

8<sup>th</sup> October 2009

## The Rank Group Plc interim management statement (Covering 14 and 40 week trading periods to 4 October 2009)

The Rank Group Plc (“Rank” or the “Group”) delivered a positive trading performance during the 14 weeks to 4 October 2009. Group revenue increased by 2% against the comparable 14-week period in 2008. On a like-for-like basis, revenue was in line with the comparable period.

Grosvenor Casinos continued to perform well as a result of strong growth in customer visits. Mecca Bingo delivered a modest increase in like-for-like revenue, as growth in spend per visit offset a lower number of customer visits. Trading remained challenging in Rank’s two smallest businesses, Top Rank Espana and Rank Interactive, due to the contraction in the Spanish economy and weakness in football win margins respectively.

Year-on-year segmental and Group revenue growth to 4 October 2009				
	Weeks 27 to 40		Weeks 1 to 40	
	Like-for-like*	Total	Like-for-like*	Total
Mecca Bingo	1%	3%	0%	1%
Grosvenor Casinos	1%	5%	2%	5%
Top Rank Espana**	(1)%	(1)%	2%	2%
Rank Interactive	(8)%	(8)%	(8)%	(8)%
<b>Group</b>	<b>0%</b>	<b>2%</b>	<b>0%</b>	<b>2%</b>

\* Like-for-like excludes the effects of club openings and closures as well as changes to the tax regimes for bingo and player-to-player poker in HM Government’s Budget 2009

\*\* Top Rank Espana growth not adjusted for currency movement. In euros, revenue declined by 10% between weeks 27 and 40 and by 9% between weeks 1 and 40.

### Mecca Bingo

Revenue from Mecca Bingo increased by 3% against the comparable 14-week period in 2008. This increase was due in part to the change in bingo taxation announced in the 2009 Budget, which has the effect of inflating revenue and reducing operating profit.

The business’s like-for-like revenue (which excludes the effect of tax changes) grew by 1% during the period. Customer visits declined by 3% but spend per visit increased by 4%, largely as a result of the improved range and quality of the gaming machines offer.

Our new concept ‘Full House’ club at Beeston in Nottingham continues to perform well and is now the largest bingo club by customer visits in its local market. In December we will re-launch our Catford club following a ‘Full House’ conversion and we expect to open a further three ‘Full House’ clubs (all conversions) during the first half of 2010. We will monitor the performance of these clubs before we decide on the nature, scale and timing of any further roll-out.

**Grosvenor Casinos**

In Grosvenor Casinos, revenue increased by 5% in the 14-week period. Customer visits were up 16% as a result of an increase in the number of active customers; whilst spend per visit declined by 9% on lower average staking levels and a contraction in win margin on table games. On a like-for-like basis, revenue increased by 1% with customer visits up 7% and spend per visit down 5%.

Our provincial casinos grew revenue by 2% on a like-for-like basis, with an 8% increase in customer visits and a 5% decline in spend per visit. Revenue from our five London casinos was broadly in line with the comparable period in 2008, with 5% growth in customer visits largely offsetting a corresponding decline in spend per visit.

We have continued to invest in the expansion of the successful G Casino format. This month we will open a new G Casino in Dundee and re-launch our Coventry casino (acquired from Isle of Capri in April 2009) under the G Casino brand. In December we will bring G Casino to Sheffield, through a relocation of the existing Grosvenor Casino licence. This investment programme will take the number of G Casinos to ten by the end of the year and we remain on course to achieve our target of 20 G Casinos by the end of 2012.

**Top Rank Espana**

Revenue in Sterling from Top Rank Espana, our Spanish bingo clubs business, declined by 1% during the 14-week period. In euros, revenue was 10 % lower than in the comparable period in 2008, with customer visits down 3% and spend per visit 7% lower.

Against a backdrop of severe economic contraction and steep rises in unemployment, Top Rank Espana has focused with some success on delivering operational improvements to gain market share and control costs.

Later this month, new gaming machine regulations will take effect in the Madrid Autonomous Region. We believe that these changes will benefit the three clubs that we operate in the region although given the scale of Spain's economic recession, it is difficult to predict the initial extent of revenue benefits.

**Rank Interactive**

Rank Interactive continued to trade broadly in line with its performance in the first half of the year, with revenue down by 8% during the 14-week period. The performance of meccabingo.com helped to grow gaming revenue by 3% but continued weakness in football win margins contributed to a 37% decline in revenue from sportsbook.

In September, we launched GCasino.com, creating a new flagship site for online casino games and supporting the development of the G Casino brand.

**Changes to gaming taxes**

As a result of changes to the taxation of bingo and player-to-player poker brought in under the Government's 2009 Budget, the Group has incurred approximately £4m of incremental tax costs in the year to date. These costs are in line with guidance provided by the Group in April 2009 and contrast with HM Treasury's position that the changes would be beneficial for bingo clubs and broadly neutral with respect to poker.

**Gaming machines tax consultation**

In April 2009, HM Treasury announced that it would consider the implementation of a gross profits duty regime on gaming machines, replacing the existing combination of Amusement Machine Licence Duty and VAT.

The consultation period is scheduled to close on 23 October 2009 and Rank intends to make its response public shortly after submission. It is our view that a gross profits duty set at the same 15% rate as general betting duty, football pools duty and remote gaming duty would be revenue neutral for the Group. Ernst & Young LLP has confirmed our calculations.

We estimate that the Group would incur approximately £1m in incremental costs for every percentage point above 15% that the rate of duty is set. Within Rank, these costs would mainly be borne by Mecca Bingo.

Given the damaging effects of this year's increase in bingo duty (from 15% to 22%), we will continue to urge the Government not to increase further the tax burden of what is already the most heavily taxed gaming sector in Britain. We note that at least 20 competitor bingo clubs have closed since bingo duty was increased in late April (an average of four closures per month).

**Outlook**

The Group's positive trading performance reflects the success of the actions we have taken to improve the value and quality of the service that we offer our customers and thus to grow market share.

In line with the plans we set out at our half-year results, we will continue to invest in our businesses, with a particular focus on the growth of the G Casino brand and the further development of the 'Full House' concept in Mecca Bingo.

Rank has continued to trade in line with management expectations and the board remains confident in the Group's sustainable growth strategy.

Ends

**The Rank Group Plc**

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**Financial Dynamics**

Ben Foster /Marc Cohen 020 7831 3113

**Conference call**

A conference call for investors and analysts will be held at 8.30am (London time) on Thursday 8 October 2009. Dial-in information follows below:

UK (free call): 0800 694 0257  
USA (free call): 1866 966 9439  
International: +44 (0) 1452 555 566  
Passcode: 33623550

A replay of the conference call will shortly be available from the Rank Group's website ([www.rank.com](http://www.rank.com)).

## **About The Rank Group Plc**

The Rank Group Plc ('Rank') is a leading European gaming and betting business, based in the UK and listed on the London Stock Exchange (RNK.L). Its principal activities are the operation of bingo clubs and casinos with complementary interactive gaming and bookmaking services.

For more information about The Rank Group, visit [www.rank.com](http://www.rank.com)

## **Notes**

### **Effects of tax changes**

On 22 April 2009, the Chancellor of the Exchequer announced a reform of bingo taxation. As a consequence, from 27 April 2009, revenue from games of bingo is no longer subject to VAT. However, the rate of bingo duty increased from 15% to 22%. The effect of this change is to magnify reported revenue (which is stated on a post-VAT basis) and to depress operating profit (due to significantly higher duty, which is accounted for as a cost of sales).

### **Full House**

'Full House' is the project name for Mecca Bingo's new concept club. The first Full House was opened in Beeston, Nottingham in May 2009. The club is branded as 'Mecca – so much more' and while it retains bingo as a core product it also features enhanced bar and restaurant areas (with table service), an electronic bingo lounge and a broad range of amusement machines.

### **G Casino**

G Casino is a modern gaming-based leisure venue. Launched in Manchester in June 2006, G Casino will have been extended to ten locations by the end of 2009.

G Casino is differentiated from most traditional casinos through its broad range of gaming and non-gaming activities, with large poker rooms, sports lounges, restaurants and stylish bars as well as traditional and electronic casino games.

G Casino attracts significantly higher levels of customer visits and has a higher proportion of female customers than traditional casinos.