

7 July 2009

HMRC appeals High Court ruling

The Rank Group Plc ('Rank' or the 'Group') has been advised that Her Majesty's Revenue & Customs ('HMRC') has lodged an appeal against last month's High Court ruling on the overpayment of VAT on games of interval bingo and on gaming machines.

In May and August 2008, the VAT & Duties Tribunal upheld Rank's respective claims that the inconsistent application of VAT to games of interval bingo and to gaming machines contravened the European Union principle of fiscal neutrality. These rulings were in turn upheld by the High Court in June 2009, following an appeal from HMRC.

The case will now go to the Court of Appeal, although at present no date has been set for the hearing.

In November 2008, Rank received from HMRC £59.1m in overpaid VAT, relating to the ruling on interval bingo. The Group has not as yet received any repayment in respect of its £26.0m VAT claim on gaming machines.

Rank had anticipated that HMRC would need to lodge an appeal by 29 June 2009 but this deadline was subsequently extended to 6 July 2009.

ends

Further information

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Notes to editors**1. Interval bingo claim**

Interval bingo is a popular form of bingo played during the intervals between games of traditional (or 'main stage') bingo. Rank's claim relates to VAT paid on revenue from games of interval bingo played in its Mecca Bingo clubs between January 2003 and June 2008 (inclusive).

2. Gaming machine claim

Rank's claim covers the period November 2002 to December 2005 (inclusive) and relates to VAT paid on revenue from Section 31 and Section 34 gaming machines in its Mecca Bingo clubs and Grosvenor Casinos.

3) Fiscal neutrality

The European Union's law of fiscal neutrality requires that supplies of services that are the same or similar should be not be treated differently for VAT purposes. This position was confirmed in the European Court of Justice case Finanzamt v Linneweber (2005).

4) About the Rank Group

Rank is a leading European gaming business, head-quartered in the UK and listed on the London Stock Exchange (RNK.L). The Group's principal activities are the operation of bingo clubs and casinos in the UK with complementary on-line gaming and bookmaking services. For more information about The Rank Group, visit www.rank.com.