News Release

26 February 2009

The Rank Group Plc
Annual results for the 12 months ended 31 December 2008

Financial highlights

- Group revenue of £522.2m (2007: £534.4m)
- Group operating profit (loss) before exceptional items of £60.3m (2007: £68.3m); £(9.1)m after exceptional items* (2007: £23.1m)
- Adjusted profit before tax** of £40.5m (2007: £46.2m)
- Adjusted earnings per share*** of 7.3p (2007: 7.4p)
- Basic earnings per share before exceptional items of 6.5p (2007: 7.3p)
- Net debt of £226.5m (£316.9m at 31 December 2007)

Review of key events

- Stabilisation of Group revenue following business disruption in the second half of 2007
- Delivery of significant cost savings across Group
- Successful VAT reclaim; £59.1m cash inflow
- Transfer of final salary pension plan; £28.0m cash inflow
- Senior management team strengthened
- Positive regulatory changes for bingo clubs industry

Ian Burke, chief executive of The Rank Group Plc ('Rank' or the 'Group') said: "2008 was a year of stabilisation for Rank, following a period of significant upheaval in the gaming industry in 2007.

"The Group ended 2008 in significantly better shape than it had started the year. We steadied average weekly revenues, realised significant cost savings across the Group, exited our final salary pension plan and achieved a substantial reduction in net debt.

"We have made improvements to our gaming and non-gaming products, raised our service levels and put in place systems to give us better understanding of customer preferences and behaviours.

"Since the start of 2009 we have seen positive regulatory reform for the licensed bingo clubs industry, through an increase in the maximum allocation of B3 gaming machines.

"Whilst we remain committed to our long term growth strategy, the near-term outlook remains clouded by economic uncertainty. We will continue to manage our businesses with this in mind, balancing the needs of our growth strategy with a flexible and prudent approach to capital investment."

* In 2008 the Group has incurred a net exceptional loss of £63.4m before tax (2007: £45.2m). Further details are provided in note 3 to the Group Financial Information.
** Adjusted profit is calculated by adjusting profit or loss before tax from continuing operations to exclude exceptional items, unwinding of discount in disposal provisions, other financial gains or losses, amortisation of 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 to the Group financial information.

Enquiries

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Photographs available from www.rank.com

Analyst meeting, webcast and dial-in details:

Thursday 26 February 2009
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 for the meeting.

For the live webcast, please register at www.rank.com. A replay of the webcast and a copy of the slide presentation will be made available on the website later. The webcast will be available for a period of six months.

Dial-in details
Thursday 26 February 2009

9.20am	UK toll free:	0800 376 4751
	USA toll free:	1 866 793 4273
	International:	+44 (0)20 7075 6551
	Pin code:	702745#
9.30am	Meeting starts	

A replay will be made available for seven days on UK toll free: 0800 376 5689 and International: +44 (0)20 7075 6589 (conference reference 232077#)

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 Group's financial position, business strategy, plans and objectives of management for future operations (including development plans and objectives relating to the Group'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 Group 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 Group's operating performance, present and future business strategies, and the environment in which the Group 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 Group 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 Group'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 - review of operations

Summary of results

Our financial performance in 2008 reflected the success of our efforts to stabilise the Group following significant disruption in Mecca Bingo and Grosvenor Casinos during the second half of 2007 (which resulted from the smoking bans in England and Wales and the loss of Section 21 gaming machines under the Gambling Act 2005).

	Revenue £m		**Operating profit* £m**	
	2008	2007	**2008**	2007
H1**	**263.8**	284.6	**31.8**	47.9
H2	**258.4**	249.8	**28.5**	20.4
Full-year	**522.2**	534.4	**60.3**	68.3

* before exceptional items

** revenue and operating profit for the first half of 2008 have been restated to reflect the non-payment of VAT on interval games

Group revenue and operating profit (before exceptional items) for the year were respectively 2.3% and 11.7% lower than in the prior year. This performance represents a considerable improvement compared with the second half of 2007. Group operating profit for the second half of 2008 was 39.7% higher than in the comparable period in 2007.

	Revenue £m		**Operating profit* £m**	
	2008	2007	**2008**	2007
Mecca Bingo	**227.6**	240.5	**41.8**	43.6
Top Rank Espana	**35.8**	32.3	**6.9**	9.3
Grosvenor Casinos	**206.2**	209.5	**29.5**	29.9
Rank Interactive**	**52.6**	52.1	**11.4**	10.9
Shared services			**(20.8)**	(18.5)
Central costs			**(8.5)**	(6.9)
Group	**522.2**	534.4	**60.3**	68.3

* before exceptional items

** Rank Interactive previously reported as Blue Square

In our two largest businesses, Mecca Bingo and Grosvenor Casinos, we achieved significant cost reductions as a result of management actions taken at the end of 2007. These included more targeted marketing and promotional expenditure, greater purchasing and operating efficiencies and better energy management.

In Grosvenor Casinos, revenue of £206.2m was 1.6% lower than in 2007 while operating profit of £29.5m was 1.3% lower. This result included a £1.5m increase in casino gaming duty, relating to tax changes introduced in 2007.

In Mecca Bingo, revenue declined by 5.4% to £227.6m while operating profit of £41.8m was 4.1% lower than in 2007. This performance benefited by £13.0m of revenue and £9.2m of operating profit as a result of successful rulings on a number of VAT claims (see 'Value Added Tax' below). Excluding these benefits, revenue and operating profit declined by 10.8% and 25.2% respectively.

Our Spanish bingo clubs business, Top Rank Espana experienced a difficult year as a result of high inflation and weak consumer confidence in Spain. This was mitigated in part by the strength of the Euro against Sterling, with revenue growing by 10.8% to £35.8m. Operating profit declined by 25.8% to £6.9m.

Lastly, Rank Interactive (formerly reported as Blue Square) grew revenue by 1.0% to £52.6m, while operating profit increased by 4.6% to £11.4m. The business delivered strong growth in online gaming (principally through meccabingo.com) but the performance of the Blue Square sports betting operation was below our expectations.

Financial position strengthened
During 2008, Rank strengthened its financial position through a significant reduction in Group net debt and by exiting a number of long-term liabilities. Given the current economic environment, Rank's intention is to achieve a further reduction in net debt during the current year, while maintaining appropriate levels of business investment.

i) Debt reduced; liabilities exited
During the course of the year, the Group took a number of actions to strengthen its financial position and at 31 December 2008, Rank's net debt was £226.5m, £90.4m lower than at 31 December 2007.

In June 2008, Rank completed the transfer of the liabilities and assets of its final salary pension plan to Rothesay Life, a wholly-owned subsidiary of Goldman Sachs. The transaction resulted in a cash inflow to Rank of £28.0m (net of associated costs) and removed the Group's obligation to make £30.8m of additional scheduled contributions (agreed with the Pension Trustee following the disposal of Deluxe Film in 2006).

In November 2008, Rank received £59.1m from Her Majesty's Revenue & Customs ('HMRC'), relating to a claim for VAT overpaid on games of interval bingo (to be partially offset by an adjustment for gross profits tax and fees relating to the claim).

In December 2008, we exited our lease obligations relating to the former Deluxe Media distribution site at Arkansas, USA (previously contracted until 2021). The transaction resulted in a £10.0m cash outflow with further payment of $5.4m over the next five-and-a-half years.

ii) Committed financing in place
The Group's main debt facilities consist of a £250m revolving credit facility and a £150m term loan, both of which mature in April 2012.

In January 2009, we used these facilities to redeem our outstanding convertible unsecured loan stock.

Given our current capital spending plans and cash flow projections, we do not anticipate any immediate requirement to revise either the terms or the size of our borrowing facilities.

iii) Value Added Tax
During the year, two claims for overpaid VAT, brought by Rank against HMRC, were considered by the VAT & Duties Tribunal (the 'Tribunal'). Both claims were based on Rank's assertion that HMRC's inconsistent application of VAT to bingo and gaming machines is in breach of the European Union's principle of fiscal neutrality.

In May 2008, the Tribunal upheld Rank's claim for VAT overpaid on games of interval bingo. In November, as a consequence of this ruling Rank received from HMRC £59.1m relating to VAT paid on interval games between January 2003 and June 2008. Additionally, Rank ceased payment of VAT on interval bingo from July 2008.

In August 2008, the Tribunal issued an interim ruling on Rank's £26m claim against HMRC for VAT overpaid on gaming machines between October 2002 and December 2005. While the ruling supported Rank's claim, a full determination will not be made available until after the Tribunal reconvenes in the final quarter of 2009.

Both rulings were appealed by HMRC and are scheduled to be heard by the High Court in March 2009.

The effect of the Tribunal's ruling on interval bingo was to increase Mecca Bingo's revenue and operating profit for 2008 by £13.0m and £6.3m respectively. There was an additional £2.9m one-off benefit to operating profit as a consequence of a separate VAT claim.

Management team strengthened
During 2008 we recruited to senior positions a number of experienced individuals from outside the gaming industry.

- Paddy Gallagher joined the board as finance director in June 2008. Previously, Paddy held several senior finance positions in the technology sector, with Dell, Wang and Sun Microsystems.
- Phil Urban joined as managing director of Grosvenor Casinos in June 2008. Previously Phil held senior management positions in the budget hotels and pubs sectors with Scottish & Newcastle and Whitbread.
- Mark Jones joined as managing director of Rank Interactive in December 2008. Previously Mark held senior management positions in the online travel sector, with lastminute.com and Travelocity.
- Julian Barker joined Rank as director of strategy in February 2008. Previously Julian worked in the telecommunications sector as director of strategy for Orange UK.
- Frances Bingham joined Rank as company secretary in April 2008. Previously, Frances worked in the health and fitness club sector as company secretary and legal director at Holmes Place.

These appointments are representative of a broader strategy to recruit to key positions experienced managers from the leisure, retail, gaming and technology sectors.

Current trading

In the eight weeks to 22 February 2009, Group revenue increased by 1%.

Year-on-year segmental and Group revenue for 8 weeks to 22 February 2009		
	Like-for-like revenue*	**Total revenue**
Mecca Bingo**	(3)%	(2)%
Top Rank Espana	11%	11%
Grosvenor Casinos	3%	5%
Rank Interactive	(10)%	(10)%
Group	**0%**	**1%**

***excludes club openings closures and relocations
** Mecca Bingo revenue includes benefit of non-payment of VAT on interval bingo in both 2009 and 2008

Mecca Bingo revenue was 2% lower than in the comparable period in 2008, with a 4% improvement in spend per visit partially offsetting a 6% decline in admissions. This performance was adversely affected by one week of exceptionally heavy snowfall at the start of February. Excluding the effect of that one week, like-for-like revenue was level with the comparable period.

Top Rank Espana grew revenue by 11%, as a result of the strength of the Euro against Sterling. In Euros revenue was down 5%.

Grosvenor Casinos achieved 3% growth in like-for-like revenue, with spend per visit up by 2% and admissions level with the comparable period. Our London casinos continued to perform well, with a 4% increase in revenue; like-for-like revenue from our provincial casinos was in line with the comparable period in 2008.

Revenue from Rank Interactive declined by 10%, with lower staking levels and a poor win margin affecting sportsbook. This was partially offset by continued growth from meccabingo.com.

Outlook

The board is encouraged by the progress that the Group has made in 2008 and remains committed to Rank's long-term growth strategy. Nevertheless, we remain cautious on the outlook for 2009 as economic uncertainties continue to affect consumer confidence. In this environment, Rank remains well positioned to balance near term pressures and longer term opportunities through a measured and controlled approach to the management and development of our businesses.

Dividend

In December 2007, the board took the decision to suspend dividend payments in the light of the difficult trading conditions that Rank had encountered during the second half of that year. Whilst Rank's financial position and trading performance have improved since that point, the wider economic environments in the UK and in Spain have continued to deteriorate. The board has determined not to recommend payment of a dividend in respect of 2008. It remains the board's intention to resume dividend payments in the future, once trading conditions and market outlook improve.

Chief executive's review - review of strategy

Strategic priorities

We believe that the scale of consumer expenditure on games of chance will grow over the medium and longer terms and that the shape of this expenditure will change as gaming continues its gradual integration into the mainstream leisure market.

Our focus is on increasing customer visits to our businesses by bringing enjoyable gaming-based leisure experiences to a broader base of customers.

Against this backdrop, the key elements of the Group's strategy are:

1. Deepen customer understanding to shape product innovation, create service differentiation and sharpen customer communications;
2. Strengthen position in UK market while assessing longer term growth opportunities overseas;
3. Work positively with government, the Gambling Commission and other relevant stakeholders to achieve the aims of the 2005 Act and to help shape the regulatory environment.

1. Deepen customer understanding

The ability to understand and to anticipate customer needs underpins the development strategies of each of our four businesses. During 2008 we invested additional resource to help us gain deeper insights into customer behaviours, to reward customer loyalty and to enhance the quality of management information about our operations.

i) Improved understanding of customer spending

During 2008 we introduced programmes to track customer spending into both of our land-based businesses in Great Britain. The systems provide mechanisms for us to thank our most loyal customers and to gain richer data about the games that customers like to play.

Grosvenor Casinos – In June we introduced Play Points into our Grosvenor Casino in Birmingham. Play Points allows our casino customers to collect points on casino table games, electronic roulette, gaming machines and food and drink. These points may be redeemed for a range of gifts, including digital cameras and flat screen TVs.

By the end of the year, approximately 50% of our Birmingham casino customers had joined Play Points. This helped us to identify high value customers and to gain important insights into playing preferences.

Play Points is now also available to customers at the G Casinos in London and Aberdeen.

Mecca Bingo – In November 2008, we introduced Lucky Swipes into our Mecca Bingo clubs in Luton and Stevenage. Lucky Swipes allows our bingo club customers to collect points on games of main stage bingo, interval bingo, gaming machines and on food and drink, which are automatically redeemed for tickets in a weekly in-club prize draw.

By the end of the year, approximately 75% of our Luton and Stevenage bingo customers had joined Lucky Swipes. The programme has given us data on customer spending patterns rather than simply admissions trends. Lucky Swipes will be introduced to our new club in Beeston, Nottingham in time for its opening in May 2009.

ii) improve management information systems
We are investing in the Playsafe gaming machines management system for 28 of our Mecca Bingo clubs as part of our strategy to achieve a step change in the performance of our gaming machines. This system enables us to gain better information on customer preferences, enhance machine inventory management and improve efficiency by identifying machine failures and reducing the risk of theft and fraud.

In 2008 we introduced an upgraded electronic point of sale system into 55 of our larger Mecca Bingo clubs to give us better information about customer preferences in food and drink. The data gained from the system is already helping us to match more closely the quality and range of our product offer to customer demands and to save costs through a reduction in stock days and wastage.

iii) single measurement system
We have put in place the Net Promoter Score methodology for measuring customer satisfaction across each of our UK businesses. Net Promoter Score tracks the propensity of our customers to recommend (or otherwise) us to their friends.

Every three months, Net Promoter Score measures feedback from more than 8,000 of our customers on the quality of our products and services. The information is used to shape the way that we interact with all of our customers and from 2009 is a key component of how our management teams are incentivised.

2) Selective investment to strengthen position in the UK and explore growth opportunities overseas

Rank's capital spending priorities reflect the development needs and growth opportunities in each of its businesses. The Group maintains close control over its capital commitments.

Grosvenor Casinos
Opportunity: We believe that over the medium term, the number of adults visiting casinos in Great Britain will increase significantly from current levels (the 2007 Gambling Commission prevalence survey estimated casino penetration at 4% of British adults).

Our estimate of the sector's growth potential is based upon market forecasts and our own experiences in rolling out the G Casino format, which is aimed at the broad leisure market. At 31 December 2008, we operated six G Casinos, in Aberdeen, Blackpool, Luton, Manchester, Thanet and London. Outside London in 2008, the average level of weekly admissions to G Casinos was more than 50% higher than in the rest of the Grosvenor Casinos estate.

While we believe that demand for modern, attractive casinos will grow, supply will remain restricted under current legislation. We estimate that by 2012 there will be no more than 160 casinos operating in Great Britain (compared with 143 at 31 December 2008). In more than 50% of the provincial markets where we operate, there can be no new competitor casinos (excluding relocations) under existing legislation.

Priorities: To capitalise on the market growth opportunity through the development of our 13 non-operating licences, the relocation or conversion of existing casinos and participation in the process to acquire new 2005 Act casino licences.

Development plans: Our plan is to develop seven of our non-operating licences as new G Casinos, beginning this year in Dundee. The potential for growth of the G Casino model has been expanded as a result of a review carried out in 2008, which will reduce the capital cost of development by 20%.

We will continue to look for opportunities to expand the G Casino portfolio through relocations and conversions of existing operations. During the first half of 2009, we will rebrand our Bolton casino, following a major refurbishment.

In addition we aim to develop casinos in the remaining six locations where we hold licences which are not currently being utilised. This will involve the development of smaller format casinos with lower operating costs than those of a standard G Casino.

Mecca Bingo
Opportunity: Licensed bingo clubs occupy a unique position in Britain's leisure market, offering an affordable out of home social gaming experience, aimed principally at women.

The number of adults visiting bingo clubs is relatively high (the 2007 Gambling Commission Prevalence Survey estimated bingo club penetration at 7% of British adults) but the total number of annual admissions has been in decline for a number of years. Supply of bingo clubs has been falling for a number of years too, although

this trend has been exacerbated since the implementation of the smoking bans and the introduction of the 2005 Act.

We believe that there is an opportunity to enhance the popularity of bingo clubs with a wider segment of Britain's adult population through service and amenity improvements and through the evolution of more entertaining games.

In the near term, product improvements and regulatory reforms will allow us to rebuild the gaming machine revenue that was lost upon the introduction of the 2005 Act in September 2007.

Priorities: To bring together in a single club the advances in products and service standards achieved by Mecca Bingo, incorporating distinct customer zoning, electronic bingo terminals, attractive amusement machine areas, enhanced food and drink and clearly defined brand standards.

Development plans: In May 2009 we will open a new Mecca Bingo club in Beeston, Nottingham, incorporating a range of enhancements derived from customer research. Later in the year we plan to invest in a major re-modelling of an existing club.

Rank Interactive
Opportunity: Increasing broadband internet penetration, the development of mobile gaming technologies and closer integration with land-based forms of gaming provide a platform for greater participation in remote gaming and betting.

In addition, we believe that there will be growth in the number of jurisdictions where remote gambling is permitted by law.

Priorities: Strengthen customer and marketing synergies with Rank's land-based businesses in Great Britain. Establish Spanish bingo and sports betting sites and explore development opportunities in other territories.

Development plans: Investment in website functionality improvements, customer service standards and analysis of overseas development opportunities.

Top Rank Espana
Opportunity: Bingo clubs in Spain offer a mainstream form of gaming-based leisure in a market with limited gaming and betting opportunities.

Spain is entering a phase of regulatory reform that may present opportunities in both land-based and remote gaming. In the near-term, the difficult economic conditions restrict further development but will also result in a diminution of supply in the market.

Priorities: Maintain quality and market positions of our clubs in the current difficult trading environment.

Development plans: Focus on maintaining customer service standards and protecting market positions, with limited capital investment in the near-term.

3) Shaping the wider environment

During 2008, Rank maintained a programme of engagement with political and regulatory bodies, meeting with more than 50 Members of Parliament and contributing significant resource to Gambling Commission policy consultations, workshops and meetings.

The objectives of this engagement programme are:

- To work towards fair and appropriate levels of regulation and taxation;
- To promote the guiding principles of the Gambling Act 2005.

In pursuit of these objectives, Rank joined with the Bingo Association to call for an increase in the number of B3 (£1 maximum stake; £500 maximum prize) gaming machines permitted in bingo clubs.

In November 2008, the Department for Culture Media and Sport (DCMS) proposed to increase the maximum allocation of B3 machines in bingo clubs from four to eight. This proposal was passed by Parliament in January 2009 and the new regulation took effect from 4 February 2009.

DCMS has also proposed to increase the maximum stakes and prizes on Category C gaming machines from 50p and £35 to £1 and £70. Assuming this proposal is passed by Parliament, it is scheduled to come into effect during the first half of 2009.

Rank continued to support the Bingo Association in its call for an end to the damaging system of 'Double Taxation' (whereby uniquely, bingo revenues are subject to both 15% VAT and 15% gross profits tax, applied in combination).

In November 2008, the Scottish National Party became the first mainstream political party to endorse officially the abolition of Double Taxation through the exemption of bingo revenue from VAT. DCMS added its support in February 2009, stating that it would "put the case for this reform" to HM Treasury. The Group will continue to press for an end to the current system of fiscal discrimination against the bingo industry.

In addition, we devoted significant resource to maintaining and improving our responsible operation policies and procedures through working with the Gambling Commission and GamCare.

Business review

Mecca Bingo

Mecca Bingo achieved a creditable performance in 2008 following a period of significant business disruption (due to the smoking bans in England and Wales and the loss of Section 21 gaming machines) during the second half of 2007.

	Revenue £m		Operating profit £m	
	2008	2007	**2008**	2007
H1	**116.9**	132.5	**24.5**	31.5
H2	**110.7**	108.0	**17.3**	12.1
Full-year	**227.6**	240.5	**41.8**	43.6

Mecca Bingo's revenue and operating profit for the first half of 2008 have been restated to reflect the non-payment of VAT on interval games

During the year, revenue from Mecca Bingo declined by 5.4% to £227.6m, while operating profit of £41.8m was 4.1% lower than in 2007.

This performance benefited from the non-payment of VAT on games of interval bingo (a consequence of the Group's successful claim against HMRC in May 2008) and a separate one-off VAT refund. These claims resulted in a £13.0m benefit to revenue and a £9.2m benefit to operating profit. Excluding the effects of this change, revenue was 10.8% lower and operating profit was 25.2% lower than in 2007.

Key performance indicators
Like-for-like clubs (excludes openings and closures)

Admissions 000s		Spend per visit £	
2008	2007	**2008***	2007
15,087	16,984	**14.79**	13.82

* 2008 spend per visit benefits from non-payment of VAT on interval bingo.

Comparable clubs revenue declined by 4.9% with admissions down 11.2% and spend per visit up 7.0% (the latter as a result of the non-payment of VAT on interval games). Excluding the VAT benefit, spend per visit grew by 0.8%. Active membership of 898,000 was 10.1% lower than in 2007.

Revenue analysis

	2008 £m	2007 £m
Main stage bingo	**36.3**	43.2
Interval games	**108.4***	106.4
Gaming machines	**60.7**	67.1
Food & drink/other	**22.2**	23.8
Total	**227.6**	240.5

*includes benefit of VAT adjustment on interval games

Main stage bingo - revenue from main stage bingo declined principally as a result of lower admissions as well as the withdrawal of our rollover game, Mecca Millionaire.

Interval games - revenue from interval games increased as a result of non-payment of VAT but underlying spend per visit was comparable with 2007.

Gaming machines - although lower admissions resulted in a decline in revenue from gaming machines, we grew spend per visit through an increase in the deployment of B3 gaming machines and a programme of operational enhancements.

We introduced separately licensed gaming machine arcades into 63 of our Mecca Bingo properties, increasing the total number of B3 gaming machines across the estate from 406 to 711 by the end of the year. In February 2009 we were able to increase this figure to more than 1,000 B3 machines as a result of changes to gaming regulations.

In addition, we made improvements to our machines mix, extended server-based gaming to 410 machines across 65 clubs, recruited dedicated gaming machine team leaders in 74 clubs and invested in the creation of more attractive gaming environments.

Food & drink - having identified food and drink as a key area for operational improvement, we achieved an increase in spend per visit (although overall revenue declined on lower admissions). Following successful trials we rolled out a new menu across all 102 Mecca Bingo clubs with a focus on good value, freshly prepared food. We also recruited dedicated catering managers into 61 of our largest clubs to sharpen our operational focus in this area.

We ended the year with 102 bingo clubs, having opened one new club (Thanet) and closed one club (Swindon) during the period. In May 2009 we will open a new club at Beeston in Nottingham but have no further club openings or closures planned.

Top Rank Espana

Our Spanish bingo clubs business, Top Rank Espana, had a difficult year as the Spanish economic recession had a negative impact on trading, particularly during the second half of the year.

Despite the difficult trading environment, the majority of our clubs outperformed their local market competitors and Top Rank Espana as a whole grew its share of the Spanish bingo clubs market during the year.

	Revenue £m		**Operating profit £m**	
	2008	2007	**2008**	2007
H1	**17.7**	15.8	**4.1**	4.6
H2	**18.1**	16.5	**2.8**	4.7
Full-year	**35.8**	32.3	**6.9**	9.3

Reported revenue from Top Rank Espana's 11 clubs, grew by 10.8% for the year. However, this performance benefited from a strengthening of the Euro against Sterling. Revenue in Euros was 5.0% lower than in 2007.

Operating profit declined by 25.8% as the business absorbed significantly higher operating costs, particularly employment costs and utilities.

Key performance indicators

Admissions 000s		**Spend per visit £**	
2008	2007	**2008**	2007
2,410	2,458	**14.85**	13.13

Admissions of 2.4 million were 2.0% lower than in 2007, but this was offset by a 13.1% increase in spend per visit, due entirely to exchange rate movements. In Euros, spend per visit declined by 3.0%, principally as a result of lower expenditure on food and drink. Active membership of 323,000 was 2.1% below the prior year.

Revenue analysis

	2008 £m	2007 £m
Bingo	**24.2**	21.8
Gaming machines	**7.8**	6.7
Food & drink/other	**3.8**	3.8
Total	**35.8**	32.3

Grosvenor Casinos

	Revenue £m		Operating profit £m	
	2008	2007	**2008**	2007
H1	**102.2**	110.1	**14.5**	21.0
H2	**104.0**	99.4	**15.0**	8.9
Full-year	**206.2**	209.5	**29.5**	29.9

Grosvenor Casinos achieved a level of operating profit in 2008 only slightly lower than in the previous year, despite the negative year-on-year effects of the smoking ban, the loss of Section 21 gaming machines and a higher rate of casino gaming duty.

	Revenue £m		Operating profit £m	
	2008	2007	**2008**	2007
London	**88.5**	88.0	**14.3**	14.7
Provinces	**101.8**	108.4	**13.5**	14.3
Belgium	**15.9**	13.1	**1.7**	0.9
Total	**206.2**	209.5	**29.5**	29.9

During the year, operating profit declined by 1.3% to £29.5m, on revenue of £206.2m, 1.6% lower than in 2007.

On a like-for-like basis, admissions to our casinos fell by 11.5% to 3.9 million, although this was partly as a consequence of our decision to reduce marketing expenditure. This decline in admissions was largely offset by a 10.4% improvement in spend per visit, as table win margin (negatively affected by the introduction of the smoking ban in the second half of 2007) recovered and we saw positive results from our actions to improve the quality of our gaming machines.

Active membership of 775,000 was 3.5% lower than at the end of 2007.

Key performance indicators
Like-for-like clubs (excludes openings and closures)

	Admissions 000s		Spend per visit £	
	2008	2007	**2008**	2007
London	**898**	968	**98.44**	90.92
Provinces	**2,731**	3,157	**32.68**	30.67
Belgium	**299**	311	**52.99**	42.18
Total	**3,928**	4,436	**49.26**	44.62

London - our five London casinos grew revenue by 0.6% but operating profit of £14.3m was 2.7% lower than in 2007. A recovery in win margin to historic levels helped drive an 8.3% increase in spend per visit, offsetting a 7.2% decline in admissions.

Provinces - revenue from our provincial casinos declined by 6.1% while operating profit was 5.6% lower than in 2007. On a like-for-like basis, revenue declined by 7.7%, with admissions down by 13.5% and spend per visit up by 6.6%.

Belgium - our two casinos, at Middlekerke and Blankenberge, grew reported revenue by 21.4% while operating profit increased by 88.9%. This performance was due in part to improvements in electronic gaming and in part to the strength of the Euro against Sterling. Revenue in Euros grew by 4.5%, with an 8.6% increase in spend per visit offsetting a 3.9% decline in admissions.

Revenue analysis (UK casinos only)

	2008 £m	2007 £m
Casino table games	**144.6**	150.7
Gaming machines	**28.4**	30.2
Poker	**5.1**	3.8
Food & drink/other	**12.2**	11.7
Total	**190.3**	196.4

During the course of the year, we made a number of changes to position the business for long term growth, introducing our Play Points loyalty system into three of our casinos, testing 24-hour opening in three casinos and moving our gaming machines on to direct supply arrangements.

We continued the development of our G Casino brand, which is aimed at making the casino experience relevant to a much broader cross-section of British adults. We opened G Casinos at Thanet in February and Aberdeen (our first casino in Scotland) in October.

We closed two small Grosvenor casinos, in Ramsgate (licence relocated to Thanet) and at Moortown in Leeds. Both of these casinos had become loss-making as a consequence of the changes to casino gaming duty introduced in April 2007.

At 31 December 2008 we operated 32 casinos in Great Britain and held a further 13 non-operating licences as well as operating two casinos in Belgium.

Rank Interactive

	Revenue £m		Operating profit £m	
	2008	2007	**2008**	2007
H1	**27.0**	26.2	**5.3**	5.5
H2	**25.6**	25.9	**6.1**	5.4
Full-year	**52.6**	52.1	**11.4**	10.9

Rank Interactive achieved modest growth in revenue and operating profit during 2008. Strong revenue growth from meccabingo.com offset a decline in revenue from our sportsbook operation.

During the year, Rank Interactive's revenue grew by 1.0% to £52.6m and operating profit increased by 4.6% to £11.4m. The decision to move our sportsbook operation offshore, to Alderney in the Channel Islands resulted in a net benefit to operating profit of £1.5m.

Revenue analysis

	2008 £m	2007 £m
Gaming	**39.0**	36.9
Sportsbook	**13.6**	15.2
Total	**52.6**	52.1

Our gaming brands grew revenue by 5.7% to £39.0m, with a significant increase in the number of bets placed offsetting a decline in average customer staking levels.

Revenue from our sportsbook declined by 10.5% to £13.6m as a dilution in average customer staking levels outweighed growth in bets placed.

Active membership of Rank Interactive increased 1.9% to 327,000 with growth from gaming offsetting a decline in sportsbook.

In Spain, where we have launched our own bingo and sports betting websites, bingouniversal.com and apuestauniversal.com, the pace of growth has been slower than anticipated. As a consequence we will be pooling bingouniversal.com with our UK-facing business, meccabingo.com to add momentum to our development in both markets.

Our 'white label' agreement to supply sports betting services to customers of 888.com (under the 888sports brand) in the UK, Spain, Germany, Sweden and Denmark made some progress, following its launch in 2007.

SUMMARY OF RESULTS
(from continuing operations)

	Revenue		Operating profit (loss)			
			Before exceptionals		After exceptionals	
	2008 £m	2007 £m	**2008 £m**	2007 £m	**2008 £m**	2007 £m
Mecca Bingo	**227.6**	240.5	**41.8**	43.6	**82.4**	16.0
Top Rank Espana	**35.8**	32.3	**6.9**	9.3	**(1.5)**	9.3
Grosvenor Casinos	**206.2**	209.5	**29.5**	29.9	**27.1**	19.2
Rank Interactive	**52.6**	52.1	**11.4**	10.9	**9.1**	10.9
Gaming shared services			**(20.8)**	(18.5)	**(19.0)**	(18.5)
Other			**(8.5)**	(6.9)	**(107.2)**	(13.8)
Continuing operations	**522.2**	534.4	**60.3**	68.3	**(9.1)**	23.1
Net interest payable			**(19.8)**	(22.1)	**(14.7)**	(22.1)
Adjusted profit (loss) before taxation			**40.5**	46.2	**(23.8)**	1.0
Amortisation of equity component of convertible bond			**(3.6)**	(3.6)	**(3.6)**	(3.6)
Unwinding of discount in disposal provisions			**(1.2)**	(1.3)	**(1.2)**	(1.3)
Net return on defined benefit pension asset			**3.6**	10.5	**3.6**	10.5
Other financial (losses) gains			**(1.1)**	0.5	**(1.1)**	0.5
Profit (loss) before taxation			**38.2**	52.3	**(26.1)**	7.1
Basic earnings (loss) per share – continuing operations			**6.5p**	7.3p	**(5.1)p**	(1.2)p
Adjusted earnings per share (note 6)			**7.3p**	7.4p		

Group revenue from continuing operations fell by £12.2m, resulting from the reductions in Mecca Bingo and Grosvenor Casinos, partially offset by the increase at Top Rank Espana (which benefited from foreign exchange movements).

Group operating profit before exceptional items was £8.0m lower than in 2007. This was largely driven by the revenue shortfall due to the high fixed cost nature of our business as well as an additional £1.5m in casino duty following the increase in tax in April 2007.

The net interest charge was £2.3m lower than in 2007, which reflects lower interest rates, increased cash generation from operations and reduced capital investment as well as the inflows from the defined benefit pension plan transfer and the VAT refund in Mecca Bingo.

Adjusted Group profit before tax and exceptionals was £5.7m lower than in 2007. The effective tax rate on adjusted profits was 29.9% (2007: 30.9%), broadly in line with the continuing Group's anticipated effective tax rate of 30% to 33%. Adjusted earnings per share of 7.3p (2007: 7.4p) reflects the lower earnings in the year partly offset by a reduction in the weighted average number of shares in issue.

The board suspended the payment of dividends in December 2007 in light of difficult trading conditions and general economic conditions. No dividend was paid or will be proposed in respect of 2008. 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.

The board remains committed to resuming dividend payments once trading conditions and the market outlook have improved.

Exceptional items

In order to give a full understanding of the Group's financial performance and aid comparability between periods, the Group reports certain items as exceptional to normal trading. The key exceptional items in 2008 were:

i) Transfer of the defined benefit pension plan
ii) VAT refund
iii) Impairments and onerous leases
iv) Property disposals

i) Transfer of the defined benefit pension plan:
The Group transferred its defined benefit pension plan to Rothesay Life Limited on 27 June 2008 receiving proceeds of £29.0m before transaction costs and corporation tax. The defined benefit pension asset at the date of transfer, calculated in accordance with IAS19, was £137.7m. Further details of the £99.2m pre-tax loss on transfer are detailed in note 3 to the Group financial information. As a result of the transfer the Group has no further liabilities in respect of the plan.

ii) VAT refund
On 22 May 2008, the Group announced that the VAT and Duties Tribunal had upheld the Group's £36.3m claim relating to VAT paid on games of interval bingo between 2003 and 2005. The Tribunal determined that the payment of VAT on these games had constituted a contravention of the European Union's law of fiscal neutrality. This decision was appealed by HMRC on 11 July 2008 and the appeal will be considered by the High Court during March 2009.

In November 2008 the Group received a refund of £59.1m covering the period of this claim through to 30 June 2008. After accounting for costs and bingo gross profits tax, this has resulted in an exceptional pre-tax gain of £42.8m being recognised. This gain represents the net overpayments for prior years. The current year impact, including the additional benefit from 1 July 2008, has been recognised within the operating results, which resulted in increased revenue of £13.0m and profit of £6.3m. Statutory interest of £7.0m is due, but not yet paid, on the repayment, of which £5.1m relates to prior years and has been shown as exceptional interest.

In the event that HMRC wins the appeal then the £59.1m will be repayable although the Group would then have the right to further appeal the ruling eventually through to the European Court of Justice.

In addition the Group has lodged a number of other VAT refund claims, one of which has been subject to a preliminary ruling in the Group's favour. No benefit has been recognised from these in 2008 and details of these contingent assets are provided in note 11 to the Group financial information.

iii) Impairments and onerous leases:
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 its carrying value. The impact of the smoking ban, removal of S21 machines, increased casino competition, increase in Casino Duty and general economic conditions have all had a material negative impact on the Group.

The review has resulted in impairments of £8.4m in Top Rank Espana, £2.8m in Grosvenor Casinos, £1.9m in Mecca Bingo and £1.4m in Rank Interactive. In addition we have increased the onerous lease provisions by £4.2m in Mecca Bingo (and released £0.3m in Grosvenor Casinos), following changes to the anticipated future cashflows and a reduction in the discount rate.

The Group has a limited number of onerous leases at sites no longer fully utilised by the operating businesses. The provision on these sites has been reduced by £2.2m as a result of changes in the anticipated income generated by these sites.

iv) Property disposals:
During the year the Group closed one Mecca Bingo club at Swindon. The resulting profit on disposal of the property, together with the profit on previously closed properties, net of associated closure and disposal costs was £4.1m.

Discontinued operations

Discontinued operations in 2007 comprised the results of Hard Rock up to the date of sale. The results, revenues and costs are shown in a single line on a post-tax basis in the income statement.

Disposal provisions

At 31 December 2008 the Group held £22.2m in provisions for disposed businesses. These costs predominantly relate to outstanding insurance claims, warranty provisions for potential claims, onerous leases and costs of winding up the tax and legal affairs, where Rank remains responsible, of former Deluxe and Hard Rock companies. The timing and exact amounts of the expenditure are uncertain.

During 2008 the Group successfully negotiated the surrender of its onerous lease of the former Deluxe Media facility in Arkansas for a payment of £10m (US $15m) plus costs, with further payments of US $5.4m to be paid in equal instalments over the next five and a half years.

The Group has released £15m of provisions as an exceptional profit on discontinued operations following the surrender of the Arkansas lease, the expiry of warranty periods and an evaluation of the level of likely future costs.

Cash flow and net debt

	2008 £m	2007 £m
Continuing operations		
Cash inflow from operations	**90.2**	101.8
Capital expenditure	**(28.2)**	(47.3)
Fixed asset disposals	**5.6**	29.4
Operating cash inflow	**67.6**	83.9
Acquisitions and disposals	**(3.8)**	495.8
Net cash receipts (payments) in respect of provisions and exceptional costs	**32.3**	(15.8)
	96.1	563.9
Interest, tax and dividend payments	**(28.9)**	(57.3)
Special dividend	**-**	(352.5)
Additional contribution to pension fund	**-**	(19.6)
Net proceeds from disposal of defined benefit pension asset	**28.0**	-
Other (including foreign exchange translation)	**(4.8)**	(2.5)
Discontinued operations	**-**	(1.7)
Decrease in net debt	**90.4**	130.3
Opening net debt	**316.9**	447.2
Closing net debt	**226.5**	316.9

At the end of December 2008, net debt was £226.5m compared with £316.9m at the end of December 2007. The net debt comprised a term loan of £150.0m, £158.0m in convertible unsecured loan stock, £9.9m in fixed rate Yankee bonds, £13.4m in finance leases and £6.9m in overdrafts, partially offset by cash at bank and in hand of £111.7m.

Financial Structure and Liquidity

The Group banking facilities comprise a syndicated £150.0m term loan and £250.0m multi-currency revolving credit facility, which were arranged in April 2007 and mature in 2012. These facilities require the maintenance of a minimum ratio of earnings before interest, tax, depreciation and amortisation (EBITDA) to net interest payable and a maximum ratio of net debt to EBITDA, both of 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 its US$100m 6.375% Yankee bonds and in January 2009 also repaid its remaining £158m 3.875% convertible unsecured loan stock. Both were repaid from cash and existing bank facilities.

The Group's facilities are provided by a panel of banks with no single bank providing more than 10% of the facility. The treasury function regularly monitors the financial position of the lending banks to ensure the facilities remain available.

Capital Expenditure

	2008	2007
	£m	£m
Mecca Bingo	**10.8**	19.8
Top Rank Espana	**2.2**	4.5
Grosvenor Casinos	**9.9**	17.1
Rank Interactive	**4.7**	4.5
Others	**0.6**	1.4
Total	**28.2**	47.3

Capital expenditure for Mecca Bingo included £0.7m on the completion of Mecca Thanet, £2.3m investment in machines (including adult gaming centres), £2.3m on improvements to food and beverage operations, £0.5m in player tracking technology and £0.7m on various works connected with the introduction of the smoking ban. The balance of expenditure was on club refurbishments and minor capital works.

In Grosvenor Casinos we spent a total of £4.1m on the new G Casino in Aberdeen which opened in October 2008, £1.9m on completion of the new G Casino in Thanet (opened in February 2008) and £0.2m on re-branding Bolton as a G Casino. In addition £0.6m was spent on the introduction of the player loyalty programme. The balance of expenditure was on club refurbishments and minor capital works.

The Group committed £1.0m in energy optimising equipment as part of its efforts to reduce utility costs and its carbon footprint.

The expenditure in Rank Interactive included expansionary capital for the development of our new Spanish bingo website as well as software development and infrastructure investment.

In light of the uncertain economic conditions, the Group will maintain strict control over committing expenditure to capital projects. Although we expect 2009 capital investment to be in the order of £35-40m, expenditure will be phased and dependent on operating performance. This will allow quick reductions in the overall level of capital expenditure should business conditions deteriorate. The commitments to the 2009 openings of our new G Casino in Dundee and the Mecca club at Beeston Nottingham are not affected by this policy.

Financial Risk

The Group's overall risk management strategy focuses on the minimisation of risks for the Group. The Group's funding, foreign exchange, liquidity, counterparty and interest rate risks are managed by the Group's treasury department in accordance with approved policies and are subject to internal audit review. All significant financing transactions and treasury policies are authorised by the board of directors. Implementation of these policies is closely managed by the finance director and the director of corporate finance. The treasury function is not run as a profit centre.
The key financial risks impacting the Group are liquidity risk, interest rate risk and credit risk. In addition, the Group hedges its material exposures to foreign currency translation risk through the use of derivatives or borrowings.

i) Liquidity risk
Liquidity risk is the risk that cash may not be available to pay obligations when they fall due. Regular cash flow forecasts are prepared that identify the requirements of the Group and these are regularly updated to ensure sufficient financial headroom exists for at least 12 months. This is coupled with a regular review of medium term funding requirements which, in particular, are updated alongside the Group's strategic plan process. The Group negotiated new medium term facilities in 2007, as noted above, which mitigate the liquidity risk it may face.

ii) Interest rate risk
The Group's operating cash flows are independent of changes in interest rates. The Group primarily finances itself through syndicated bank facilities and the public debt market. The bank facilities are multi currency although borrowings are typically drawn in Sterling and Euros at floating interest rates. The Group currently has only $14.3m of public bonds outstanding, which mature in 2018. The Group uses interest rate swaps, caps and collars to manage its exposure to interest rate fluctuations and at the end of December 54% of the Group's borrowings were at fixed rates.

iii) Credit risk
Credit risk is the risk that a counterparty may not be able to settle amounts owing in full, when due. Surplus cash is invested in short term financial instruments using a limited number of financial institutions with strong credit ratings. Counterparty credit ratings are reviewed regularly and credit limits set to avoid significant concentration of risk with any one counterparty.

Going Concern

In adopting the going concern basis for preparing the financial statements the Directors have considered the issues impacting the Group during 2008 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, dividend suspension and assuming that trading does not deteriorate considerably from 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. Accordingly the adoption of the going concern basis is appropriate.

Group Income Statement
For the year ended 31 December 2008

	2008			2007		
	Before exceptional items £m	**Exceptional items (note 3) £m**	**Total £m**	Before exceptional items £m	Exceptional items (note 3) £m	Total £m
Continuing operations						
Revenue	**522.2**	**-**	**522.2**	534.4	-	534.4
Cost of sales	**(271.0)**	**-**	**(271.0)**	(283.9)	-	(283.9)
Gross profit	**251.2**	**-**	**251.2**	250.5	-	250.5
Other operating costs	**(190.9)**	**(69.4)**	**(260.3)**	(182.2)	(45.2)	(227.4)
Group operating (loss) profit	**60.3**	**(69.4)**	**(9.1)**	68.3	(45.2)	23.1
Financing:						
– finance costs	**(24.5)**	**-**	**(24.5)**	(27.4)	-	(27.4)
– finance income	**4.7**	**5.1**	**9.8**	5.3	-	5.3
– amortisation of equity component of convertible bond	**(3.6)**	**-**	**(3.6)**	(3.6)	-	(3.6)
– unwinding of discount in disposal provisions	**(1.2)**	**-**	**(1.2)**	(1.3)	-	(1.3)
– net return on defined benefit pension asset	**3.6**	**-**	**3.6**	10.5	-	10.5
– other financial (losses) gains	**(1.1)**	**-**	**(1.1)**	0.5	-	0.5
Total net financing (charge) income	**(22.1)**	**5.1**	**(17.0)**	(16.0)	-	(16.0)
(Loss) profit before taxation	**38.2**	**(64.3)**	**(26.1)**	52.3	(45.2)	7.1
Taxation (note 4)	**(12.7)**	**18.9**	**6.2**	(20.7)	8.3	(12.4)
(Loss) profit for the year from continuing operations	**25.5**	**(45.4)**	**(19.9)**	31.6	(36.9)	(5.3)
Discontinued operations	**-**	**15.0**	**15.0**	1.4	315.4	316.8
(Loss) profit for the year	**25.5**	**(30.4)**	**(4.9)**	33.0	278.5	311.5
(Loss) earnings per share attributable to equity shareholders (note 6)						
– basic	**6.5p**	**(7.8)p**	**(1.3)p**	7.7p	64.7p	72.4p
– diluted	**6.5p**	**(7.8)p**	**(1.3)p**	7.7p	64.7p	72.4p
(Loss) earnings per share – continuing operations (note 6)						
– basic	**6.5p**	**(11.6)p**	**(5.1)p**	7.3p	(8.5)p	(1.2)p
– diluted	**6.5p**	**(11.6)p**	**(5.1)p**	7.3p	(8.5)p	(1.2)p
Earnings per share – discontinued operations (note 6)						
– basic	**-**	**3.8p**	**3.8p**	0.4p	73.2p	73.6p
– diluted	**-**	**3.8p**	**3.8p**	0.4p	73.2p	73.6p

Group Balance Sheet
At 31 December 2008

	2008 £m	2007 £m
Assets		
Non-current assets		
Intangible assets	**183.2**	179.0
Property, plant and equipment	**179.6**	179.2
Investments	**-**	0.1
Defined benefit pension asset	**-**	130.7
Deferred tax assets	**43.3**	13.5
Trade and other receivables	**1.9**	1.5
	408.0	504.0
Current assets		
Financial assets		
– derivative financial instruments	**11.2**	0.6
– cash and cash equivalents	**111.7**	72.1
Inventories	**3.8**	3.4
Current tax receivable	**3.9**	-
Trade and other receivables	**34.3**	29.9
	164.9	106.0
Total assets	**572.9**	610.0
Liabilities		
Current liabilities		
Financial liabilities		
– loan capital and borrowings	**(168.9)**	(60.7)
– derivative financial instruments	**(14.5)**	(2.5)
Trade and other payables	**(114.4)**	(103.8)
Current tax liabilities	**(6.6)**	(5.4)
Provisions for other liabilities and charges	**(13.0)**	(20.4)
	(317.4)	(192.8)
Net current liabilities	**(152.5)**	(86.8)
Non-current liabilities		
Financial liabilities		
– loan capital and borrowings	**(170.9)**	(331.0)
Deferred tax liabilities	**(6.9)**	(7.5)
Other non-current liabilities	**(38.8)**	(32.0)
Provisions for other liabilities and charges	**(43.3)**	(60.0)
	(259.9)	(430.5)
Total liabilities	**(577.3)**	(623.3)
Net liabilities	**(4.4)**	(13.3)
Capital and reserves attributable to the Company's equity shareholders		
Ordinary shares	**54.2**	54.2
Share premium	**98.2**	98.2
Capital redemption reserve	**33.4**	33.4
Exchange translation reserve	**18.4**	(0.3)
Fair value reserve	**-**	(0.6)
Equity component of convertible bond	**0.3**	3.9
Retained losses	**(208.9)**	(202.1)
Total shareholders' deficit	**(4.4)**	(13.3)

Group Cash Flow Statement
For the year ended 31 December 2008

	2008 £m	2007 £m
Cash flows from operating activities		
Cash generated from operations (note 10)	**122.5**	86.0
Interest received	**2.6**	5.8
Interest paid	**(28.6)**	(35.6)
Tax paid	**(2.9)**	(4.1)
Additional pension payments	**-**	(19.6)
Discontinued operations	**-**	(0.3)
Net cash from operating activities	**93.6**	32.2
Cash flows from investing activities		
Proceeds from sale of business (net of cash disposed)	**-**	496.2
Acquisition of businesses - deferred consideration	**(3.8)**	(0.4)
Net proceeds from transfer of defined benefit pension asset	**28.0**	-
Purchase of intangible assets	**(5.4)**	(4.2)
Purchase of property, plant and equipment	**(22.8)**	(43.1)
Proceeds from sale of property, plant and equipment	**5.6**	23.3
Proceeds from sale and leaseback net of lease assignment	**-**	6.1
Discontinued operations	**-**	(1.4)
Net cash from investing activities	**1.6**	476.5
Cash flows from financing activities		
Net proceeds from issue of Ordinary share capital	**-**	0.1
Purchase of own shares	**-**	(2.1)
Dividends paid to shareholders - ordinary	**-**	(23.4)
Dividends paid to shareholders - special	**-**	(352.5)
Repayment of Sterling borrowings	**(9.1)**	-
Repayment of US Dollar borrowings	**(50.8)**	-
Repayment of syndicated facilities	**(140.0)**	(285.2)
Repayment of other borrowings	**-**	(1.2)
Drawdown on syndicated facilities	**140.0**	150.0
Finance lease principal payments	**(1.2)**	(2.1)
Discontinued operations	**-**	(0.1)
Net cash used in financing activities	**(61.1)**	(516.5)
Effects of exchange rate changes	**2.1**	1.0
Net increase (decrease) in cash and cash equivalents	**36.2**	(6.8)
Cash and cash equivalents at 1 January	**68.6**	75.4
Cash and cash equivalents at 31 December	**104.8**	68.6

Group Statement of Recognised Income and Expense
For the year ended 31 December 2008

	2008 £m	2007 £m
(Loss) profit for the year	**(4.9)**	311.5
Currency translation net of tax and hedging	**18.7**	(4.4)
Actuarial (loss) gain on defined benefit pension scheme net of tax	**(5.5)**	17.4
Adjustment in respect of deferred tax on pensions from 30% to 28%	**-**	2.4
Revaluation of available-for-sale securities	**-**	(0.4)
Revaluation of available-for-sale securities recycled within net profit	**0.6**	(44.4)
Cumulative foreign exchange losses recycled within net profit	**-**	8.6
Total recognised income for the year	**8.9**	290.7

Notes to the Group Financial Information
For the year ended 31 December 2008

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 2008, 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 2008 and 31 December 2007 do not constitute the financial statements for those years. The annual report and financial statements for the year ended 31 December 2008 were approved by the Board of Directors on 25 February 2009, together with this announcement, but have not 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 2007 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.

2. Segmental reporting – continuing operations

	For the year ended 31 December 2008						
	Mecca Bingo £m	**Top Rank España £m**	**Grosvenor Casinos £m**	**Rank Interactive £m**	**Gaming shared services £m**	**Other £m**	**Total £m**
Segment revenue	**227.6**	**35.8**	**206.2**	**52.6**	**-**	**-**	**522.2**
Operating profit (loss) before exceptional items	**41.8**	**6.9**	**29.5**	**11.4**	**(20.8)**	**(8.5)**	**60.3**
Exceptional items	**40.6**	**(8.4)**	**(2.4)**	**(2.3)**	**1.8**	**(98.7)**	**(69.4)**
Segment result	**82.4**	**(1.5)**	**27.1**	**9.1**	**(19.0)**	**(107.2)**	**(9.1)**
Finance costs							**(24.5)**
Finance income							**9.8**
Amortisation of equity component of convertible bond							**(3.6)**
Unwinding of discount in disposal provisions							**(1.2)**
Net return on defined benefit pension asset							**3.6**
Other financial losses							**(1.1)**
Loss before taxation							**(26.1)**
Taxation							**6.2**
Loss for the year							**(19.9)**

	For the year ended 31 December 2007						
	Mecca Bingo £m	Top Rank España £m	Grosvenor Casinos £m	Rank Interactive £m	Gaming shared services £m	Other £m	Total £m
Segment revenue	240.5	32.3	209.5	52.1	-	-	534.4
Operating profit (loss) before exceptional items	43.6	9.3	29.9	10.9	(18.5)	(6.9)	68.3
Exceptional items	(27.6)	-	(10.7)	-	-	(6.9)	(45.2)
Segment result	16.0	9.3	19.2	10.9	(18.5)	(13.8)	23.1
Finance costs							(27.4)
Finance income							5.3
Amortisation of equity component of convertible bond							(3.6)
Unwinding of discount in disposal provisions							(1.3)
Net return on defined benefit pension asset							10.5
Other financial gains							0.5
Profit before taxation							7.1
Taxation							(12.4)
Loss for the year							(5.3)

3. Exceptional items

	2008 £m	2007 £m
Exceptional items relating to continuing operations		
Loss on transfer of defined benefit pension asset	**(99.2)**	-
VAT refund net of gross profits tax and associated costs	**42.8**	-
Impairment charge	**(14.5)**	(33.9)
Net provision for onerous leases	**(1.7)**	(27.7)
Net profit on sale of property less associated closure costs	**4.1**	16.4
Other	**(0.9)**	-
Exceptional items before financing and taxation relating to continuing operations	**(69.4)**	(45.2)
Finance income	**5.1**	-
Taxation	**18.9**	8.3
Exceptional items relating to continuing operations	**(45.4)**	(36.9)
Exceptional items relating to discontinued operations		
Hard Rock disposal	**-**	352.7
Release from disposal provisions	**15.0**	-
Finance costs	**-**	(9.9)
Taxation	**-**	(27.4)
Exceptional items relating to discontinued operations	**15.0**	315.4
Total exceptional items	**(30.4)**	278.5

Continuing operations

On 27 June 2008, the Group completed the transfer of the assets and liabilities of the Rank Pension Plan ('the Plan'), a defined benefit scheme, to Rothesay Life (an FSA regulated insurance company and wholly owned subsidiary of Goldman Sachs).

The transfer secured the accrued benefits for the members of the Plan and removed all financial risks and liabilities in relation to the Plan from the Group. As a result of the transfer, the Group will no longer make the remaining scheduled contributions of £30.8m, which were part of an ongoing funding agreement made at the time of the sale of Deluxe Film in 2006.

Further details of the exceptional loss arising on the transfer are disclosed in the table below:

	£m
Proceeds	**29.0**
Costs associated with transfer	**(1.0)**
Net proceeds from transfer of defined benefit pension asset	**28.0**
Curtailment gain on closure of scheme to future contributions	**10.5**
Carrying value of defined benefit pension asset at transfer	**(137.7)**
Exceptional loss before taxation	**(99.2)**
Taxation	**27.8**
Total exceptional loss arising on transfer	**(71.4)**

On 10 November 2008 the Group received £59.1m in overpaid VAT from HMRC, following the VAT & Duties Tribunal's ruling in May 2008 that the application of VAT to some games of interval bingo contravened the European Union's principle of fiscal neutrality. The exceptional gain of £42.8m represents the element of the VAT repayment relating to the period 2003 to 2007 net of associated gross profits tax and costs. HMRC has appealed the ruling of the Tribunal. This appeal is scheduled to be heard in March 2009. If HMRC were successful on appeal they would be entitled to recover £59.1m from Rank plus interest. A contingent liability has been disclosed in note 12. Exceptional finance income of £5.1m relating to the period up until the end of 2007 has also been recognised in relation to the refund. Based on legal advice received by the Group the directors are satisfied the recognition of this gain is appropriate.

Further details of the exceptional gain on the VAT refund are disclosed in the table below:

	£m
Cash repayment received	**59.1**
Increase in gross profits tax payable	**(7.8)**
Costs, including contingent fees	**(4.6)**
Irrecoverable input VAT	**(1.0)**
Less element attributable to current year	**(2.9)**
Exceptional gain before financing and taxation	**42.8**
Finance income	**5.1**
Taxation	**(13.7)**
Total exceptional gain on VAT refund	**34.2**

At 31 December 2008, the Group has recognised additional impairments of £14.5m on intangible assets and property, plant and equipment.

The net provision for onerous leases includes an additional onerous lease charge of £7.9m and a £4.3m charge arising from the reduction in discount rate, net of a £10.5m onerous lease reversal.

During the period the Group closed one Mecca Bingo club at Swindon and one Grosvenor Casino in Leeds. The resulting profit on disposal of the Swindon property, together with the profit on two previously closed properties, net of associated closure and disposal costs was £4.1m.

Other comprises abortive software development costs incurred by Rank Interactive.

Discontinued operations

The £15.0m gain from release of disposal provisions consists of two items:

On 31 December 2008 the Group settled its lease obligation in relation to its remaining plant in the US, retained following the sale and closure of its Deluxe operations. The settlement represented a significant discount to the carrying value of the provision and accordingly a release of £10.0m from the disposal provision has been made.

In addition, a provision of £5.0m for warranties given at the time of the sale of Hard Rock has been released as no subsequent claims were received and the warranty period has now expired.

4. Taxation

	2008 £m	2007 £m
Current income tax on continuing operations		
Current tax – UK	**(4.0)**	(22.7)
Current tax – overseas	**(2.4)**	(5.2)
Current tax charge	**(6.4)**	(27.9)
Current tax on exceptional items	**(20.1)**	8.3
Amounts over (under) provided in previous year	**2.4**	(6.0)
Total current tax	**(24.1)**	(25.6)
Deferred tax on continuing operations		
Deferred tax – UK	**(6.0)**	10.5
Deferred tax – overseas	**-**	0.4
Deferred tax on exceptional items	**39.0**	-
Restatement of deferred tax from 30% to 28%	**-**	(3.4)
Amounts (under) over provided in previous year	**(2.7)**	5.7
Total deferred tax	**30.3**	13.2
Tax credit (charge) in the income statement on continuing operations	**6.2**	(12.4)

In 2008 current tax on exceptional items included a tax charge of £13.7m on the VAT refund received by the Group, a £7.8m tax charge on the transfer of the Group's pension scheme, a £0.3m tax credit relating to onerous leases and a £1.1m tax credit on the liquidation of an overseas subsidiary.

In 2008 deferred tax on exceptional items included a tax credit of £35.6m on the transfer of the Group's pension scheme and a £3.4m tax credit on the impairment of Group assets.

	2008 £m	2007 £m
Current income tax on discontinued operations		
Current tax – UK	**-**	(0.6)
Current tax charge	**-**	(0.6)
Current tax on exceptional items	**-**	4.9
Amounts over provided in previous year	**-**	0.3
Total current tax	**-**	4.6
Deferred tax on discontinued operations		
Deferred tax on exceptional items	**-**	(32.3)
Total deferred tax	**-**	(32.3)
Tax charge in the income statement on discontinued operations	**-**	(27.7)

5. Dividends

	2008 £m	2007 £m
Equity – ordinary		
Final for 2006 paid on 11 May 2007 - 4.0p per share	**-**	15.6
Interim for 2007 paid on 12 October 2007 - 2.0p per share	**-**	7.8
	-	23.4
Special for 2007 paid on 9 April 2007 - 65.0p per share	**-**	352.5
	-	375.9

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 2008 (2007 - Nil).

6. Earnings (loss) per share

(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.

	2008			2007		
	Before exceptional items	**Exceptional items**	**Total**	Before exceptional items	Exceptional items	Total
(Loss) profit attributable to equity shareholders						
Continuing operations	**£25.5m**	**£(45.4)m**	**£(19.9)m**	£31.6m	£(36.9)m	£(5.3)m
Discontinued operations	**-**	**£15.0m**	**£15.0m**	£1.4m	£315.4m	£316.8m
Total	**£25.5m**	**£(30.4)m**	**£(4.9)m**	£33.0m	£278.5m	£311.5m
Weighted average number of Ordinary shares in issue	**389.5m**	**389.5m**	**389.5m**	430.4m	430.4m	430.4m
Basic (loss) earnings per share						
Continuing operations	**6.5p**	**(11.6)p**	**(5.1)p**	7.3p	(8.5)p	(1.2)p
Discontinued operations	**-**	**3.8p**	**3.8p**	0.4p	73.2p	73.6p
Total	**6.5p**	**(7.8)p**	**(1.3)p**	7.7p	64.7p	72.4p

(b) Diluted (loss) 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.

There is no difference in the profit (loss) or the weighted average number of shares used to determine diluted earnings per share from that used to determine basic earnings per share. Accordingly there is no difference between diluted earnings per share and basic earnings per share disclosed above.

(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 or losses, the net return on the defined benefit pension asset, unwinding of the discount in disposal provisions, amortisation of the equity component of the convertible bond and the related tax effects. 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:

	2008 £m	2007 £m
(Loss) profit attributable to equity shareholders	**(4.9)**	311.5
Discontinued operations (net of taxation and minority interest)	**(15.0)**	(316.8)
Exceptional items after tax on continuing operations	**45.4**	36.9
Other financial losses (gains)	**1.1**	(0.5)
Net return on defined benefit pension asset	**(3.6)**	(10.5)
Amortisation of equity component of convertible bond	**3.6**	3.6
Unwinding of discount in disposal provisions	**1.2**	1.3
Taxation on adjusted items and impact of reduction in tax rate to 28% in 2007	**0.6**	6.5
Adjusted net earnings attributable to equity shareholders	**28.4**	32.0
Weighted average number of Ordinary shares in issue (m)	**389.5m**	430.4m
Adjusted earnings per share (p)	**7.3p**	7.4p

7. Provisions for other liabilities and charges

	Onerous leases £m	Disposal provisions £m	**Total £m**
At 1 January 2008	33.5	46.9	**80.4**
Exchange adjustments	-	7.8	**7.8**
Unwinding of discount	1.6	1.2	**2.8**
Impact of change in discount rate charged to the income statement - exceptional	4.3	-	**4.3**
Charged to the income statement - exceptional	7.9	-	**7.9**
Released to the income statement - exceptional	(10.5)	(15.0)	**(25.5)**
Utilised in year	(2.7)	(18.7)	**(21.4)**
At 31 December 2008	**34.1**	**22.2**	**56.3**
Current	3.8	9.2	**13.0**
Non-current	30.3	13.0	**43.3**
Total	**34.1**	**22.2**	**56.3**

Further details of the exceptional movements on provisions are provided in note 3.

8. Loan capital and borrowings to net debt reconciliation

Under IFRS, accrued interest and unamortised facility fees are classified as loan capital and borrowings. A reconciliation of loan capital and borrowings disclosed in the balance sheet to the Group's net debt position is provided below:

	2008 £m	2007 £m
Total loan capital and borrowings per balance sheet	**(339.8)**	(391.7)
Remove accrued interest	**4.0**	6.5
Remove unamortised facility fees	**(2.4)**	(3.8)
Adjusted loan capital and borrowings	**(338.2)**	(389.0)
Cash and cash equivalents	**111.7**	72.1
Net debt	**(226.5)**	(316.9)

9. Statement of changes in shareholders' equity

	2008 £m	2007 £m
At 1 January	**(13.3)**	75.3
Exchange adjustments net of tax	**18.7**	(4.4)
Actuarial (loss) gain on defined benefit pension scheme net of tax	**(5.5)**	17.4
Cumulative foreign exchange losses recycled within net profit	**-**	8.6
Revaluation of available-for-sale securities	**-**	(0.4)
Revaluation of available-for-sale securities recycled within net profit	**0.6**	(44.4)
Adjustment of deferred tax from 30% to 28%	**-**	2.4
Issue of share capital	**-**	0.1
Purchase of own shares	**-**	(2.1)
Dividends	**-**	(375.9)
Debit in respect of employee share schemes	**-**	(1.4)
(Loss) profit for the year	**(4.9)**	311.5
At 31 December	**(4.4)**	(13.3)

10. Cash generated from operations

	2008 £m	2007 £m
Continuing operations		
Operating (loss) profit	**(9.1)**	23.1
Exceptional items	**69.4**	45.2
Operating profit before exceptional items	**60.3**	68.3
Depreciation and amortisation	**26.3**	28.5
Decrease in working capital	**4.2**	6.6
Other	**(0.6)**	(1.6)
	90.2	101.8
Net cash receipts (payments) in respect of exceptional items and provisions	**32.3**	(15.8)
Cash generated from operations	**122.5**	86.0

The net receipt in respect of exceptional items and provisions in 2008 of £32.3m primarily relates to the prior year element of the £59.1m VAT recovery net of the cash utilisation of provisions, including the settlement of the Group's lease obligation in relation to its remaining plant in the US.

11. Contingent assets

The Group has lodged a claim for the repayment of VAT alleging that the tax treatment of gaming machines was inconsistently applied and therefore breached the European Union's principle of fiscal neutrality. In August 2008, the VAT and Duties Tribunal ruled that from November 2003 at least, the VAT treatment of certain types of gaming machine was inconsistent with the European Union's principle of fiscal neutrality. The claim may be worth as much as £26m plus interest, depending on certain factors still to be determined. This is an interim decision and a second stage is due to be heard at the VAT and Duties Tribunal in October 2009. HMRC are expected to appeal any adverse tribunal decision and final resolution may take a number of years.

The Group is considering the House of Lords decision in the Conde Nast/Fleming cases on the applicability of the three year cap that HMRC introduced to limit VAT reclaims and whether the transitional provisions were acceptable. The court found that the transitional provisions were incorrect and therefore companies now have until the end of March 2009 to lodge claims that were previously disallowed under the three year cap. Rank is investigating a number of potential claims under this ruling. The details necessary to support any claim are currently being compiled but it is not possible at this time to quantify the total number and value of the claims.

The Group has not recognised any gain in its financial statements at 31 December 2008 in respect of the above items.

12. Contingent liabilities

On 10 November 2008 the Group received £59.1m in overpaid VAT from HMRC, following the VAT & Duties Tribunal's ruling in May 2008 that the application of VAT to some games of interval bingo contravened the European Union's principle of fiscal neutrality. HMRC has appealed the ruling of the Tribunal and this appeal is scheduled to be heard in March 2009. If HMRC are successful on appeal they are entitled to recover this amount from Rank plus interest from the date of payment until the date of repayment. A net gain has been recognised on receipt of the payment as disclosed in note 3.

The Group is facing legal proceedings in the US brought by Paramount Home Entertainment. The case alleges that Deluxe Media (a discontinued business) breached a "most favoured nation" pricing obligation contained in a duplication agreement guaranteed by Rank. The claim is being vigorously defended as Rank does not accept any breach of obligation and the case is expected to go to court in June 2009. Provision has been made for the legal costs associated with the claim but no provision has been made for the damages claimed, which are a maximum of US$29m including pre-trial interest.