

**The Rank Group Plc (“Rank” or the “Group”)
Full-year results for the 12 months ended 30 June 2013**

Key highlights

- Solid performance with revenue up 7% in a challenging economic environment
- Strong performance at Grosvenor Casinos venues – operating profit up 16%
- Investment of £38.2m principally in Grosvenor Casinos venues and across the Group’s UK digital channels
- Became the number one casino operator in Great Britain following the acquisition of 19 casinos and 3 non-trading licences from Gala Coral
- Sale of loss-making Blue Square Bet business
- Final dividend of 2.85p recommended; total 12 month dividend up 14% on 2011/12

Financial highlights in the 12 months ended 30 June 2013*

	12 months to 30 June 2013	12 months to 30 June 2012 (unaudited and restated)	Change	18 months to 30 June 2012 (audited and restated)
Group revenue	£625.0m	£584.3m	7%	£870.6m
Statutory revenue	£596.2m	£558.9m	7%	£834.2m
Group EBITDA before exceptional items	£108.8m	£107.0m	2%	£156.1m
Group operating profit before exceptional items	£69.9m	£69.7m	0%	£101.2m
Adjusted profit before tax	£65.1m	£65.7m	(1)%	£94.0m
Adjusted earnings per share	12.4p	12.4p	0%	17.3p
Net (debt)/cash	£(103.8)m	£41.8m	n/a	£41.8m
Dividend per share	4.10p	3.60p	14%	4.60p

*Continuing operations

Ian Burke, chief executive of The Rank Group Plc said:

“Despite the tough economic environment and the competitive market in which we operate the Group has delivered a solid set of results.

It has been a busy 12 months for Rank culminating in the successful completion in May of the acquisition of 19 casinos and 3 non-trading licences from Gala Coral, making Rank the leading operator of casinos in Great Britain. These additional casinos are already being integrated into the Rank estate and a programme of improvements has commenced.

The recent hot weather has adversely impacted trading in the first weeks of the new financial year. However, we remain confident in the Group’s long-term prospects and see good growth opportunities for our expanded casino estate and digital channels.”

Ends

Statutory reporting periods

The Group changed its accounting reference date to 30 June in the prior period. The comparable statutory reporting period is therefore the 18 months to 30 June 2012. To aid comparability between periods this review and the following commentary refer to the unaudited 12 month results to 30 June 2012.

Definition of terms:

- Group revenue is before adjustment for free bets, promotions and customer bonuses;
- Group EBITDA is Group operating profit before exceptional items, depreciation and amortisation;
- Adjusted profit before tax is profit from continuing operations before taxation adjusted to exclude exceptional items, the unwinding of discount in disposal provisions and other financial gains or losses;
- Adjusted earnings per share is calculated by adjusting profit attributable to equity shareholders to exclude discontinued operations, exceptional items, other financial gains or losses, unwinding of the discount in disposal provisions and the related tax effects;
- “2012/13” refers to the audited 12-month period to 30 June 2013 and “2011/12” refers to the unaudited 12-month period to 30 June 2012;
- “Gala Coral” refers to Gala Coral Group Limited
- The prior period has been restated as a result of the reallocation of Blue Square Bet to discontinued; and
- Like-for-like excludes the effect of acquired venues, club openings, closures, relocations, the impact of Machine Games Duty (“MGD”) and discontinued operations.

Enquiries

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Photographs available from www.rank.com

Analyst meeting and webinar details:

Thursday 15 August 2013

There will be an analyst meeting at FTI Consulting, Holborn Gate, 26 Southampton Buildings, London, WC2A 1PB starting at 9.30am. There will be a simultaneous webinar of the meeting.

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

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 Financial Conduct 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

During the 12 months to 30 June 2013, Rank recorded another year of revenue growth despite operating in a challenging consumer environment.

The Group remains focused on growing shareholder value and is pleased to report that the recently acquired 19 casinos from Gala Coral have enhanced adjusted earnings in the period.

Group key performance indicators (KPIs)*

We measure our performance through the Group's KPIs.

	2012/13	2011/12
Customers** (000s)	2,676	2,641
Customer visits (000s)	26,933	27,090
Spend per visit (£)	22.63	21.57
Offline-online crossover	4.6%	4.0%
Net promoter score	48%	53%

*Excludes performance of the acquired casinos from Gala Coral and the disposed Blue Square Bet business;

**Unique customers shown on a moving annual total ('MAT') basis

Our brand teams served more than 2.6 million customers in the period with spend per visit increasing by 5% to £22.63. The number of customers experiencing our brands through multiple channels has grown in the year as the move to a brand structure has facilitated a more unified gaming experience whether they are playing in one of our venues or on a digital device.

The addition of approximately 367,000 unique customers from the acquired 19 casinos will provide the Group with further opportunities to strengthen and extend the reach of the Grosvenor Casinos brand.

The Group's net promoter score, which measures the propensity of customers to recommend our brands, decreased by 5 percentage points to 48%. Customer feedback indicates they remain satisfied with the quality of our products and services and we believe the fall reflects our customers' increasing expectations.

Summary of financial results

The Group achieved 7% growth in continuing business revenue; with 6% growth in venues and 16% in digital (online and mobile). Like-for-like revenue for the Group grew by 1%. The fastest growing channel of distribution was mobile where revenue increased by 168% to £13.2m, with over 30% of our digital customers in Great Britain playing our games on mobile devices (2011/12: 23%).

£m	Revenue*		Operating profit**	
	2012/13	2011/12	2012/13	2011/12
Grosvenor Casinos	300.3	261.5	47.4	39.9
Mecca	296.2	293.6	44.1	49.9
Enracha	28.5	29.2	0.7	0.1
Central costs			(22.3)	(20.2)
Total continuing	625.0	584.3	69.9	69.7

* before adjustments for free bets, promotions and customer bonuses; ** before exceptional items

Revenue from Grosvenor Casinos increased by 15% to £300.3m driven by a higher than normal win margin in the London venues, the contribution from the acquired casinos and the impact of Machine Games Duty ("MGD"). Consequently operating profit rose by 19% to £47.4m.

Mecca's revenue increased by 1% to £296.2m as a 10% growth in digital revenues was offset by a weaker venues performance, despite the impact of MGD. The digital channel saw growth in customer numbers and visits whereas the venues channel saw a decline. The disappointing venues performance and higher digital software and affiliate costs resulted in total brand profit declining 12% to £44.1m.

Enracha's euro revenue was flat year on year with a 3% increase in euro spend per visit offset by a 3% fall in customer visits. Due to an unfavourable exchange rate, Sterling revenue declined by 2% to £28.5m. Sterling operating profit grew marginally due to cost management across the brand.

Central costs were 10% higher largely due to an increase in employment costs driven by investment in the technology team.

During the year Rank invested £38.2m of capital across the Group. More than 55% of this was deployed in enhancing venues and developing new ones. In addition, we invested £6.9m in extending the reach of our brands through digital channels.

The Group's adjusted net financing charge of £4.8m was higher than the prior period, primarily due to the financing costs associated with the acquisition of the former Gala casinos.

Adjusted earnings per share was in line with the prior period at 12.4p.

Acquisition of the former Gala casinos

On 12 May 2013, Rank completed its acquisition of 19 casinos and 3 non-trading licences from Gala Coral. The trading performance of the acquired casinos has been shown within Grosvenor Casinos results for the year and is in line with management's expectations.

Please refer to pages 8 and 10 for the capital expenditure plans and trading performance for the acquired estate. Details on the acquisition accounting can be found in note 12.

Blue Square Bet

On 2 April 2013, Rank sold the assets and trademarks of its loss making Blue Square Bet business for £5.0m.

Blue Square Bet has been disclosed as a discontinued business within these results.

Fiscal and regulatory update

On 1 February 2013, MGD was introduced, replacing the previous system of VAT and Amusement Machine Licence Duty ("AMLD", a fixed fee charged on each gaming machine offered to consumers) on amusement machine income. The impact on the Group's revenue has been an increase of £8.6m. From 1 December 2014, remote gaming duty at 15% is expected to apply to online gambling revenue generated by customers in the UK.

On 15 January 2013, the Government published its response to the Culture, Media and Sports Select Committee report "The Gambling Act 2005: A bet worth taking?". On the proposal to align 1968 Act casinos with the 2005 Act casinos, the Government has stated it wishes to gather more data and understand further the effect the 2005 Act licences have on communities before a decision will be made. The Government has also made reference to the proposal for casino licence portability. It states it will support engagement between the casino industry and local government, however any agreed approach must not adversely impact competition within the sector and the awarding of 2005 Act licences.

The Select Committee's proposal on reducing the rate of bingo tax from 20% to 15% has not been accepted by the Government. However, they have stated that they will continue to engage actively with the bingo industry as part of the Budget process.

The triennial review of stakes and prizes by the Government was also released on 15 January 2013 and is subject to consultation. The Government outlined its preferred options and those specifically relevant to the Group are:

- increase in B1 stake from £2 to £5 with a maximum prize of up to £15,000; and
- maximum Category C stake of £1 with an increase in maximum prize from £70 to £100.

On 15 April 2013, the Group published 'Game Plan - A candid exposition of Rank's approach to regulatory and fiscal reform' ("Game Plan"). The purpose of Game Plan is to identify a different approach to gaming policy and the relationship between industry and government. As such, the report contains three specific recommendations:

- bringing bingo taxation in line with other forms of gaming and betting by setting the rate at 15%;
- permitting local authorities to choose whether or not to license casinos by allowing casino operators to transfer an existing casino licence into their jurisdiction; and
- allowing licensed casinos greater ability to meet customer demand for gaming machines.

In the report, which has been sent to more than 150 Members of Parliament as well as other interested parties, we state that Rank and its peers have the potential to "contribute a great deal more to life in Britain through job creation and economic development, revenue generation for Government, our work in communities and our capacity to bring people together for shared experiences;" but that greater support from the Government is required.

A copy of the publication can be found at http://www.rank.com/downloads/gameplan_vol1_april_2013.pdf

VAT claims

On 5 October 2012, Rank received confirmation that the Group's amusement machine claim was to be remitted back to the First-tier Tribunal to consider the question of similarity between certain types of amusement machines. This remission has not altered Rank's appraisal of its chances of success in this matter. This claim relates to the £30.8m (VAT of £26.4m plus interest of £4.4m) overpayment on amusement machines already received by the Group. Another point of dispute in relation to the claim was heard at the Court of Appeal in May 2013 and Rank is expecting to receive the Court of Appeal's judgement by the end of October 2013. The First-tier Tribunal date has been held over until this judgement has been received. A successful result in the current amusement machines litigation will strengthen the legal arguments for Rank's additional claims for earlier and later periods which have similar facts and legal principles.

Guoco Group Limited

Since July 2011, Guoco Group Limited ('Guoco Group') has held 74.5% of the shares in the Group. Guoco Group, a member of the Hong Leong Group, is listed on the Hong Kong stock exchange and is an investment holding and investment management company. Guoco Group has four core businesses, namely, Principal Investment; Property Development and Investment; Hospitality and Leisure; and Financial Services. Guoco Group's subsidiaries and investments are principally located in Hong Kong, China, Singapore, Malaysia, Vietnam and the UK. Guoco Group's stated objective is to create long-term sustainable shareholder returns and it has a long and successful history of working with other shareholders towards a common goal. Guoco Group has consistently expressed its support of Rank's strategy since becoming a shareholder in 2007.

Listing Rules

As previously announced, under Listing Rule 6.1.19R, shares held by persons who have an interest in 5% or more of a listed company's share capital are not regarded as being held in public hands (the 'free float'). Under this rule, the shares held by Hong Leong Company (Malaysia) Berhad ('Hong Leong') and Prudential plc and subsidiary companies ('Prudential') may not be regarded as being in public hands, with the result that the number of Rank's shares distributed to the public is below the 25% threshold set out in Listing Rule 6.1.19R.

On 3 July 2013, Guoco Group declared a special interim dividend in specie of approximately 88.84 million Rank shares representing 22.74% of Rank. Rank understands that the distribution in specie is expected to reduce the overall interest of Hong Leong in Rank from approximately 74.5% to approximately 68.6%.

However, due to the fact that Prudential's shares are not regarded as being in public hands, the free float remains below the 25% threshold. The Group remains in discussions with the UKLA and Prudential regarding this.

Board changes

During the year Shaa Wasmund was appointed as a new non-executive director. Shaa's appointment took effect on 1 November 2012. Shaa has a distinguished career advising both start-ups and large corporations and is an international speaker on digital media.

On 31 December 2012, Bill Shannon stood down from the board having served more than two three-year terms.

On 30 June 2013, Richard Greenhalgh stood down from the board after serving nine years as a non-executive director; Colin Child took over Richard's role as senior independent director on 1 July 2013.

At the upcoming Annual General Meeting on 17 October 2013, John Warren will be stepping down from the board after serving more than seven and half years. Colin Child will take over John's role as chair of the audit committee following his departure.

Dividends

The board is pleased to recommend that a final dividend of 2.85 pence per share be paid on 23 October 2013 to shareholders on the register at 13 September 2013.

Current trading and outlook

Since the beginning of July, Group trading has been adversely impacted by the unusually hot weather. This has resulted in a fall in like-for-like Group revenue, however (including the acquired casinos) total Group revenue was up on the same period last year.

Despite this slow start we remain confident in the Group's prospects for the remainder of the year and its longer-term growth strategy.

Strategic update

Our strategy is to achieve sustainable growth in earnings per share by continuing to develop strong gaming-based entertainment brands, operating responsibly and engaging positively with governments in the jurisdictions in which we operate.

Our brands aim to increase customer numbers, visits and revenue by:

1. the systematic use of customer data and feedback to drive product and service improvements;
2. capital investment to extend the reach and broaden the appeal of the leisure experiences we deliver; and
3. gaining wider distribution in a multi-channel world through digital (including mobile) channels.

Our core market is Great Britain, where we generate more than 90% of Group revenues. In the medium term, our priority is to focus resource on strengthening our position in this jurisdiction.

1 Systematic use of data and customer feedback

The desire to understand more about customer attitudes and behaviours in order to refine our products and services and inspire innovation is the keystone of our approach. Driving this to the heart of our operations through systems development and customer and employee engagement is critical to the achievement of our goals.

1.1 Customer focus through insight and engagement

During the course of 2012/13, we continued to develop our insight capabilities.

This included:

- sponsoring research into online gambling with the University of Nevada Las Vegas;
- working with the University of Salford to better understand our customers motivations and needs;
- off-site research into US casino operations via the Group's International Outreach Programme; and
- quarterly brand awareness and consideration surveys.

1.2 Insight into action

What we learn about our customers and potential customers through the insights programme drives our key business decisions. Below are some specific examples:

- *Insight:* Mecca venues customers enjoy a wide variety of machines and entry stake levels.
Action: Aided by the removal of Amusement Machine Licence Duty ("AMLD") in February 2013 the Group was able to support an improved mix of content on its server-based gaming terminals.
Outcome: Customers increased the amount they staked and the number of games played.
- *Insight:* Bingo session times hadn't changed since the 1960s and as a result were suitable only for a section of our current Mecca customer base.
Action: Flexible sessions were introduced.
Outcome: Increased frequency of Mecca's younger customers.
- *Insight:* Grosvenor Casinos customers desire more table availability during peak times.
Action: Customer numbers were regularly monitored and when occupancy reached a critical point more tables were opened.
Outcome: Table availability increased by 5% at peak times leading to increased handle on certain days.
- *Insight:* Customers have a growing demand for greater value.
Action: Through the use of more specialist suppliers our casinos have been able to reduce the average price of a main meal by 6%.
Outcome: Food and beverage sales grew faster than visits in the period.
- *Insight:* Customers were accessing the internet on their mobile phones in our Mecca venues.
Action: WiFi was installed in 50 of our venues and then through WiFi monitoring we recorded that more than 50% of our customers used Android phones.
Outcome: The Group has now prioritised development of our Android bingo apps in order to improve cross-channel conversion.

2 Capital investment to extend the reach and broaden the distribution of our brands

During 2012/13 we invested £38.2m of capital across the Group. More than 55% of this was deployed in enhancing our existing venues and adding new ones to our portfolio. In addition, we continued to develop ways to extend the reach of our brands through digital channels.

The acquisition of 19 casinos and 3 non-trading licences from Gala Coral was a significant and material transaction for the Group. The integration is now a key priority for the Group to ensure the maximum value is obtained for the Group and our shareholders. A more detailed overview of the integration priorities is covered on page 8.

Grosvenor Casinos – the modernisation and expansion of the Grosvenor Casinos estate is the primary component of the Group’s growth strategy. Since its launch in 2006, the ‘G Casino’ format has proven successful in reaching out to a broader base of customers and generating significantly higher levels of profit than traditional provincial casinos.

	Venues	Average visits/week*	Average spend(£)/visit*	Average EBITDA (£k)/week*
G Casino	21	3,674	31.15	28.6
Traditional provincial casino	12	2,083	32.98	16.5

*Calculated on a like-for-like basis at 30 June 2013, excludes the acquired casinos from Gala Coral

The Group remains focused on rolling it out across the estate, as well as into new local markets, where appropriate sites are identified.

During 2012/13, we opened a new G Casino in Reading at a capital cost of £6.8m and completed the extension of our Portsmouth G Casino in December 2012. Since year end, we have completed the extension of our G Casino in Manchester. During 2013/14 we plan to open a further G Casino, in Southend-on-Sea, at a capital cost of £6.1m as well as extending our current G Casino in Sheffield. Our flagship casino in London, the Victoria, is also currently undergoing extension works and these are due to be completed in November 2013 at a capital cost of £6.3m.

By the end of August 2013, the Group expects to have completed the acquisition of a non-trading London casino licence from Clermont Leisure (UK) Limited (“Clermont Leisure”), a related party of the Group’s major shareholder, for £5.5m. In addition, the Group has entered into conditional agreements to acquire the four remaining non-trading licences from Clermont Leisure for £0.5m and the plans for these, subject to licensing approval, are as follows:

- Bradford: operate alongside the newly acquired Bradford casino;
- Glasgow: operate alongside one of the newly acquired Glasgow casinos;
- Middlesbrough: no immediate plans; and
- Wolverhampton: no immediate plans.

The capital expenditure plan for the 19 acquired casinos is set out in section 4 below.

At 30 June 2013, we operated 55 casino venues in Great Britain (incorporating 59 licences).

Mecca – During the year, the Group converted its venues in Hartlepool and Knotty Ash to the Full House Destination format at a capital cost of £0.7m each. The Group now has 9 Full House Destination clubs but the majority are not delivering the required returns on investment. As a result the Group has suspended all capital investment into further conversions until the Group has successfully identified ways to broaden the appeal of community gaming.

At 30 June 2013, Mecca operated 97 branded venues.

3 Multi-channel distribution of our brands

The development of established, trusted brands, distributed to suit customer preference, is a key component of our strategy; and our ability to engage with customers in venues, online or on mobile is an important source of competitive advantage.

At the start of the 2012/13 financial year Rank moved to a brand-based structure to further align itself to the multi-channel brand approach. Single brand teams within Rank are now responsible for all of the brands’ distribution channels.

During the course of 2012/13, we achieved 6% growth in revenue from venues and 16% growth from digital media (online and mobile). The fastest growing channel of distribution was mobile which increased revenue by 168% to £13.2m, with 30% of our customers in Great Britain playing with our brands on mobile devices (2011/12: 23%).

Multi-channel progress

	Multi-channel customers (000s)		% of total brand customers	
	2012/13	2011/12	2012/13	2011/12
Grosvenor Casinos	17	8	1.3%	0.6%
Mecca	66	55	5.8%	5.0%

During the year, 4.6% of our customers engaged with our brands both in our venues and through our digital channels. This rate of cross-over represented a 0.6 percentage point increase compared with 2011/12. Cross-over between Mecca’s venues and digital channels increased by 0.8 percentage points to 5.8%; while Grosvenor’s grew from 0.6% to 1.3%.

4 Acquired casinos - Integration plans

Our objective is to deliver the synergy benefits and investment returns from the 19 acquired casinos, as set out in our circular of 21 June 2012, within two years of the acquisition.

The key actions required to achieve these benefits include:

- **Infrastructure transition:** The Group has now completed the transition of all support functions from Gala Coral to Rank. In addition key Rank personnel have completed site visits to all of the acquired casinos to meet our new colleagues and ensure they are engaged in our proposed operational and capital investment plans which are essential to a successful integration.
- **Improvement plans:** These plans cover both operational and capital investment driven improvements.

Operational improvements: By applying the lessons we have learnt in recent years from our Grosvenor Casinos venues we expect to deliver £2.0m of benefits per annum which should commence realisation later this calendar year. These specifically include:

- a focus on creating a highly-motivated and engaged front line team. This will ensure levels of satisfaction and staff turnover are brought to the level of the rest of the Grosvenor Casinos estate;
- a move to 24-hour opening where possible;
- introducing the Playpoints loyalty scheme across all the venues;
- amending table staking limits to meet customer demand;
- combining procurement to obtain improved terms; and
- introducing club-based sales managers to help grow the customer base.

Capital investment improvements: Post acquisition we carried out further reviews of the acquired casinos and have reprioritised some of the capital investment plans. As a result the Group has already approved £10.7m of capital expenditure to improve the gaming product in every casino by increasing the amount of electronic gaming, installing newer slot machines with multi-game options, and the rolling out of Ticket In Ticket Out functionality. The benefits from this investment are expected to commence from September 2013.

A further £9.4m of capital expenditure will be committed in 2013/14 to cover the conversion costs of 7 casinos to the G Casino format and other casino refurbishments. The major casino investments will be as follows:

- 2013/14: G conversions at Leicester, Liverpool, Glasgow Merchant City, Bournemouth and Nottingham, totalling £3.1m; and
- 2013/14: Refurbishment of the Tottenham Court Road casino in London, £1.4m.

We anticipate the above conversions will deliver returns in excess of the Group's 20% cash-on-cash return hurdle.

Enracha – a new brand for Spain

During 2011/12, Rank launched Enracha, a new brand for the Spanish gaming market. Initially, the brand is being distributed via licensed venues and a branded website. The first Enracha venue was our Macoes club in Madrid, which was converted in 2011/12. Whilst the Macoes rebrand has underperformed, it has provided the Group with some key learnings and these were subsequently incorporated into the rebranding of our Universal club that took place during 2012/13. Currently there are plans to convert our flagship venue in Barcelona to the Enracha brand, which will bring the total number of Enracha clubs to three. The Enracha clubs feature a wide range of gaming, betting and entertainment amenities, including electronic poker, electronic roulette, jackpot slot machines, video bingo terminals, sports betting, bingo and a bar. Against a difficult operating environment, our Spanish clubs have continued to outperform the market.

Priorities for the future

The Group is committed to three key priorities:

1. Successful integration of the former Gala casinos – we will work hard on ensuring the expected benefits from the acquired casinos are achieved. To date we are pleased with early stages of the integration and we remain confident that we will achieve the planned synergy benefits;
2. Growth in digital – through improved cross-channel working and capital investment we will continue our focus on growing our digital channels; and

3. Retail channel improvements – broadening the appeal of our venues. This is especially vital for our Mecca brand which is facing some tough challenges as described below. There are currently a number of actions underway to address this.

Business review

Grosvenor Casinos

Grosvenor Casinos has recorded another year of revenue and operating profit growth. Total revenue was up 15% with a rise in like-for-like revenue of 5% on 2011/12.

	2012/13	2011/12
Total revenue* (£m)	300.3	261.5
- Venues - excl. acquired casinos	275.0	255.8
- Venues - acquired casinos	15.5	-
- Digital	9.8	5.7
Total EBITDA** (£m)	66.6	56.3
- Venues - excl. acquired casinos	63.7	57.6
- Venues - acquired casinos	3.5	-
- Digital	(0.6)	(1.3)
Total operating profit** (£m)	47.4	39.9
- Venues - excl. acquired casinos	46.6	42.8
- Venues - acquired casinos	2.9	-
- Digital	(2.1)	(2.9)
Like-for-like revenue	5%	
- Venues - excl. acquired casinos	4%	
- Digital	72%	

* before adjustments for free bets, promotions and customer bonuses; ** before exceptional items

Total venues revenue of £290.5m was up 14% in the period due to a strong performance from the London casinos, the impact of MGD and the contribution from the newly-acquired casinos. Like-for-like revenue was up 4%. A higher than normal win margin in the London venues contributed to the 16% increase in operating profit.

Digital revenue continues to improve, up 72% in the period to £9.8m. Despite increased digital marketing and software royalty costs the operating loss was reduced to £(2.1)m from £(2.9)m in the prior period.

Key performance indicators***

	2012/13	2011/12
Total customers (000s)**	1,306	1,269
- Venues *	1,288	1,260
- Digital *	35	17
Total customer visits (000s)	6,391	6,298
- Venues	6,052	6,095
- Digital	339	203
Total spend per visit (£)	44.56	41.52
- Venues	45.44	41.97
- Digital	28.91	28.08
Total net promoter score	42%	45%
- Venues	45%	48%
- Digital	5%	11%

* Customers shown on a moving annual total ('MAT') basis; **cross-over customers included only once;

*** excludes impact of the 19 acquired casinos

The brand has grown its customer base across both channels however only digital contributed positively to the increase in customer visits. Total venues customer visits fell by 1% due to the adverse impact of competitor openings (most noticeably in London) and a fall in visit frequency which offset modest growth in the provinces.

Total spend per visit rose in the 12-month period by 7% driven principally by major player activity in the London venues.

During 2011/12, the Group opened new venues in Didsbury and Stockton; both of these along with the newly-opened G Casino in Reading (opened March 2013) are performing in line with management's expectations. The G Casino in New Brighton (opened April 2012) however has underperformed to date and we are implementing actions to improve profitability.

A key focus is to grow the brand's digital channel through product improvements, cross-channel collaboration and brand awareness activities, including TV advertising.

Venues regional analysis*

	Customer visits (000s)		Spend per visit (£)		Revenue (£m)		Operating profit (£m)	
	2012/13	2011/12	2012/13	2011/12	2012/13	2011/12	2012/13	2011/12
London	1,053	1,118	100.47	84.88	105.8	94.9	26.6	20.7
Provinces	4,698	4,647	32.87	31.33	154.4	145.6	20.0	22.8
Belgium	301	330	49.17	46.36	14.8	15.3	-	(0.7)
Total	6,052	6,095	45.44	41.97	275.0	255.8	46.6	42.8

*excludes impact of the 19 acquired casinos

Newly-opened G Casinos take on average two to three years to fully mature, and clearly these new openings have a positive impact on provinces revenue, up 6% in the period. However, until they are fully mature they adversely impact operating profit. Increased competition, reduced frequency of customer visits and higher costs have resulted in a provincial operating profit decline of 12%.

Trading at our two Belgian casinos has weakened in the period as customer visits fell. However, improved cost discipline and the first contribution from the Unibet partnership, which exploits our ability to offer online gaming, has eliminated the operating loss from the prior period.

Venues revenue analysis – Great Britain only

£m	2012/13	2011/12	Change
Casino games	182.4	169.3	8%
Gaming machines	44.1	39.4	12%
Card room games	12.2	12.0	2%
Food & drink/other	21.5	19.8	9%
Total	260.2	240.5	8%

All categories of revenue within the venues estate increased during the 12-month period. Gaming machines revenue was distorted by 9% due to the introduction of MGD.

Mecca

Mecca's revenue performance in 2012/13 has increased marginally, up 1%. Digital continues to deliver good revenue growth, however this has been offset by the disappointing venues performance.

	2012/13	2011/12
Total revenue* (£m)	296.2	293.6
- Venues	234.9	237.8
- Digital	61.3	55.8
Total EBITDA** (£m)	60.2	67.3
- Venues	37.6	44.0
- Digital	22.6	23.3
Total operating profit** (£m)	44.1	49.9
- Venues	23.0	28.3
- Digital	21.1	21.6
Like-for-like revenue	(1)%	
- Venues	(3)%	
- Digital	10%	

* before adjustments for free bets, promotions and customer bonuses; ** before exceptional items

Venues revenue of £234.9m was down 1% and 3% on a like-for-like basis. The decline in revenue, which was driven by a reduction in the frequency of customer visits, contributed to operating profit falling by 19% to £23.0m. Operating profit also benefited from a £1.7m Scottish rates rebate.

Digital revenue of £61.3m was up by 10% as digital customer numbers continued to grow as a result of increased marketing and customer acquisition activity. However, operating profit fell by 2% as a result of higher marketing and software royalty costs.

Key performance indicators

	2012/13	2011/12
Total customers (000s)**	1,134	1,109
- Venues *	958	955
- Digital *	242	209
Total customer visits (000s)	18,562	18,743
- Venues	13,559	14,407
- Digital	5,003	4,336
Total spend per visit (£)	15.96	15.66
- Venues	17.32	16.51
- Digital	12.25	12.87
Total net promoter score	49%	54%
- Venues	53%	59%
- Digital	29%	27%

* Customers shown on a moving annual total ('MAT') basis; **cross-over customers included only once

The growth in venues customers came from the under-35 age group, which grew by 6% in the period. Digital spend per visit declined as more customers migrated to the mobile platform where the variety of games on offer is currently limited and consequently dwell time is shorter.

Hartlepool and Knotty Ash were converted during the period to the Full House Destination format at a capital cost of £0.7m each and since their conversions the revenues have outperformed the rest of the unconverted estate. However, the Full House Destination estate performance as a whole has been disappointing and the capital invested has not improved the public's perception of bingo sufficiently to address the general decline in admissions. Due to the inadequate return on investment from these conversions the Group will not be committing to any further at this present time; the Group does through remain committed to finding new ways to develop the venues experience across the entire estate.

Venues revenue analysis

£m	2012/13	2011/12	Change
Main stage bingo	39.1	41.5	(6)%
Interval games	100.0	104.9	(5)%
Amusement machines	68.9	65.2	6%
Food & drink/other	26.9	26.2	3%
Total	234.9	237.8	(1)%

Revenue from our food and drink operations grew by 3% to £26.9m as a result of menu improvements. Gaming revenues declined but at a lower rate than the decline in visits.

The introduction of MGD in the period has impacted amusement machine revenue. On a like-for-like basis there was a 2% fall.

Enracha

Our Spanish brand, Enracha has stabilised despite operating in tough economic conditions.

	2012/13	2011/12
Revenue (€m)	34.5	34.5
Revenue (£m)	28.5	29.2
EBITDA* (£m)	3.1	2.5
Operating profit* (£m)	0.7	0.1

* before exceptional items

Euro revenue was flat during the year with a 3% increase in euro spend per visit offset by a reduction in customer visits. In Sterling, revenue was down 2% due to the unfavourable exchange rate. An improved Sterling operating profit was generated in the period due to a reduction in costs.

Key performance indicators

	2012/13	2011/12
Customers (000s)*	276	305
Customer visits (000s)	1,980	2,049
Spend per visit (€)	17.42	16.84
Spend per visit (£)	14.39	14.25
Net promoter score	84%	76%

* Customers shown on a moving annual total ('MAT') basis

During the period bingo tax in our Catalonian clubs was reduced from 25% to 15% and a similar reduction is subsequently being considered by other regions in Spain.

The regulation of online slots is expected to be introduced before the end of the current calendar year.

Venues revenue analysis

€m	2012/13	2011/12	Change
Bingo	20.2	20.2	0%
Amusement machines	11.3	11.0	3%
Food & drink/other	3.0	3.3	(9)%
Total	34.5	34.5	0%

Financial review

Key results from continuing operations

Group revenue for the 12 months ended 30 June 2013 from continuing operations rose by 7% to £625.0m while Group operating profit before exceptionals of £69.9m was marginally above the prior period.

The growth in Group revenues reflects good growth from Grosvenor Casinos (including the contribution to venues from the first seven weeks of trading from the 19 acquired casinos) and Mecca's digital channel, meccabingo.com, as well as the impact of MGD from 1 February 2013 (which effectively grosses up revenue but has no material impact on overall profitability). As a result of increased costs in casino venues and higher costs in both the Mecca channels this revenue growth has not translated through to operating profit.

Adjusted net interest payable for the 12 months was above the prior period due to the additional facilities used to fund the acquisition of the 19 casinos.

Adjusted earnings per share was flat year on year at 12.4p (see note 8).

Acquisition of the former Gala casinos

On 12 May 2013, the Group acquired Gala Casino 1 Limited (now Grosvenor Casinos (GC) Limited) from Gala Coral for a base consideration of £179.0m, subject to certain completion adjustments. The acquisition comprised 19 operating casinos and 3 non-trading licences and was financed by new three-year bank term loans totalling £140.0m plus existing cash held by the Group.

The acquisition has been accounted for in accordance with IFRS3 (Business Combinations). Due to the proximity of the acquisition to the Group's year end, provisional fair values have been attributed to the assets and liabilities acquired based on the latest available completion accounts. This has resulted in the recognition of casino licences of £155.8m and goodwill of £78.5m. The final calculation of fair values will be completed within 12 months of the acquisition. Further details are provided in note 12.

Between completion on 12 May 2013 and the year end the acquisition generated revenues of £15.5m and an operating profit of £2.9m. The costs of acquisition and integration have been expensed (apart from the debt arrangement costs) as an exceptional item as set out in note 3.

Discontinued operations - Blue Square Bet disposal

On 10 January 2013, the Group announced it was carrying out a strategic review of its loss-making Blue Square Bet business. Following completion of this review, the Group completed the sale of the brand's assets to Betfair Group Plc for £5.0m on 2 April 2013.

The business has therefore been disclosed as a discontinued activity and the loss on sale along with associated closure and reorganisation costs have been booked as exceptional items (see note 3).

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.

In addition to the costs associated with the acquisition of the former Gala casinos and the disposal of Blue Square Bet noted above, the Group recognised various items relating to indirect and direct taxation matters as well as impairment and onerous lease adjustments associated with our venues businesses.

Full details on exceptional items are provided in note 3.

Taxation

The Group's effective corporation tax rate on continuing operations was 25.5% (2011/12: 26.3%) based on a tax charge of £16.6m on adjusted profit before taxation and exceptionals of £65.1m. The Group's effective corporation tax rate for 2013/14 is expected to fall within the range of 24% to 26% as a result of the reduction of UK corporation tax rates.

The Group had an effective cash tax rate of 14.8% on adjusted profit. The Group is expected to have a cash tax rate of 17.5% to 20% in 2013/14, excluding any tax payable on the resolution of a number of legacy issues. This is lower than the Group's effective corporation tax rate due to the availability of brought forward losses in Spain and capital allowances in the UK.

Cash flow

	12 months to 30 June 2013	12 months to 30 June 2012 (unaudited and restated)	18 months to 30 June 2012 (audited and restated)
	£m	£m	£m
Continuing operations			
Cash inflow from operations	117.7	111.1	157.2
Capital expenditure	(38.2)	(48.8)	(70.7)
Fixed asset disposals	2.0	0.2	0.8
Operating cash inflow	81.5	62.5	87.3
Discontinued operations	(9.1)	(3.4)	(4.7)
Net acquisitions and disposals	(175.9)	(0.1)	(0.2)
Net cash (payments) / receipts in respect of provisions and exceptional items	(14.0)	(12.8)	64.9
	(117.5)	46.2	147.3
Net interest and tax (payments) / receipts	(12.8)	(35.6)	44.9
Net dividends paid	(14.6)	(8.2)	(14.7)
New finance leases	(0.8)	(0.7)	(9.2)
Other (including foreign exchange translation)	0.1	2.9	(3.1)
Cash (outflow) / inflow	(145.6)	4.6	165.2
Opening net cash / (debt)	41.8	37.2	(123.4)
Closing net (debt) / cash	(103.8)	41.8	41.8

Financial structure and liquidity

At the end of June 2013, net debt was £103.8m compared with net cash of £41.8m at the end of June 2012. The net debt comprised £140.0m in bank term loans in respect of the acquisition of the former Gala casinos, £9.4m in fixed rate Yankee bonds, £16.3m in finance leases and £3.4m in overdrafts offset by cash at bank and in hand of £65.3m.

The Group's banking facilities comprise two £70.0m bilateral term loans and four £20.0m bilateral revolving credit facilities with its relationship banks totalling £220.0m. These facilities require the maintenance of a minimum ratio of earnings before interest, tax, depreciation and amortisation ('EBITDA') to net interest payable; a minimum ratio of EBITDA plus operating lease charges to net interest payable plus operating lease charges and a maximum ratio of net debt to EBITDA, tested quarterly and biannually depending on the facility. The Group has complied with its banking covenants.

The Group currently has fully drawn the term loans but has no drawings on its revolving credit facilities.

Capital expenditure

	12 months to 30 June 2013	12 months to 30 June 2012 (unaudited and restated)	18 months to 30 June 2012 (audited and restated)
	£m	£m	£m
Cash:			
Continuing operations			
Grosvenor Casinos	21.0	26.9	35.6
Mecca	9.6	12.5	19.7
Enracha	1.4	3.6	6.0
Central	6.2	5.8	9.4
	38.2	48.8	70.7
Discontinued operations	1.1	0.8	0.8
	39.3	49.6	71.5
Finance leases:			
Grosvenor Casinos	0.5	-	8.2
Mecca	0.3	0.7	1.0
	0.8	0.7	9.2
Total capital expenditure	40.1	50.3	80.7

Grosvenor Casinos spent £6.8m on the new G Casino at Reading, £2.4m on extending its Portsmouth G Casino, £4.1m on new gaming machines and £1.1m on IT upgrades. Expansion of the Manchester G Casino was completed in July 2013 at a total cost of £1.1m, whereas the Victoria casino expansion works are on-going with £1.0m spent in the current year and a further £0.5m was spent purchasing a non-trading casino licence in Sheffield. The balance of the expenditure was on minor capital works.

Capital expenditure for Mecca was reduced in light of the disappointing trading performance, with £0.7m spent on each of the Hartlepool and Knotty Ash Full House Destination conversions, and the balance on minor capital works, refurbishments and IT.

Blue Square Bet spent £1.1m on UK website development prior to the commencement of the strategic review. Enracha spent £1.4m, with £0.7m on the conversion of the Universal club in Madrid and the balance on minor capital works.

Capital approved at 30 June 2013 includes £10.7m for new gaming equipment at the 19 acquired casinos, £6.1m for the new G casino in Southend-on-Sea, £2.7m for the expansion at the Group's flagship Victoria casino and £0.2m for the expansion at the G Casino in Manchester. Mecca had no material commitments at the year end.

Following the year end the Group committed £6.0m to purchase five casino licences from Clermont Leisure. The transaction included a London casino licence and the purchase price was independently verified by a third party on an arm's length basis.

The Group anticipates that 2013/14 capital investment will be approximately £65m and includes £18.0m for the acquired casinos and £12.0m for expanding our existing casino venues business (including the approved capital detailed above). The Group continues to maintain strict control over committing expenditure to capital projects, with expenditure phased and dependent on operating performance, allowing for quick reductions in the overall level of capital expenditure if required.

Principal risks

The Group's risk management strategy focuses on the minimisation of risks for the Group. Key risks are reviewed by the executive committee and board on a regular basis and where appropriate, actions are taken to mitigate the key risks that are identified. The principal risks and uncertainties which could impact the Group include:

Taxation and regulation

Adverse changes in political and social attitudes to gambling leading to changes in regulation and changes in gambling taxation and levies continue to be one of our biggest risks. The Group participates actively in trade bodies' presentations to Government and opposition parties with regard to these issues.

IT security

The Group is highly dependent upon technology and our systems may fail or be vulnerable to hacker intrusion, malicious viruses or other cyber-crime attacks. Policies and procedures are in place to safeguard our customer data and respond swiftly to breaches of the Group's IT systems.

External events

Customers may be prevented or deterred from accessing our clubs due to factors such as extreme weather, illness or disease epidemics, terrorist threats, strikes and public transport system failures. Whilst outside of our direct sphere of influence, the Group works hard to better prepare ourselves for such eventualities.

Loss of licences

Rank's gaming licences are fundamental to its operation and therefore the loss of them would be catastrophic for Rank. Rank has a dedicated compliance function that is independent of operations and a separate independent internal audit function.

Economic environment

The uncertain economic environment, higher indirect taxation and public sector job cuts could adversely affect our customers' expenditure. The Group is constantly looking to identify ways to improve our offer so that we become our customers' leisure destination of choice.

Liquidity risk

Liquidity risk is the risk that the Group will not have sufficient funds to meet its liabilities. Cash forecasts identifying liquidity requirements are produced monthly and sensitivity tested. A three-year forecast is produced annually to facilitate planning for future financing needs. Management actively manages the Group's financing requirements and the range of maturities on its debt. As noted earlier the Group also has unutilised revolving credit facilities that help to mitigate liquidity risk.

Going concern

In adopting the going concern basis for preparing the financial information the directors have considered the issues impacting the Group during the period as detailed in the business review above and have reviewed the Group's projected compliance with its banking covenants. Based on the Group's cash flow forecasts and operating budgets, and assuming that trading does not deteriorate considerably from those projected levels, the directors believe that the Group will generate sufficient cash to meet its requirements for at least the next 12 months and comply with its banking covenants. Accordingly the adoption of the going concern basis remains appropriate.

Group Financial Information

Group Income Statement

(Statutory reporting periods)

For the 12 months ended 30 June 2013 and 18 months ended 30 June 2012

	12 months ended 30 June 2013			18 months ended 30 June 2012		
	Before exceptional items	Exceptional items (note 3)	Total	Before exceptional items (restated*)	Exceptional items (note 3)	Total (restated*)
	£m	£m	£m	£m	£m	£m
Continuing operations						
Revenue before adjustment for free bets, promotions and customer bonuses	625.0	-	625.0	870.6	-	870.6
Free bets, promotions and customer bonuses	(28.8)	-	(28.8)	(36.4)	-	(36.4)
Revenue	596.2	-	596.2	834.2	-	834.2
Cost of sales	(329.6)	-	(329.6)	(457.3)	-	(457.3)
Gross profit	266.6	-	266.6	376.9	-	376.9
Other operating costs	(196.7)	(17.7)	(214.4)	(275.7)	(36.8)	(312.5)
Other operating income	-	-	-	-	84.9	84.9
Group operating profit (loss)	69.9	(17.7)	52.2	101.2	48.1	149.3
Financing:						
– finance costs	(5.2)	(4.2)	(9.4)	(8.5)	-	(8.5)
– finance income	0.2	-	0.2	0.9	81.0	81.9
– other financial losses	(0.3)	-	(0.3)	(0.4)	-	(0.4)
Total net financing (charge) income	(5.3)	(4.2)	(9.5)	(8.0)	81.0	73.0
Profit (loss) before taxation	64.6	(21.9)	42.7	93.2	129.1	222.3
Taxation	(16.5)	2.7	(13.8)	(27.3)	(26.5)	(53.8)
Profit (loss) for the period from continuing operations	48.1	(19.2)	28.9	65.9	102.6	168.5
Discontinued operations - (loss) profit	(5.6)	3.7	(1.9)	(4.4)	3.4	(1.0)
Profit (loss) for the period	42.5	(15.5)	27.0	61.5	106.0	167.5
Attributable to:						
Equity holders of the parent	42.5	(15.5)	27.0	61.5	106.0	167.5
Earnings (loss) per share attributable to equity shareholders						
– basic	10.9p	(4.0)p	6.9p	15.8p	27.2p	43.0p
– diluted	10.9p	(4.0)p	6.9p	15.7p	27.2p	42.9p
Earnings (loss) per share – continuing operations						
– basic	12.3p	(4.9)p	7.4p	16.9p	26.3p	43.2p
– diluted	12.3p	(4.9)p	7.4p	16.8p	26.3p	43.1p
Earnings (loss) per share – discontinued operations						
– basic	(1.4)p	0.9p	(0.5)p	(1.1)p	0.9p	(0.2)p
– diluted	(1.4)p	0.9p	(0.5)p	(1.1)p	0.9p	(0.2)p

* The prior period has been restated to reclassify the results of the Blue Square Bet business to discontinued operations.

Group Income Statement
(Comparable reporting periods)
For the 12 months ended 30 June 2013 and 12 months ended 30 June 2012

	12 months ended 30 June 2013			12 months ended 30 June 2012 (Unaudited)		
	Before exceptional items	Exceptional items (note 3)	Total	Before exceptional items (restated*)	Exceptional items (note 3)	Total (restated*)
	£m	£m	£m	£m	£m	£m
Continuing operations						
Revenue before adjustment for free bets, promotions and customer bonuses	625.0	-	625.0	584.3	-	584.3
Free bets, promotions and customer bonuses	(28.8)	-	(28.8)	(25.4)	-	(25.4)
Revenue	596.2	-	596.2	558.9	-	558.9
Cost of sales	(329.6)	-	(329.6)	(304.7)	-	(304.7)
Gross profit	266.6	-	266.6	254.2	-	254.2
Other operating costs	(196.7)	(17.7)	(214.4)	(184.5)	(24.5)	(209.0)
Other operating income	-	-	-	-	4.6	4.6
Group operating profit (loss)	69.9	(17.7)	52.2	69.7	(19.9)	49.8
Financing:						
– finance costs	(5.2)	(4.2)	(9.4)	(4.9)	-	(4.9)
– finance income	0.2	-	0.2	0.6	0.1	0.7
– other financial losses	(0.3)	-	(0.3)	(0.6)	-	(0.6)
Total net financing (charge) income	(5.3)	(4.2)	(9.5)	(4.9)	0.1	(4.8)
Profit (loss) before taxation	64.6	(21.9)	42.7	64.8	(19.8)	45.0
Taxation	(16.5)	2.7	(13.8)	(17.6)	4.0	(13.6)
Profit (loss) for the year from continuing operations	48.1	(19.2)	28.9	47.2	(15.8)	31.4
Discontinued operations – (loss) profit	(5.6)	3.7	(1.9)	(3.1)	(0.2)	(3.3)
Profit (loss) for the year	42.5	(15.5)	27.0	44.1	(16.0)	28.1
Attributable to:						
Equity holders of the parent	42.5	(15.5)	27.0	44.1	(16.0)	28.1
Earnings (loss) per share attributable to equity shareholders						
– basic	10.9p	(4.0)p	6.9p	11.3p	(4.1)p	7.2p
– diluted	10.9p	(4.0)p	6.9p	11.3p	(4.1)p	7.2p
Earnings (loss) per share – continuing operations						
– basic	12.3p	(4.9)p	7.4p	12.1p	(4.0)p	8.1p
– diluted	12.3p	(4.9)p	7.4p	12.1p	(4.0)p	8.1p
Earnings (loss) per share – discontinued operations						
– basic	(1.4)p	0.9p	(0.5)p	(0.8)p	(0.1)p	(0.9)p
– diluted	(1.4)p	0.9p	(0.5)p	(0.8)p	(0.1)p	(0.9)p

* The prior period has been restated to reclassify the results of the Blue Square Bet business to discontinued operations.

Group Statement of Comprehensive Income

For the 12 months ended 30 June 2013 and 18 months ended 30 June 2012

	12 months ended 30 June 2013 £m	18 months ended 30 June 2012 £m
Comprehensive income:		
Profit for the period	27.0	167.5
Other comprehensive income:		
Items that may be reclassified subsequently to profit or loss:		
Exchange adjustments net of tax	2.7	(1.1)
Items that will not be reclassified to profit or loss:		
Actuarial gain (loss) on retirement benefits net of tax	0.2	(0.5)
Total comprehensive income for the period	29.9	165.9
Attributable to:		
Equity holders of the parent	29.9	165.9

Group Statement of Changes in Equity

For the 12 months ended 30 June 2013 and 18 months ended 30 June 2012

	Share capital £m	Share premium £m	Capital redemption reserve £m	Exchange translation reserve £m	Retained earnings (losses) £m	Total £m
At 1 January 2011	54.2	98.2	33.4	14.5	(122.6)	77.7
Comprehensive income:						
Profit for the period	-	-	-	-	167.5	167.5
Other comprehensive income:						
Exchange adjustments net of tax	-	-	-	(1.1)	-	(1.1)
Actuarial loss on retirement benefits net of tax	-	-	-	-	(0.5)	(0.5)
Total comprehensive (expense) income for the period	-	-	-	(1.1)	167.0	165.9
Transactions with owners:						
Shares issued	-	0.1	-	-	-	0.1
Dividends paid to equity holders	-	-	-	-	(14.7)	(14.7)
Purchase of own shares	-	-	-	-	(3.4)	(3.4)
Credit in respect of employee share schemes including tax	-	-	-	-	2.4	2.4
At 30 June 2012	54.2	98.3	33.4	13.4	28.7	228.0
Comprehensive income:						
Profit for the year	-	-	-	-	27.0	27.0
Other comprehensive income:						
Exchange adjustments net of tax	-	-	-	2.7	-	2.7
Actuarial gain on retirement benefits net of tax	-	-	-	-	0.2	0.2
Total comprehensive income for the period	-	-	-	2.7	27.2	29.9
Transactions with owners:						
Shares issued	-	0.1	-	-	-	0.1
Dividends paid to equity holders	-	-	-	-	(14.7)	(14.7)
Refund of unclaimed dividends	-	-	-	-	0.1	0.1
Debit in respect of employee share schemes including tax	-	-	-	-	(1.5)	(1.5)
At 30 June 2013	54.2	98.4	33.4	16.1	39.8	241.9

Group Balance Sheet
At 30 June 2013 and 30 June 2012

	As at 30 June 2013 £m	As at 30 June 2012 £m
Assets		
Non-current assets		
Intangible assets	392.5	153.7
Property, plant and equipment	232.0	217.8
Deferred tax assets	2.6	3.5
Other receivables	2.9	3.9
	630.0	378.9
Current assets		
Inventories	3.3	3.1
Other receivables	31.0	30.7
Income tax receivable	9.0	0.1
Cash and short-term deposits	65.3	72.5
	108.6	106.4
Assets held for sale	0.3	1.9
Total assets	738.9	487.2
Liabilities		
Current liabilities		
Trade and other payables	(124.8)	(100.4)
Income tax payable	(42.2)	(31.3)
Financial liabilities		
– loans and borrowings	(7.4)	(6.3)
Provisions	(19.5)	(6.8)
	(193.9)	(144.8)
Net current liabilities	(85.3)	(38.4)
Non-current liabilities		
Trade and other payables	(43.8)	(0.1)
Income tax payable	(21.7)	(39.1)
Financial liabilities		
– loans and borrowings	(161.1)	(24.6)
Deferred tax liabilities	(24.6)	(1.1)
Provisions	(48.8)	(46.1)
Retirement benefit obligations	(3.1)	(3.4)
	(303.1)	(114.4)
Total liabilities	(497.0)	(259.2)
Net assets	241.9	228.0
Capital and reserves attributable to the Company's equity shareholders		
Share capital	54.2	54.2
Share premium	98.4	98.3
Capital redemption reserve	33.4	33.4
Exchange translation reserve	16.1	13.4
Retained earnings	39.8	28.7
Total shareholders' equity	241.9	228.0

Group Cash Flow Statement

For the 12 months ended 30 June 2013, 12 months ended 30 June 2012 and 18 months ended 30 June 2012

	12 months ended 30 June 2013	12 months ended 30 June 2012 <small>(unaudited and restated*)</small>	18 months ended 30 June 2012 <small>(restated*)</small>
	£m	£m	£m
Cash flows from operating activities			
Cash generated from operations	103.7	98.3	222.1
Interest received	0.2	0.8	84.7
Interest paid	(2.7)	(2.8)	(5.6)
Tax paid	(8.5)	(30.9)	(31.5)
Discontinued operations	(8.0)	(2.6)	(3.9)
Net cash from operating activities	84.7	62.8	265.8
Cash flows from investing activities			
Acquisition of subsidiary including deferred consideration (net of cash acquired)	(178.3)	(0.1)	(0.2)
Purchase of intangible assets	(6.2)	(6.3)	(9.7)
Purchase of property, plant and equipment	(32.0)	(42.5)	(61.0)
Proceeds from sale of property, plant and equipment	0.1	0.2	0.8
Proceeds from sale of assets held for sale	1.9	-	-
Disposal of business	2.4	-	-
Discontinued operations	(1.1)	(0.8)	(0.8)
Net cash used in investing activities	(213.2)	(49.5)	(70.9)
Cash flows from financing activities			
Dividends paid to equity holders	(14.7)	(8.2)	(14.7)
Refund of unclaimed dividends	0.1	-	-
Purchase of own shares	-	-	(3.4)
Proceeds from issue of shares	0.1	-	0.1
Repayment of Sterling borrowings	-	-	(100.0)
Repayment of syndicated facilities	-	(54.1)	(68.1)
Proceeds from new term loans (net of fees)	138.2	-	-
Payment of facility arrangement fees	-	(2.7)	(2.7)
Finance lease principal payments	(3.2)	(2.8)	(3.6)
Net cash from (used in) financing activities	120.5	(67.8)	(192.4)
Net (decrease) increase in cash, cash equivalents and bank overdrafts	(8.0)	(54.5)	2.5
Effect of exchange rate changes	0.3	(0.8)	(0.4)
Cash and cash equivalents at start of period	69.6	124.9	67.5
Cash and cash equivalents at end of period	61.9	69.6	69.6

* The prior period has been restated to reclassify the results of the Blue Square Bet business to discontinued operations.

1. General information, basis of preparation and accounting policies

General information

The Company is a public limited company which is listed on the London Stock Exchange and is incorporated and domiciled in England and Wales under registration number 03140769. The address of its registered office is Statesman House, Stafferton Way, Maidenhead, SL6 1AY.

This condensed consolidated financial information was approved for issue on 14 August 2013.

This condensed consolidated financial information does not constitute statutory accounts within the meaning of Section 434 of the Companies Act 2006. The statutory accounts for the 12 months ended 30 June 2013 were approved by the board of directors on 14 August 2013, but have not yet been delivered to the Registrar of Companies. The report of the auditors on those accounts was unqualified, did not contain an emphasis of matter paragraph and did not contain a statement made under Section 498 of the Companies Act 2006. The statutory accounts for the 18 months ended 30 June 2012 have been delivered to the Registrar of Companies.

On 21 October 2011, the Company changed its accounting reference date to 30 June by extending the previous accounting period to 18 months to cover the period from 1 January 2011 to 30 June 2012. The current accounting period therefore covers the 12 month period to 30 June 2013 and the comparative period covers the 18 month period to 30 June 2012.

On 2 April 2013, the Group sold the assets and trademarks of its Blue Square Bet business. In accordance with IFRS5 'Non-Current Assets Held for Sale and Discontinued Operations' the results of this business have been classified as discontinued in both the current and prior periods. Consequently the results of the prior period have been restated where appropriate.

Basis of preparation

The financial information attached has been extracted from the audited financial statements for the 12 months ended 30 June 2013, with the exception of the unaudited comparatives provided for the 12 months ended 30 June 2012. The financial information has been prepared in accordance with IFRS as adopted by the European Union.

Going concern

In adopting the going concern basis for preparing the financial information the directors have considered the issues impacting the Group during the period as detailed in the business review above and have reviewed the Group's projected compliance with its banking covenants. Based on the Group's cash flow forecasts and operating budgets, and assuming trading does not deteriorate considerably from those projected levels, the directors believe that the Group will generate sufficient cash to meet its requirements for at least the next 12 months and comply with its banking covenants. Accordingly the adoption of the going concern basis remains appropriate.

Accounting policies

Except as described below, the accounting policies applied are consistent with those of the annual financial statements for the 18 months ended 30 June 2012, as described in those financial statements.

The following new standards, amendments and interpretations to existing standards are mandatory for the first time for the financial period beginning 1 July 2012.

- IFRS7 Financial Instruments: Disclosures – Transfers of Financial Assets (Amendment)
- IAS1 Presentation of Items of Other Comprehensive Income (Amendment)
- IAS12 Income Taxes (Amendment) – Deferred Taxes: Recovery of Underlying Assets

The Group has not been materially impacted by the adoption of any of these standards, amendments or interpretations.

The Group has not early adopted any other standard, amendment or interpretation that was issued but is not yet effective.

2. Segment information – continuing operations

	12 months ended 30 June 2013							
	Grosvenor Casinos		Mecca		Enracha		Central costs	Total
	Venues £m	Digital £m	Venues £m	Digital £m	Venues £m	Digital £m	£m	
Continuing operations								
Group revenue reported in internal information	290.5	9.8	234.9	61.3	28.5	-	-	625.0
Free bets, promotions and customer bonuses	(3.7)	(2.2)	(14.2)	(8.7)	-	-	-	(28.8)
Segment revenue	286.8	7.6	220.7	52.6	28.5	-	-	596.2
Operating profit (loss) before shared service allocation and exceptional items	54.5	2.4	28.9	28.1	1.6	(0.5)	(45.1)	69.9
Shared service allocation	(5.0)	(4.5)	(5.9)	(7.0)	-	(0.4)	22.8	-
Operating profit (loss) before exceptional items	49.5	(2.1)	23.0	21.1	1.6	(0.9)	(22.3)	69.9
Exceptional (loss) profit	(15.0)	-	(2.0)	-	0.3	-	(1.0)	(17.7)
Segment result	34.5	(2.1)	21.0	21.1	1.9	(0.9)	(23.3)	52.2
Finance costs								(9.4)
Finance income								0.2
Other financial losses								(0.3)
Profit before taxation								42.7
Taxation								(13.8)
Profit for the year from continuing operations								28.9

	12 months ended 30 June 2012 (unaudited and restated)							
	Grosvenor Casinos		Mecca		Enracha		Central costs	Total
	Venues £m	Digital £m	Venues £m	Digital £m	Venues £m	Digital £m	£m	
Continuing operations								
Group revenue reported in internal information	255.8	5.7	237.8	55.8	29.2	-	-	584.3
Free bets, promotions and customer bonuses	(1.9)	(1.2)	(15.2)	(7.1)	-	-	-	(25.4)
Segment revenue	253.9	4.5	222.6	48.7	29.2	-	-	558.9
Operating profit (loss) before shared service allocation and exceptional items	47.2	1.5	33.5	28.2	1.4	(1.0)	(41.1)	69.7
Shared service allocation	(4.4)	(4.4)	(5.2)	(6.6)	-	(0.3)	20.9	-
Operating profit (loss) before exceptional items	42.8	(2.9)	28.3	21.6	1.4	(1.3)	(20.2)	69.7
Exceptional (loss) profit	(6.0)	-	(5.0)	-	(10.8)	(1.8)	3.7	(19.9)
Segment result	36.8	(2.9)	23.3	21.6	(9.4)	(3.1)	(16.5)	49.8
Finance costs								(4.9)
Finance income								0.7
Other financial losses								(0.6)
Profit before taxation								45.0
Taxation								(13.6)
Profit for the year from continuing operations								31.4

2. Segment information – continuing operations (continued)

	18 months ended 30 June 2012 (restated)							
	Grosvenor Casinos		Mecca		Enracha		Central costs	Total
	Venues £m	Digital £m	Venues £m	Digital £m	Venues £m	Digital £m	£m	
Continuing operations								
Group revenue reported in internal information	379.2	7.5	359.5	80.3	44.1	-	-	870.6
Free bets, promotions and customer bonuses	(2.5)	(1.6)	(22.1)	(10.2)	-	-	-	(36.4)
Segment revenue	376.7	5.9	337.4	70.1	44.1	-	-	834.2
Operating profit (loss) before shared service allocation and exceptional items	69.7	1.7	52.7	39.4	1.6	(1.9)	(62.0)	101.2
Shared service allocation	(6.7)	(6.3)	(8.2)	(9.3)	-	(0.3)	30.8	-
Operating profit (loss) before exceptional items	63.0	(4.6)	44.5	30.1	1.6	(2.2)	(31.2)	101.2
Exceptional (loss) profit	(7.5)	-	73.9	-	(15.9)	(1.8)	(0.6)	48.1
Segment result	55.5	(4.6)	118.4	30.1	(14.3)	(4.0)	(31.8)	149.3
Finance costs								(8.5)
Finance income								81.9
Other financial losses								(0.4)
Profit before taxation								222.3
Taxation								(53.8)
Profit for the period from continuing operations								168.5

The Group has changed the basis of its segmental reporting from that reported in the financial statements to 30 June 2012. To ensure that the organisation better reflects our customers' needs the Group has changed the way that it manages its business, moving from a channel-led approach to a brand-led approach, with a single member of the executive committee responsible for each of the brands. This means the results of the Group's digital channel (previously reported as 'Rank Interactive') are now reported under the Grosvenor Casinos, Mecca and Enracha brands. Enracha is the new brand for our Spanish operations, previously reported as 'Top Rank Espana'. The results of Blue Square Bet are presented as discontinued operations (see note 4).

The shared service allocation represents those costs incurred centrally but which can be directly attributed to a specific segment.

2. Segment information – continuing operations (continued)

To increase transparency, the Group continues to include additional disclosure analysing total costs by type and segment. This information has been presented for the 12 months ended 30 June only due to the lack of comparability of the statutory periods. A reconciliation of total costs, before exceptional items, by type and segment is as follows:

12 months ended 30 June 2013 (unaudited)								
	Grosvenor Casinos		Mecca		Enracha		Central costs	Total
	Venues £m	Digital £m	Venues £m	Digital £m	Venues £m	Digital £m	£m	
Employment and related costs	103.9	2.1	59.3	3.4	13.8	0.2	15.6	198.3
Taxes and duties	63.8	0.3	43.0	1.5	1.9	-	1.6	112.1
Direct costs	10.6	3.3	22.6	14.0	2.8	0.6	-	53.9
Property costs	19.8	0.3	27.0	0.6	2.0	-	0.9	50.6
Marketing	8.9	2.0	11.0	10.0	0.8	-	0.3	33.0
Depreciation and amortisation	17.7	1.5	14.6	1.5	2.4	-	1.2	38.9
Other	12.6	0.2	20.2	0.5	3.2	0.1	2.7	39.5
Total costs before exceptional items	237.3	9.7	197.7	31.5	26.9	0.9	22.3	526.3
Cost of sales								329.6
Other operating costs								196.7
Total costs before exceptional items								526.3

12 months ended 30 June 2012 (unaudited and restated)								
	Grosvenor Casinos		Mecca		Enracha		Central costs	Total
	Venues £m	Digital £m	Venues £m	Digital £m	Venues £m	Digital £m	£m	
Employment and related costs	94.9	2.1	59.5	3.4	13.7	0.6	14.0	188.2
Taxes and duties	51.4	0.2	39.1	1.0	1.7	0.1	1.6	95.1
Direct costs	10.3	2.1	21.8	11.8	3.4	0.3	-	49.7
Property costs	17.1	0.2	28.7	0.4	2.0	-	0.9	49.3
Marketing	7.4	0.9	9.9	8.2	0.8	0.2	-	27.4
Depreciation and amortisation	14.8	1.6	15.7	1.7	2.4	-	1.1	37.3
Other	15.2	0.3	19.6	0.6	3.8	0.1	2.6	42.2
Total costs before exceptional items	211.1	7.4	194.3	27.1	27.8	1.3	20.2	489.2
Cost of sales								304.7
Other operating costs								184.5
Total costs before exceptional items								489.2

3. Exceptional items

	12 months ended 30 June 2013	12 months ended 30 June 2012 (unaudited)	18 months ended 30 June 2012
	£m	£m	£m
Exceptional items relating to continuing operations			
Impairment charges	(9.4)	(14.9)	(19.3)
Impairment reversals	8.7	3.7	3.7
Net charge from provision for onerous leases	(1.5)	(7.3)	(8.9)
Bid response costs	-	-	(4.3)
Acquisition and integration costs	(8.5)	(5.0)	(5.0)
Restructuring costs	-	(1.0)	(3.0)
Charge to provision for indirect taxation	(6.4)	-	-
Charge to accruals for indirect taxation	(0.6)	-	-
Exceptional operating costs	(17.7)	(24.5)	(36.8)
VAT refunds net of gross profits tax and associated costs	-	4.6	84.9
Exceptional operating income	-	4.6	84.9
Finance income	-	0.1	81.0
Finance costs	(4.2)	-	-
Taxation	2.7	4.0	(26.5)
Exceptional items relating to continuing operations	(19.2)	(15.8)	102.6
Exceptional items relating to discontinued operations			
Additional profit arising on previously disposed subsidiary undertakings	-	-	2.2
Change in discount rates for disposal provisions	-	(0.3)	(0.3)
Charge to provision for indirect taxation	(5.8)	-	-
Disposal of Blue Square Bet and related costs	(2.0)	-	-
Finance income	1.2	-	2.7
Finance costs	(0.6)	-	-
Taxation	10.9	0.1	(1.2)
Exceptional items relating to discontinued operations	3.7	(0.2)	3.4
Total exceptional items	(15.5)	(16.0)	106.0

Continuing operations – 12 months ended 30 June 2013

Impairment charges

The Group recognised an impairment charge of £3.4m in the UK of which £1.8m relates to Grosvenor Casinos venues and £1.6m to Mecca venues. The only individually significant charges in Grosvenor Casinos venues are £1.1m in respect of a non-operating licence, to reflect local market conditions, and £0.5m in respect of an E-casino which has not performed in line with expectations. The only individually significant charge in Mecca venues is £0.6m in respect of a club which has not performed in line with expectations.

A further impairment charge of £1.9m has been recognised in respect of a casino in Belgium and £4.1m in respect of two clubs in the Enracha venues business which have not performed in line with expectations.

3. Exceptional items (continued)

Impairment reversals

The Group has reversed previous impairment charges of £1.9m in the UK, of which £1.2m relates to Grosvenor Casinos venues and £0.7m relates to Mecca venues. The reversal in Grosvenor Casinos is in respect of two casinos where changes in the competitive environment have led to improvements in performance. The reversal in Mecca venues is in respect of three clubs which have seen a sustained improvement in performance and an uplift in the freehold value of a further property.

A further reversal of £2.4m has been made in respect of a casino in Belgium, which has shown improved performance following agreement of a third party digital licence agreement. The Enracha venues business has had an impairment reversal of £4.4m following better than expected recovery from the effects of the smoking ban at two venues.

Onerous leases

The Group recognised a charge of £1.5m in relation to provisions for onerous leases during the period. A charge of £1.1m has been made in respect of one Mecca lease where the unavoidable costs exceed the expected income. The remaining charge of £0.4m is in respect of sites where there has been a change in expected sub-let income as a consequence of the financial position of associated tenants.

Acquisition and integration costs

During the period the Group acquired 19 casinos and 3 non-operating licences from Gala Coral Group Limited (see note 12). The Group has expensed the costs of the acquisition and resulting integration incurred during the period of £8.5m. Further details are provided in the table below:

	12 months ended 30 June 2013	12 months ended 30 June 2012 (unaudited)	18 months ended 30 June 2012
	£m	£m	£m
Acquisition costs	7.4	5.0	5.0
Loss on disposal of Edinburgh non-operating casino licence	0.4	-	-
Integration costs	0.7	-	-
Total	8.5	5.0	5.0

Acquisition costs represent professional fees incurred, including the costs of dealing with the Office of Fair Trading and the Competition Commission.

The disposal of the Edinburgh non-operating licence was required in order to obtain Competition Commission clearance for the acquisition.

The Group expects to incur further integration costs of approximately £1.5m in the 2013/14 financial year.

Indirect taxation

The Group has recognised a provision of £6.4m and an accrual of £0.6m in relation to a historic indirect taxation issue. The amount represents the directors' best estimate of the cash outflow likely to arise.

3. Exceptional items (continued)

Discontinued operations – 12 months ended 30 June 2013

Indirect taxation

The Group has recognised a provision of £5.8m in relation to a historic indirect taxation issue in the Blue Square Bet business. The amount represents the directors' best estimate of the cash outflow likely to arise.

Disposal of Blue Square Bet and related costs

On 2 April 2013, the Group agreed terms to sell the assets and trademarks of its loss-making Blue Square Bet business for consideration of £5.0m. The Blue Square Bet business operated solely in the digital channel of the highly competitive sports betting market.

The table below provides further details of the net exceptional loss of £2.0m recognised in respect of the disposal and related costs:

	£m
Proceeds received	5.0
Impairment of assets	(3.6)
Redundancy and restructuring costs	(2.5)
Onerous contracts	(0.9)
Exceptional loss	(2.0)

4. Discontinued operations

In accordance with IFRS5 'Non-Current Assets Held for Sale and Discontinued Operations', the results of the loss-making Blue Square Bet business have been classified as discontinued in the current and prior periods.

Discontinued operations, other than those disclosed within exceptional items (see note 3), relate to the disposal of the Blue Square Bet business. A breakdown of results of this operation is shown below.

	12 months ended 30 June 2013 £m	12 months ended 30 June 2012 (unaudited and restated) £m	18 months ended 30 June 2012 (restated) £m
Revenue	9.5	14.0	20.7
Operating loss	(7.4)	(4.2)	(6.2)
Taxation	1.8	1.1	1.8
Loss after taxation	(5.6)	(3.1)	(4.4)
Other information:			
Depreciation and amortisation	(1.4)	(1.6)	(2.3)
Capital expenditure	(1.1)	(0.8)	(0.8)
Cash flows relating to discontinued operations:			
Operating loss	(7.4)	(4.2)	(6.2)
Depreciation and amortisation	1.4	1.6	2.3
Cash payments in respect of exceptional items	(2.0)	-	-
Cash flows from operating activities	(8.0)	(2.6)	(3.9)
Cash flows from investing activities	(1.1)	(0.8)	(0.8)
Cash flows from financing activities	-	-	-
	(9.1)	(3.4)	(4.7)

The disposal of the Blue Square Bet business has given rise to the following cash flow reported in investing activities:

	£m
Gross cash consideration received	5.0
Payment to purchaser for customer account balances disposed	(2.6)
Disposal of business	2.4

5. Financing

	12 months ended 30 June 2013	12 months ended 30 June 2012 (unaudited)	18 months ended 30 June 2012
	£m	£m	£m
Continuing operations:			
Finance costs:			
Interest on debt and borrowings	(1.9)	(1.9)	(4.0)
Amortisation of issue costs on borrowings	(1.1)	(0.2)	(0.4)
Interest payable on finance leases	(0.9)	(1.1)	(1.6)
Unwinding of discount in onerous leases provisions	(1.1)	(1.4)	(2.1)
Unwinding of discount in disposal provisions	(0.2)	(0.3)	(0.4)
Total finance costs	(5.2)	(4.9)	(8.5)
Finance income:			
Interest income on short term bank deposits	0.2	0.6	0.9
Finance income	0.2	0.6	0.9
Other financial losses	(0.3)	(0.6)	(0.4)
Total net financing charge for continuing operations before exceptional items	(5.3)	(4.9)	(8.0)
Exceptional finance income	-	0.1	81.0
Exceptional finance costs	(4.2)	-	-
Total net financing (charge) income for continuing operations	(9.5)	(4.8)	73.0
Discontinued operations:			
Exceptional finance income	1.2	-	2.7
Exceptional finance costs	(0.6)	-	-
Total net finance income for discontinued operations	0.6	-	2.7
Total financing (charge) income	(8.9)	(4.8)	75.7

Exceptional finance costs recognised in continuing operations in the year of £4.2m are in respect of direct and indirect taxation balances provided for.

Exceptional discontinued finance income recognised in the year of £1.2m is in respect of an expected tax refund attributable to discontinued activities. Exceptional discontinued finance costs recognised in the year of £0.6m are in respect of indirect taxation balances provided for.

A reconciliation of total net financing costs to adjusted net interest included in adjusted profit is disclosed below:

	12 months ended 30 June 2013	12 months ended 30 June 2012 (unaudited)	18 months ended 30 June 2012
	£m	£m	£m
Total net financing charge for continuing operations before exceptional items	(5.3)	(4.9)	(8.0)
Adjust for :			
Unwinding of discount in disposal provisions	0.2	0.3	0.4
Other financial losses - including foreign exchange	0.3	0.6	0.4
Adjusted net interest payable	(4.8)	(4.0)	(7.2)

6. Taxation

	12 months ended 30 June 2013		
	Continuing operations £m	Discontinued operations £m	Total £m
Current income tax			
Current income tax – UK	(12.7)	1.8	(10.9)
Current income tax – overseas	(0.6)	-	(0.6)
Current income tax (charge) credit	(13.3)	1.8	(11.5)
Current income tax on exceptional items	3.1	0.4	3.5
Amounts over provided in previous period	1.3	-	1.3
Amounts (under) over provided in previous period on exceptional items	(0.3)	10.7	10.4
Total current income tax (charge) credit	(9.2)	12.9	3.7
Deferred tax			
Deferred tax – UK	(3.0)	-	(3.0)
Deferred tax – overseas	(0.2)	-	(0.2)
Deferred tax on exceptional items	(0.1)	-	(0.1)
Amounts under provided in previous period	(1.3)	-	(1.3)
Amounts under provided in previous period on exceptional items	-	(0.2)	(0.2)
Total deferred tax charge	(4.6)	(0.2)	(4.8)
Tax (charge) credit in the income statement	(13.8)	12.7	(1.1)
	18 months ended 30 June 2012		
	Continuing operations (restated) £m	Discontinued operations (restated) £m	Total £m
Current income tax			
Current income tax – UK	(7.6)	1.8	(5.8)
Current income tax – overseas	(0.8)	-	(0.8)
Current income tax (charge) credit	(8.4)	1.8	(6.6)
Current income tax on exceptional items	(38.5)	(1.1)	(39.6)
Amounts over (under) provided in previous period on exceptional items	7.0	(0.1)	6.9
Total current income tax (charge) credit	(39.9)	0.6	(39.3)
Deferred tax			
Deferred tax – UK	(18.1)	-	(18.1)
Deferred tax – overseas	0.1	-	0.1
Restatement of deferred tax from 24.0% to 23.0%	(1.1)	-	(1.1)
Deferred tax on exceptional items	5.0	-	5.0
Amounts over provided in previous period	0.2	-	0.2
Total deferred tax charge	(13.9)	-	(13.9)
Tax (charge) credit in the income statement	(53.8)	0.6	(53.2)

6. Taxation (continued)

The tax effect of items within other comprehensive income was as follows:

	12 months ended 30 June 2013 £m	18 months ended 30 June 2012 £m
Current income tax credit on exchange movements offset in reserves	0.2	0.6
Deferred tax credit on actuarial movement on retirement benefits	-	0.1
Total tax credit on items within other comprehensive income	0.2	0.7

The credit in respect of employee share schemes included within the Statement of Changes in Equity includes a deferred tax credit of £0.3m (18 months ended 30 June 2012: £0.2m) and a current tax credit of £0.2m (18 months ended 30 June 2012: £0.7m).

Factors affecting future taxation

UK corporation tax is calculated at 23.75% (18 months ended 30 June 2012: 26%) of the estimated assessable profit for the period. Taxation for overseas operations is calculated at the local prevailing rates.

On 20 March 2013, the Chancellor of the Exchequer announced the reduction in the main rate of UK corporation tax to 21% with effect from 1 April 2014 and a further 1% reduction to 20% from 1 April 2015. These changes were substantively enacted in July 2013.

The rate reductions will reduce the amount of cash tax payments to be made by the Group. Overall the reduction in the corporate tax rate from 23% to 20% is expected to reduce the Group's net UK deferred tax liability by approximately £3.0m.

7. Dividends

	12 months ended 30 June 2013 £m	18 months ended 30 June 2012 £m
Dividends paid to equity holders		
Final for 2010 paid on 4 May 2011 - 1.66p per share	-	6.5
1st Interim for 2011/12 paid on 12 September 2011 - 1.00p per share	-	3.9
2nd Interim for 2011/12 paid on 29 March 2012 - 1.10p per share	-	4.3
Final for 2011/12 paid on 31 October 2012 - 2.50p per share	9.8	-
Interim for 2012/13 paid on 22 March 2013 - 1.25p per share	4.9	-
Refund of unclaimed dividends	(0.1)	-
	14.6	14.7

A final dividend in respect of the 12 months ended 30 June 2013 of 2.85p per share, amounting to a total dividend of £11.1m, is to be recommended at the annual general meeting on 17 October 2013. These financial statements do not reflect this dividend payable.

8. 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, unwinding of the discount in disposal provisions 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 the adjusted earnings measure assists in providing a view of the underlying performance of the business.

Adjusted net earnings attributable to equity shareholders is derived as follows:

	12 months ended 30 June 2013	12 months ended 30 June 2012 (unaudited and restated)	18 months ended 30 June 2012 (restated)
	£m	£m	£m
Profit attributable to equity shareholders	27.0	28.1	167.5
Adjust for:			
Discontinued operations (net of taxation)	1.9	3.3	1.0
Exceptional items after tax on continuing operations	19.2	15.8	(102.6)
Other financial losses	0.3	0.6	0.4
Unwinding of discount in disposal provisions	0.2	0.3	0.4
Taxation on adjusted items and impact of reduction in tax rate	(0.1)	0.3	1.0
Adjusted net earnings attributable to equity shareholders (£m)	48.5	48.4	67.7
Adjusted earnings per share (p) – basic	12.4p	12.4p	17.3p
Adjusted earnings per share (p) – diluted	12.4p	12.4p	17.3p

9. Provisions

	Onerous leases £m	Disposal provisions £m	Restructuring provisions £m	Indirect tax provisions £m	Dilapidation provisions £m	Total £m
At 1 July 2012	46.0	6.9	-	-	-	52.9
Exchange adjustments	-	0.1	-	-	-	0.1
Unwinding of discount	1.1	0.2	-	-	-	1.3
Charge to the income statement - exceptional	1.5	-	0.7	12.2	0.3	14.7
Utilised in period	(4.3)	(1.3)	-	-	-	(5.6)
Acquisition of subsidiary	2.7	-	-	-	2.2	4.9
At 30 June 2013	47.0	5.9	0.7	12.2	2.5	68.3
Current	4.2	1.9	0.7	12.2	0.5	19.5
Non-current	42.8	4.0	-	-	2.0	48.8
Total	47.0	5.9	0.7	12.2	2.5	68.3

Further details of the exceptional charge to the income statement are provided in note 3.

10. Borrowings to net (debt) cash reconciliation

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

	As at 30 June 2013 £m	As at 30 June 2012 £m
Total loans and borrowings	(168.5)	(30.9)
Less: accrued interest	1.3	0.5
Less: unamortised facility fees	(1.9)	(0.3)
	(169.1)	(30.7)
Add: cash and short-term deposits	65.3	72.5
Net (debt) cash	(103.8)	41.8

11. Cash generated from operations

	12 months ended 30 June 2013 £m	12 months ended 30 June 2012 (unaudited and restated) £m	18 months ended 30 June 2012 (restated) £m
Continuing operations			
Operating profit	52.2	49.8	149.3
Exceptional items	17.7	19.9	(48.1)
Operating profit before exceptional items	69.9	69.7	101.2
Depreciation and amortisation	38.9	37.3	54.9
Decrease (increase) in inventories	0.1	(0.1)	0.3
Decrease (increase) in other receivables	1.9	4.6	(3.1)
Increase (decrease) in trade and other payables	7.9	(1.4)	2.4
Share based payments and other	(1.0)	1.0	1.5
	117.7	111.1	157.2
Cash utilisation of provisions	(5.6)	(9.4)	(12.2)
Cash payments in respect of exceptional items	(8.4)	(7.2)	(8.3)
Cash receipts in respect of exceptional items	-	3.8	85.4
Cash generated from continuing operations	103.7	98.3	222.1

12. Acquisition of subsidiary

On 12 May 2013, the Group acquired a 100% interest in Gala Casino 1 Limited (now Grosvenor Casinos (GC) Limited) for a base cash consideration, subject to certain adjustments including working capital at completion, of £179.0m. The acquisition, which includes 19 operating casinos and three non-operating casino licences, provides a significant opportunity for the Group to deliver sustainable value to its shareholders through the development of its successful casino portfolio.

Provisional fair values

The provisional fair value of the assets and liabilities acquired in respect of the acquisition are outlined in the following table.

	Provisional fair value £m
Intangible assets	159.5
Property, plant and equipment	18.8
Inventories	0.2
Other receivables	1.8
Income tax receivable	2.7
Cash and short-term deposits	4.5
Trade and other payables	(58.4)
Deferred tax liability	(19.8)
Provisions	(4.9)
Net assets acquired	104.4
Provisional goodwill	78.5
Consideration	182.9

The amounts disclosed are provisional due to the proximity of the acquisition to the Group's year-end and the completion account process outlined by the sale and purchase agreement extending beyond the finalisation of these financial statements. The amounts have therefore been based on the latest available draft completion accounts. The initial accounting will be completed within the 12 month measurement period permitted by IFRS 3 Business Combinations.

Reconciliation to cash outflow from acquisition of subsidiary including deferred consideration

	£m
Consideration	182.9
Cash and short-term deposits acquired	(4.5)
Consideration outstanding at balance sheet date (based on draft completion accounts)	(0.2)
Deferred consideration paid in respect of prior year acquisitions	0.1
Acquisition of subsidiary including deferred consideration	178.3

Goodwill

Goodwill comprises deferred tax liabilities recognised on certain fair value adjustments arising on acquisition and the synergy benefits arising from the exclusion of all central management functions previously associated with the operation of the casinos from the acquisition. The Group expects to be able to operate the acquired casinos with only a small incremental cost increase in its existing casino central management functions. None of the goodwill recognised is expected to be deductible for tax purposes.

Income statement

The following amounts, representing the results from the date of acquisition to 30 June 2013, have been included in the Group's income statement.

	£m
Revenue before adjustment for free bets, promotions and customer bonuses	15.5
Free bets, promotions and customer bonuses	(0.4)
Revenue	15.1
Operating profit before exceptional items	2.9
Profit after tax	2.1

13. Contingent assets

The Group has lodged a number of VAT claims that are the subject of on-going litigation but have not yet been paid. These include, but are not limited to, claims submitted pursuant to the House of Lords decision in the Conde Nast/Fleming (Fleming) cases on the applicability of the three year cap that HMRC introduced to limit VAT reclaims. Fleming claims, which had to be submitted by March 2009, are based on management's best estimates from the information available and the Group expects HMRC to closely review both the Group's right to the amounts claimed and the value of each claim before settlement. In a number of cases, the Fleming claims are subject to the successful outcome of other litigation for the repayment of VAT (including the amusement machines case already received by the Group). The outcome of these cases is not certain and the latest step of the litigation was heard in May 2013. The result of this hearing is expected by the end of October 2013.

The combined value of these claims, including simple interest, is currently estimated to be worth more than £275m.

The Group has not recognised any gain in its financial statements at 30 June 2013 in respect of the above items.

14. Contingent liabilities

i) Contingent liabilities relating to Fiscal Neutrality Case

In May 2010, Rank received £30.8m (VAT of £26.4m plus interest of £4.4m) relating to a claim for repayment of overpaid VAT on amusement machines. This claim was heard at the European Court of Justice in 2011 but the decision was not conclusive and part of the appeal was referred back to the UK courts. The case was heard at the Upper Tribunal in June 2012 and a number of specific points have been referred back to the First Tier Tribunal for further consideration. The Group agreed with HMRC to delay this hearing until another point of dispute in relation to the claim was heard at the Court of Appeal in May 2013. The result of this hearing is expected by the end of October 2013.

ii) Other duty and VAT

In previous periods the Group has disclosed contingent liabilities in respect of a limited number of VAT and duty issues. During the period an amount of £12.2m (plus interest) has been provided to cover the directors' best estimate of the expected outflow. However, it remains possible that the ultimate resolution of these issues will vary from the amount provided. The Group's total exposure, including the amount provided, is estimated at approximately £29m (plus interest).

15. Related party transactions and ultimate parent undertaking

On 7 June 2011, Guoco Group Limited (Guoco), a company incorporated in Bermuda, and listed on the Hong Kong stock exchange, acquired a controlling interest in The Rank Group Plc. At 30 June 2013, Guoco owned 74.5% (30 June 2012: 74.5%) of the Company's shares through a wholly owned subsidiary undertaking, Rank Assets Limited. The ultimate parent undertaking of Guoco is Hong Leong Company (Malaysia) Berhad which is incorporated in Malaysia.

Tim Scoble and Mike Smith were appointed as non-executive directors by shareholders at the Company's annual general meeting on 22 April 2010 as appointees of Guoco. Mike Smith resigned as a director with effect from 30 April 2011 and Tim Scoble became independent on 30 April 2012. During the 12 months ended 30 June 2013, payments of £nil (18 months ended 30 June 2012: £63,333) were made to Guoco controlled companies in relation to their fees.

During the period The Gaming Group Limited, a wholly owned subsidiary of the Company, entered into an agreement, subject to the satisfaction of certain legal conditions, to purchase five non-operating casino licences from Clermont Leisure (UK) Limited for a maximum total consideration of £6.0m. Clermont Leisure (UK) Limited is an entity subject to common control. The valuation of the licences was carried out by a third party on an arm's length basis. This transaction has not yet completed and consequently there are no transactions or balances reflected in the financial statements in respect of the transaction.