable to equity shareholders by the weighted average number of Ordinary shares in issue during the year, excluding Ordinary shares purchased by the Company and held as treasury shares.

	2007 Before exceptional items	2007 Exceptional items	2007 Total	2006 Before exceptional items	2006 Exceptional items	2006 Total
Profit (loss) attributable to equity shareholders (£m)						
Continuing operations	**31.6**	**(36.9)**	**(5.3)**	49.3	65.2	114.5
Discontinued operations	**1.4**	**315.4**	**316.8**	19.7	(17.0)	2.7
Total	**33.0**	**278.5**	**311.5**	69.0	48.2	117.2
Weighted average number of Ordinary shares in issue (m)	**430.4m**	**430.4m**	**430.4m**	587.5m	587.5m	587.5m
Basic earnings (loss) per share (p)						
Continuing operations	**7.3p**	**(8.5)p**	**(1.2)p**	8.4p	11.1p	19.5p
Discontinued operations	**0.4p**	**73.2p**	**73.6p**	3.4p	(3.0)p	0.4p
Total	**7.7p**	**64.7p**	**72.4p**	11.8p	8.1p	19.9p

(b) Diluted earnings per share
Diluted earnings per share is calculated by adjusting the weighted average number of Ordinary shares in issue to assume conversion of all dilutive potential Ordinary shares. The Group has two categories of dilutive potential Ordinary shares: share options and convertible debt. For share options, a calculation is made to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the Company's shares) based on the monetary value of the subscription rights attached to outstanding share options. The number of shares calculated is compared with the number of shares that would have been issued assuming exercise of the share options. The convertible debt was not dilutive in either year.

There is no difference in the profit (loss) used to determine diluted earnings per share from that used to determine basic earnings per share above.

	2007 Before exceptional items	2007 Exceptional items	2007 Total	2006 Before exceptional items	2006 Exceptional items	2006 Total
Weighted average number of Ordinary shares in issue (m)	**430.4m**	**430.4m**	**430.4m**	587.5m	587.5m	587.5m
Adjustment for share options (m)	**-**	**-**	**-**	0.5m	0.5m	0.5m
Weighted average number of Ordinary shares for diluted earnings per share (m)	**430.4m**	**430.4m**	**430.4m**	588.0m	588.0m	588.0m
Diluted earnings (loss) per share (p)						
Continuing operations	**7.3p**	**(8.5)p**	**(1.2)p**	8.4p	11.1p	19.5p
Discontinued operations	**0.4p**	**73.2p**	**73.6p**	3.4p	(3.0)p	0.4p
Total	**7.7p**	**64.7p**	**72.4p**	11.8p	8.1p	19.9p

(c) Adjusted earnings per share
Adjusted earnings is calculated by adjusting profit attributable to equity shareholders to exclude discontinued operations, exceptional items, other financial gains (losses), the net return on the defined benefit pension asset, unwinding of the discount in disposal provisions and amortisation of the equity component of the convertible bond. Adjusted earnings is one of the business performance measures used internally by management to manage the operations of the business. Management believes that adjusted earnings assists in providing a view of the underlying performance of the business.

Adjusted net earnings attributable to equity shareholders is derived as follows:	**2007**	2006 (restated)
	£m	£m
Profit attributable to equity shareholders	**311.5**	117.2
Discontinued operations (net of taxation and minority interest)	**(316.8)**	(2.7)
Exceptional items before tax on continuing operations	**45.2**	(39.0)
Other financials (gains) losses	**(0.5)**	(10.0)
Net return on defined benefit pension asset	**(10.5)**	(6.7)
Amortisation of equity component of convertible bond	**3.6**	3.0
Unwinding of discount in disposal provisions	**1.3**	-
Taxation on adjusted items and impact of reduction in tax rate to 28%	**(1.8)**	(35.0)
Adjusted net earnings attributable to equity shareholders	**32.0**	26.8
Weighted average number of Ordinary shares in issue (m)	**430.4m**	587.5m
Adjusted earnings per share (p)	**7.4p**	4.6p

7. 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.

	2007 £m	2006 £m
Total borrowings	**394.2**	525.5
Less: Cash and cash equivalents	**(72.1)**	(83.6)
Less: Derivatives	**(2.5)**	(4.2)
Less: Accrued interest	**(6.5)**	(0.7)
Less: Unamortised facility fees	**3.8**	5.0
Less: Discontinued operations	**-**	5.2
Net debt	**316.9**	447.2

8. Statement of changes in shareholders' equity

	Before minority £m	Minority £m	Total £m
Balance as at 1 January 2006	156.7	11.4	168.1
Exchange adjustments net of tax	(28.3)	(1.0)	(29.3)
Actuarial gain on defined benefit pension scheme net of tax	64.7	-	64.7
Revaluation of available-for-sale securities	22.8	-	22.8
Revaluation of available-for-sale securities recycled within net profit	12.1	-	12.1
Net minority interest acquired	-	(8.1)	(8.1)
Issue of share capital	5.2	-	5.2
Share buy-back	(201.4)	-	(201.4)
Dividends	(74.1)	(4.1)	(78.2)
Credit in respect of employee share schemes	0.4	-	0.4
Profit for the year	117.2	1.8	119.0
Balance as at 31 December 2006	**75.3**	**-**	**75.3**
Exchange adjustments net of tax	**(4.4)**	**-**	**(4.4)**
Actuarial gain on defined benefit pension scheme net of tax	**17.4**	**-**	**17.4**
Cumulative foreign exchange losses recycled within net profit	**8.6**	**-**	**8.6**
Revaluation of available-for-sale securities	**(0.4)**	**-**	**(0.4)**
Revaluation of available-for-sale securities recycled within net profit	**(44.4)**	**-**	**(44.4)**
Adjustment of deferred tax from 30% to 28%	**2.4**	**-**	**2.4**
Issue of share capital	**0.1**	**-**	**0.1**
Purchase of own shares	**(2.1)**	**-**	**(2.1)**
Dividends	**(375.9)**	**-**	**(375.9)**
Debit in respect of employee share schemes	**(1.4)**	**-**	**(1.4)**
Profit for the year	**311.5**	**-**	**311.5**
Balance as at 31 December 2007	**(13.3)**	**-**	**(13.3)**

9. Cash generated from operations

	2007	2006 (restated)
	£m	£m
Continuing operations		
Operating profit (loss)	**23.1**	126.9
Exceptional items	**45.2**	(53.7)
Operating profit (loss) before exceptional items	**68.3**	73.2
Depreciation and amortisation	**28.5**	28.9
(Increase) decrease in working capital	**6.6**	(3.7)
Other	**(1.6)**	8.9
	101.8	107.3
Cash payments in respect of exceptional costs and provisions	**(15.8)**	(37.0)
Cash generated from operations	**86.0**	70.3

10. Restatement of 2006 full year comparative

The Group has amended its accounting policies 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.

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 effect on total basic or diluted earnings per share.

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 31.12.06	Net return on pension asset	Club disposals	Impairment	**Year to 31.12.06**
	£m	£m	£m	£m	**£m**
Continuing operations					
Operating profit					
Mecca Bingo	**63.2**	(2.1)	(6.1)	8.6	**63.6**
Top Rank España	**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)**
Other	**(17.2)**	(0.2)	-	-	**(17.4)**
Before exceptional items	**77.4**	(6.7)	(6.1)	8.6	**73.2**
Exceptional items	**56.2**	-	6.1	(8.6)	**53.7**
Group operating profit	**133.6**	(6.7)	-	-	**126.9**
Total net financing charge	**(40.7)**	6.7	-	-	**(34.0)**
Profit before taxation	**92.9**	-	-	-	**92.9**
Taxation	**21.6**	-	-	-	**21.6**
Profit for the year from continuing operations	**114.5**	-	-	-	**114.5**
Discontinued operations	**4.5**	-	-	-	**4.5**
Profit for the year	**119.0**	-	-	-	**119.0**

In addition, the 2006 comparatives have been restated to reflect the transfer of £13.9m of assets from property, plant & equipment to intangible assets as if it had taken place on 1 January 2006.