News Release

29 January 2015

The Rank Group Plc ("Rank" or the "Group")
Half-year results for the six months ended 31 December 2014

Financial highlights in the six months ended 31 December 2014

	H1 2014/15 (unaudited)	H1 2013/14 (unaudited)	Change
Group revenue	**£361.7m**	£352.4m	3%
Statutory revenue	**£343.3m**	£337.0m	2%
Group EBITDA before exceptional items	**£62.1m**	£54.2m	15%
Group operating profit before exceptional items	**£40.8m**	£32.7m	25%
Adjusted profit before tax	**£35.8m**	£27.7m	29%
Adjusted earnings per share	**7.1p**	5.3p	34%
Cash inflow from operations	**£72.8m**	£49.7m	46%
Net debt	**£94.9m**	£135.1m	30%
Dividend per share	**1.60p**	1.35p	19%

Key highlights

- H1 operating profit up 25% with all brands improving period-on-period
- Strong digital growth with revenue up 16% and operating profit up 75%
- Improving performance across both Grosvenor Casinos and Mecca
- New digital platform provider Bede Gaming appointed
- New management team in place
- Bingo duty reduction enabled investment into Mecca venues and customer prizes
- Substantial deleveraging in the period with cash inflow from operations up 46%
- Strong dividend growth with interim dividend of 1.60p, up 19% on 2013/14
- Adjusted EPS up 34%

Henry Birch, chief executive of The Rank Group Plc said:

"I am very pleased to be announcing a strong set of results with operating profit (before exceptional items) up 25%, following improvements across all parts of the business which has driven a 19% increase in our interim dividend. We have continued our focus on improving our digital business and this strategy has resulted in a 16% increase in digital revenues and 75% increase in operating profit. To further strengthen our offer in this important channel, we have today announced an agreement with Bede Gaming to supply our new core digital platform which will ensure the Group has a flexible and modern platform to build on."

"The first half saw three senior management appointments including two managing directors to lead Mecca and Grosvenor Casinos, and the newly created role of Group Director of Digital and Cross-Channel Services. These appointments further strengthen the Group's management team and ensure that we are well placed to take advantage of future growth."

"During the period, we opened a new Grosvenor Casino in Southend and completed the refurbishment of our Bournemouth casino. This was combined with a 42% increase in Mecca venue maintenance following the reduction in bingo duty from 20% to 10%. The Group's venue maintenance and development programme remains very busy in the second half and beyond into 2015/16. Rank remains in a strong financial position, possesses market-leading brands and has a clear strategy for long term growth. As a result, the Board continues to look to the future with confidence."

Ends

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;
- "H1 2014/15" refers to the unaudited six month period to 31 December 2014 and "H1 2013/14" refers to the unaudited six month period to 31 December 2013; and
- Like-for-like excludes the effect of club openings, closures, relocations, and discontinued operations.

Enquiries

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Photographs available from www.rank.com

Analyst meeting and webcast details:

Thursday 29 January 2015
There will be an analyst meeting at 9.30am, admittance to which is by invitation only. The presentation will also be accessible via a live webcast, details of which can be found at www.rank.com. A replay of the webcast and a copy of the slide presentation will be made available on the website later. The webcast will be available for a period of six months.

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 six months to 31 December 2014, Rank has grown both revenue, up 3%, and operating profit, up 25%.

Venues revenue grew by 1% and digital by 16% (desktop down 4% and mobile up 87%). Like-for-like revenue for the Group grew by 4%.

£m	Revenue*		Operating profit**	
	H1 2014/15	H1 2013/14	**H1 2014/15**	H1 2013/14
Grosvenor Casinos	**205.6**	194.2	**31.0**	28.2
Venues	195.7	188.4	29.1	29.1
Digital	9.9	5.8	1.9	(0.9)
Mecca	**143.3**	143.5	**22.9**	13.9
Venues	111.8	113.7	14.5	7.1
Digital	31.5	29.8	8.4	6.8
Enracha	**12.8**	14.7	**0.9**	0.3
Central costs			**(14.0)**	(9.7)
Total	**361.7**	352.4	**40.8**	32.7

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

Grosvenor Casinos' revenue increased 6% in the period to £205.6m principally driven by the investments made in the acquired estate from Gala Coral and the progress made in its digital channel. Total operating profit rose by 10% to £31.0m. Venues operating profit was flat in the period due to a weaker win margin and certain one off costs.

Mecca's revenue was marginally down with improvements in its digital channel being offset by the brand's venues performance. Total operating profit rose by 65% to £22.9m driven by the cost actions taken in H2 2013/14 and the reduction in bingo duty from 20% to 10%. The period saw a substantial reduction in the rate in revenue and visits decline.

Enracha's euro revenue decreased by 6% as customer visits fell by 9% following the closure of two loss making venues. Sterling operating profit rose by £0.6m.

Central costs increased by 44% to £14.0m principally due to higher IT, bonus and redundancy costs and a number of one-off credits in the prior period.

During the period Rank invested £15.8m of capital across the Group with more than 60% deployed in our Grosvenor Casinos business.

The Group's adjusted net financing charge of £5.0m was in line with the prior period.

Adjusted earnings per share increased by 34% to 7.1p.

Exceptional items relating to continuing operations were £1.4m in the period and further detail can be found in note 3.

Group key performance indicators (KPIs)

	H1 2014/15	H1 2013/14
Customers* (000s)	**2,830**	2,734
Customer visits (000s)	**13,882**	13,803

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

Dividend
The board is pleased to declare an interim dividend of 1.60 pence per share, an increase of 19% over the prior period. The dividend will be paid on 20 March 2015 to shareholders on the register at 13 February 2015.

Taxation
From 30 June 2014, bingo duty was reduced from 20% to 10% and resulted in a £5.6m tax reduction in the period.

From 1 December 2014, Remote Gaming Duty at 15% was applied to all online gambling revenue generated by customers in the UK. The cost to the Group in H1 2014/15 was £0.8m.

VAT claims
Following the Court of Appeal decision regarding claims for overpaid VAT on certain types of amusement machines Rank applied for leave to appeal to the Supreme Court. Rank was granted permission to appeal and the appeal will be held on 21 April 2015. If successful Rank will be entitled to a repayment of £25.2m.

Investment into bingo venues
In line with the Group's commitments following the reduction in bingo duty to 10% the Group has invested in the following programmes in the period:

1. Investment in facilities
   - Bingo venue refurbishment programme recommenced, £0.5m invested in H1 with £1.4m forecasted for H2;
   - Group remains committed to investing in three new bingo venues and new site searches are underway;
   - Research programmes commenced to identify a new club format and customer demographic;
   - Maintenance expenditure increased by 42% to £1.1m; and
   - Wi-Fi upgraded in venues to enhance customer experience.
2. *Improved value to customers*
   - Reduced main stage bingo pricing resulted in an average customer saving of £2.16 per visit in H1 2014/15; and
   - £0.8m was provided in enhanced customer prizes.
3. *Improvements in product*
   - 1,000 additional handheld units purchased;
   - Trial of next generation handheld units commenced; and
   - Commitment signed for 1,000 new server based gaming slot machines and the upgrade of another 1,367 units.

New digital platform
The Group has signed an agreement with Bede Gaming for the supply of a new core digital platform. The rationale for a new platform is to give greater control, flexibility and speed in integrating third party and retail content and functionality. The Group believes that over the course of time the new platform will improve customer yields by allowing improved CRM and analytics capability. As part of a platform migration Rank will continue to work with its existing product and content suppliers such as Playtech, IGT, Novomatic and Evolution Gaming. Alongside a platform agreement, Rank has the option to make an equity investment in Bede Gaming via a convertible loan.

Listing rules
On 7 July 2014 the Company made a formal submission to the UK Listing Authority ("UKLA") requesting it to modify LR 6.1.19 R, so that it could continue to be a premium listed company with a slightly lower free float percentage than 25%. On 27 August 2014 the UKLA formally agreed to modify LR 6.1.19 R to accept a free float of 23%. The UKLA has reserved the right to revoke or further alter this modification at any time.

Management team changes
On 23 September 2014, Colin Cole-Johnson joined Rank as Group Director of Digital and Cross-Channel Services. Colin has over 15 years international digital gaming experience and will be responsible for the integration and delivery of Rank's multi-channel offer.

During H1 2014/15, Phil Urban left the Group after serving six years as Managing Director of Grosvenor Casinos and has been succeeded by Mark Jones (formerly Managing Director of Mecca).

On 5 January 2015, Martin Pugh joined Rank as Managing Director of Mecca. Martin has a wealth of experience in marketing, gambling and multi-site leisure, having previously run Virgin Active UK and Camelot's UK business.

Management incentivisation
The Board will shortly commence a consultation with its major shareholders on a new Long Term Incentivisation Plan for its senior management team.

Current trading and outlook
Trading in the short four week period since the start of the second half has been in line with our internal expectations and follows the trends seen in the first half of the year.

Rank remains in a strong financial position, possesses market-leading brands and has a clear strategy for long-term growth.

Our strategy

Rank's aim is to be the UK's leading multi-channel gaming operator. In order to achieve this, we are focused on building engaging brands with the ability to deliver them via the channels that customers prefer – whether venues, online or mobile. We will focus in particular on building engagement with customers across multiple channels, where research tells us we are likely to generate more durable and valuable customer relationships.

Progress made during H1 against the Group's strategic objectives was as follows:

Creating a compelling multi-channel offer	• Following a successful trial in ten venues Mecca has committed to roll-out server based gaming across the entire venues estate. In partnership with Global Draw/Videobet the roll-out is expected to be completed by the end of FY 2014/15
Building digital capability	• The Group has signed an agreement with Bede Gaming to supply its new core digital platform • Strengthened digital management team • New Mecca iPad app launched with multi-room bingo capabilities and exclusive slot content
Developing our venues	• Approximately £4.3m of capital has been approved to expand Grosvenor Casino's Luton venue to accommodate the recently awarded 2005 Act licence. The work is expected to be completed by September 2015 • Grosvenor Casinos was successful in progressing to stage two of the licensing process for the new Southampton 2005 Act licence. The licence award is expected early 2016 • A new Grosvenor Casino in Southend was opened on 25 September 2014 at a capital cost of £6.3m • The refurbishment of the Bournemouth casino was completed in December 2014 at a total capital cost of £1.3m • In December 2014, an electronic casino was opened adjacent to Mecca's venue in Oldbury. The casino licence had previously been unused by the Group • Following the bingo duty reduction Mecca has increased its venues maintenance by 42% in the period to improve the look and feel of the estate
Investing in our brands and marketing	• A new marketing agency has been appointed for Mecca, with a Grosvenor Casinos review under way. Both brands will be running new TV campaigns in H2 2014/15. Where we have seen a return on our investment, marketing investment has been gradually increased
Using technology to drive efficiency and improve customer experience	• £0.6m was spent in the period to improve Mecca's handheld gaming units. This included the addition of 1,000 new units across the estate • Grosvenor Casinos completed a detailed review of its labour scheduling during the period. The review resulted in a £0.7m reduction in labour costs • IT operations were outsourced to provide 24/7 support

Business review

Grosvenor Casinos
Grosvenor Casinos has produced a solid performance during the six months to 31 December 2014. Strong digital growth and good venues growth was offset by a weaker venue win margin and certain one off costs.

	H1 2014/15	H1 2013/14	Change
Total revenue* (£m)	**205.6**	194.2	6%
- Venues	195.7	188.4	4%
- Digital	9.9	5.8	71%
Total EBITDA (£m)**	**43.8**	39.8	10%
- Venues	41.2	39.7	4%
- Digital	2.6	0.1	2500%
Total operating profit (£m)**	**31.0**	28.2	10%
- Venues	29.1	29.1	0%
- Digital	1.9	(0.9)	311%
Like-for-like revenue	**5%**		
- Venues	3%		
- Digital	71%		

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

Returns on the capital invested in the acquired casinos from Gala Coral contributed to a 4% increase in total venues revenue despite win margin being marginally below that seen in the comparable period. An on-going disagreement with HMRC regarding the calculation of irrecoverable VAT resulted in a £1.2m increase in VAT charged in the period (£0.8m relating to the prior year) and higher operating costs removed the benefit of the higher revenues.

The digital brand continued to grow strongly in the period, with revenue up 71%, driven by an increase in customers and improved customer management. Digital delivered a profit of £1.9m.

Key performance indicators

	H1 2014/15	H1 2013/14
Total customers (000s)*	**1,766**	1,737
- Venues	1,743	1,713
- Digital	54	42
Total customer visits (000s)	**4,417**	4,282
- Venues	4,147	4,082
- Digital	270	200
Total spend per visit (£)	**46.55**	45.35
- Venues	47.19	46.15
- Digital	36.67	29.00

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

Customer numbers increased across both channels in the period with total brand customers up 2%. The numbers of customers playing both in our casinos and online increased by 72% driven by venues led cross-channel promotional activity.

A new casino in Southend was opened on 25 September 2014 at a total capital cost of £6.3m and the £1.3m refurbishment of the Bournemouth casino was completed in December 2014. The new Southend casino is trading in line with management's expectations.

Venues regional analysis
The casinos estate is split into three key areas – London, Provinces and Belgium. To better illustrate the differences across the estate the following analysis has been provided.

	Customer visits (000s)		**Spend per visit (£)**		**Revenue (£m)**		**Operating profit (£m)**	
	H1 2014/15	H1 2013/14	**H1 2014/15**	H1 2013/14	**H1 2014/15**	H1 2013/14	**H1 2014/15**	H1 2013/14
London	**757**	729	**94.06**	89.85	**71.2**	65.5	**16.3**	13.9
Provinces	**3,251**	3,202	**36.20**	36.04	**117.7**	115.4	**12.6**	15.2
Belgium	**139**	151	**48.92**	49.67	**6.8**	7.5	**0.2**	-
Total	**4,147**	4,082	**47.19**	46.15	**195.7**	188.4	**29.1**	29.1

An increase in customer visits and handle contributed to a 9% increase in London revenues. Provincial revenue increased by 2% due to higher customer visits. Provincial profit has been adversely impacted by the increase in irrecoverable VAT, start-up losses at Southend, the lower win margin and a number of costs that will not recur in H2. Grosvenor Casinos' provincial estate remains a key player in the UK's provincial market with a market share of circa 45%.

Venues revenue analysis – UK only

£m	**H1 2014/15**	H1 2013/14	Change
Casino games	**127.3**	124.2	2%
Gaming machines	**38.8**	35.4	10%
Card room games	**7.8**	7.1	10%
Food & drink/other	**15.0**	14.2	6%
Total	**188.9**	180.9	4%

Gaming machine revenue was up 10% in the period driven by product improvements in the slot machine estate. A full six months' contribution from the London Poker Room (opened November 2013) contributed to a 10% increase in card room games revenue.

Mecca

Total brand revenue was marginally down in the period as gains in the digital channel were offset by a decline in venues revenue following the closure of three venues in the period.

	H1 2014/15	H1 2013/14	Change
Total revenue* (£m)	**143.3**	143.5	0%
- Venues	111.8	113.7	(2)%
- Digital	31.5	29.8	6%
Total EBITDA (£m)**	**29.9**	22.2	35%
- Venues	20.8	14.3	45%
- Digital	9.1	7.9	15%
Total operating profit (£m)**	**22.9**	13.9	65%
- Venues	14.5	7.1	104%
- Digital	8.4	6.8	24%
Like-for-like revenue	**1%**		
- Venues	(1)%		
- Digital	6%		

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

Venues revenue of £111.8m was marginally down in the period. A weather affected comparable period and a decline in H1 2014/15 customers resulted in a less than 1% decline in like-for-like revenue in the period. Operating profit increased by 104% following cost reductions implemented in H2 2013/14 and the estimated benefit of the reduction in bingo duty (£3.6m).

The Group remains committed to opening three new venues following the reduction in bingo duty. Searches for news sites are underway and potential new concepts are being developed. As part of Mecca's drive to create a more profitable and sustainable estate three planned closures of loss-making venues were completed in the period with two further loss-making venues due to close in H2 2014/15.

Digital revenues increased by 6% to £31.5m as customer numbers increased and customer retention improved driven by a more competitive sign up bonus and the recent TV campaign. Operating profit increased by 24% to £8.4m.

Key performance indicators

	H1 2014/15	H1 2013/14
Total customers (000s)*	**1,105**	1,107
- Venues	938	940
- Digital	243	234
Total customer visits (000s)	**8,562**	8,532
- Venues	5,993	6,209
- Digital	2,569	2,323
Total spend per visit (£)	**16.74**	16.82
- Venues	18.66	18.31
- Digital	12.26	12.83

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

The decline in venues customer visits slowed in the period, down 3%, compared to a 10% decline in the prior period. Spend per visit increased by 2%.

Digital spend per visit decreased by 4% driven by the growth in mobile and new customers.

Venues revenue analysis

£m	**H1 2014/15**	H1 2013/14	Change
Main stage bingo	**15.5**	17.7	(12)%
Interval games	**46.7**	46.5	0%
Amusement machines	**36.8**	36.7	0%
Food & drink/other	**12.8**	12.8	0%
Total	**111.8**	113.7	(2)%

Following the reduction in the rate of bingo duty Mecca reduced the level of participation fees charged to its customers.

Enracha

	H1 2014/15	H1 2013/14	Change
Revenue (€ m)	**16.3**	17.3	(6)%
Revenue (£m)	**12.8**	14.7	(13)%
EBITDA* (£m)	**1.7**	1.3	31%
Operating profit* (£m)	**0.9**	0.3	200%
Like-for-like revenue	**3%**		

* before exceptional items

Like-for-like euro revenue was up 3%. Reductions in tax, tighter cost control and the removal of two loss making venues contributed to a higher operating profit.

Key performance indicators

	H1 2014/15	H1 2013/14
Customers (000s)*	**250**	278
Customer visits (000s)	**903**	989
Spend per visit (€)	**18.05**	17.49
Spend per visit (£)	**14.17**	14.86

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

Venues revenue analysis

€m	**H1 2014/15**	H1 2013/14	Change
Bingo	**9.4**	10.7	(12)%
Amusement machines	**5.6**	5.1	10%
Food & drink/other	**1.3**	1.5	(13)%
Total	**16.3**	17.3	(6)%

Upgraded product and improved promotions contributed to a 10% increase in amusement machine euro revenue.

Financial review

Group revenue for the six-month period from continuing operations rose by 3% to £361.7m while Group operating profit before exceptionals of £40.8m was 25% higher than the comparable period.

Adjusted net interest payable for the six months was in line with the comparable period.

The Group's adjusted profit before tax was £35.8m, up 29%.

Adjusted earnings per share was up 34% period-on-period at 7.1p.

Taxation

The Group's effective corporation tax rate on continuing operations was 22.9% (H1 2013/14: 25.3%) based on a tax charge of £8.2m on adjusted profit before taxation. This is within the Group's anticipated effective corporation tax rate range for 2014/15 of 22% to 24%.

The Group had a H1 effective cash tax rate of 11.5% on adjusted profit after excluding a £8.9m repayment received in respect of UK corporation tax overpaid in the prior year. The Group is expected to have a cash tax rate of 15.0% to 17.5% in 2014/15, excluding any tax payable on the resolution of a number of legacy issues and the £8.9m repayment. This is lower than the Group's effective corporation tax rate due to the utilisation of capital allowances and the timing of corporation tax instalment payments.

Rank's appeal to the Supreme Court concerning overpaid output VAT on gaming machines will be heard on 21 April 2015. If successful Rank will be entitled to a repayment of £25.2m.

As previously disclosed, the Group participated in a disclosed tax avoidance scheme which has been included in the list of Disclosure of Tax Avoidance Schemes ("DOTAS"). This scheme is being challenged by HMRC and the case will be heard at a Tax Tribunal later on this year, with another tax payer as lead case. Under tax rules introduced last year, HMRC could request payment of the amounts under dispute in advance of the Tax Tribunal. The amounts in dispute are worth up to £22.0m and have already been fully provided by the Group. The Group has not yet received any request for payment.

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.

During the period the Group recognised the following exceptional items:

- A reduction in the onerous lease provision at two venues committed to close in H2 2014/15;
- Onerous lease provision relating to the underperformance of one Mecca venue; and
- A discontinued exceptional tax credit, mainly relating to the release of a provision following the successful resolution of a transfer pricing dispute.

Full details of the Group's exceptional items are provided in notes 3 and 6.

Cash flow

	H1 2014/15 £m	H1 2013/14 £m
Continuing operations		
Cash inflow from operations	**72.8**	49.7
Capital expenditure	**(15.8)**	(29.7)
Fixed asset disposals	**1.5**	0.2
Operating cash inflow	**58.5**	20.2
Discontinued operations	**-**	(0.4)
Net acquisitions and disposals	**(0.1)**	0.9
Net cash payments in respect of provisions and exceptional items	**(4.3)**	(2.9)
	54.1	17.8
Net interest and tax receipts (payments)	**1.3**	(5.5)
Settlement of legacy tax issues	**-**	(31.1)
Dividends paid	**(12.3)**	(11.1)
New finance leases	**-**	(2.3)
Other (including foreign exchange translation)	**(1.0)**	0.9
Cash inflow (outflow)	**42.1**	(31.3)
Opening net debt	**(137.0)**	(103.8)
Closing net debt	**(94.9)**	(135.1)

Financial structure and liquidity

At the end of December 2014, net debt was £94.9m compared with net debt of £135.1m at the end of December 2013. The net debt comprised £140.0m in bank term loans in respect of the acquisition of the former Gala casinos, £9.2m in fixed rate Yankee bonds, £13.4m in finance leases and £5.4m in overdrafts offset by cash at bank and in hand of £73.1m.

The Group's banking facilities comprise two £70.0m bi-lateral term loans and four £20.0m bi-lateral 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 has a strong balance sheet with a conservative leverage of 0.8 times net debt to EBITDA.

Capital expenditure

	H1 2014/15 £m	H1 2013/14 £m
Cash:		
Continuing operations		
Grosvenor Casinos	**9.6**	24.9
Mecca	**4.7**	3.7
Enracha	**0.2**	0.5
Central	**1.3**	0.6
	15.8	29.7
Finance leases:		
Mecca	**-**	2.3
	-	2.3
Total capital expenditure	**15.8**	32.0

During the six-month period, Rank invested £9.0m into its Grosvenor Casino venues, with the majority being expended on the newly-opened Southend casino (£4.0m) and the refurbishment of a number of venues (£2.2m). The balance was principally spent on continuing the roll out of the brand's loyalty scheme, Play Points, across the acquired venues, upgrades to the IT systems and general venues maintenance.

Mecca invested £3.5m into its venues. £1.2m was spent on venue refurbishments and improvements to gaming product. The balance was spent on upgrades to the IT systems and general venues maintenance.

On developing our digital capability we invested a total of £1.2m in Mecca and £0.6m in Grosvenor Casinos.

During H2 2014/15, we plan to spend circa £26.0m. Of this, approximately £4.5m will be invested in Grosvenor Casinos venues, which includes the commencement of works to our Luton casino to accommodate the awarded 2005 Act licence. Approximately £4.1m will be invested into Mecca's venues to continue the H1 programme of improving the venues and gaming product. £4.2m will be spent on enhancing our digital capability and £5.2m on group wide IT investments. The balance of the capex spend will be on general maintenance.

£2.2m of capital was committed at 31 December 2014.

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.

Principal risk and uncertainties

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 faced by the Group remain those set out in the Group's annual report and financial statements for the year ended 30 June 2014 and include:

- Regulatory and tax risks;
- Operational risks (new online gaming platform, volatility of gaming win and loss of licences);
- External events;
- Business continuity and disaster recovery;
- Wage rise inflation; and
- Information Technology risks (IT outsourcing and reliance on technology).

Greater detail on these risks and uncertainties are set out in pages 22 to 25 of the Group's 2014 annual report and financial statements.

Directors' Responsibility Statement

The interim management report complies with the Disclosure Rules and Transparency Rule ('DTR') of the United Kingdom's Financial Services Authority in respect of the requirement to produce a half-yearly financial report. The interim report is the responsibility of, and has been approved by, the directors. We confirm that to the best of our knowledge:

- The condensed set of financial statements has been prepared in accordance with IAS 34;
- The interim management report includes a fair review of the important events during the first six months and description of the principal risk and uncertainties for the remaining six months of the year, as required by DTR 4.2.7R; and
- The interim management report and note 14 to the Group financial information includes a fair review of disclosure of related party transactions and changes therein, as required by 4.2.8R.

The directors of The Rank Group Plc are:

Ian Burke
Henry Birch
Clive Jennings
The Rt. Hon. the Earl of Kilmorey, PC
Owen O'Donnell
Tim Scoble
Shaa Wasmund

For and on behalf of the board on 28 January 2015.

Henry Birch	Clive Jennings
Chief Executive	Finance Director

INDEPENDENT REVIEW REPORT TO THE RANK GROUP PLC

Introduction
We have been engaged by the Company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 31 December 2014 which comprises the Group Income Statement, Group Statement of Comprehensive Income, Group Statement of Changes in Equity, Group Balance Sheet, Group Cash Flow Statement and the related explanatory notes. We have read the other information contained in the half yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

This report is made solely to the Company in accordance with guidance contained in International Standard on Review Engagements 2410 (UK and Ireland) "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company, for our work, for this report, or for the conclusions we have formed.

Directors' Responsibilities
The half-yearly financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly financial report in accordance with the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority.

As disclosed in note 1, the annual financial statements of the Group are prepared in accordance with IFRSs as adopted by the European Union. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting", as adopted by the European Union.

Our Responsibility
Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review.

Scope of Review
We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion
Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 31 December 2014 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority.

Ernst & Young LLP
London
28 January 2015

Group Income Statement
for the six months to 31 December 2014

	Six months to 31 December 2014 (unaudited)			Six months to 31 December 2013 (unaudited)		
	Before exceptional items £m	**Exceptional items (note 3) £m**	**Total £m**	Before exceptional items £m	Exceptional items (note 3) £m	Total £m
Continuing operations						
Revenue before adjustment for free bets, promotions and customer bonuses	**361.7**	**-**	**361.7**	352.4	-	352.4
Free bets, promotions and customer bonuses	**(18.4)**	**-**	**(18.4)**	(15.4)	-	(15.4)
Revenue	**343.3**	**-**	**343.3**	337.0	-	337.0
Cost of sales	**(182.8)**	**-**	**(182.8)**	(190.8)	-	(190.8)
Gross profit	**160.5**	**-**	**160.5**	146.2	-	146.2
Other operating costs	**(119.7)**	**1.4**	**(118.3)**	(113.5)	(27.3)	(140.8)
Group operating profit (loss)	**40.8**	**1.4**	**42.2**	32.7	(27.3)	5.4
Financing:						
– finance costs	**(5.4)**	**-**	**(5.4)**	(5.1)	(8.2)	(13.3)
– finance income	**0.3**	**-**	**0.3**	-	1.0	1.0
– other financial (losses) gains	**(0.8)**	**-**	**(0.8)**	0.7	-	0.7
Total net financing charge	**(5.9)**	**-**	**(5.9)**	(4.4)	(7.2)	(11.6)
Profit (loss) before taxation	**34.9**	**1.4**	**36.3**	28.3	(34.5)	(6.2)
Taxation	**(8.0)**	**-**	**(8.0)**	(4.1)	8.8	4.7
Profit (loss) for the period from continuing operations	**26.9**	**1.4**	**28.3**	24.2	(25.7)	(1.5)
Discontinued operations	**-**	**16.0**	**16.0**	-	2.8	2.8
Profit (loss) for the period	**26.9**	**17.4**	**44.3**	24.2	(22.9)	1.3
Attributable to:						
Equity holders of the parent	**26.9**	**17.4**	**44.3**	24.2	(22.9)	1.3
Earnings (loss) per share attributable to equity shareholders						
– basic	**6.9**	**4.4**	**11.3**	6.2	(5.9)	0.3
– diluted	**6.9**	**4.4**	**11.3**	6.2	(5.9)	0.3
Earnings (loss) per share – continuing operations						
– basic	**6.9**	**0.3**	**7.2**	6.2	(6.6)	(0.4)
– diluted	**6.9**	**0.3**	**7.2**	6.2	(6.6)	(0.4)
Earnings per share – discontinued operations						
– basic	**-**	**4.1**	**4.1**	-	0.7	0.7
– diluted	**-**	**4.1**	**4.1**	-	0.7	0.7

Group Statement of Comprehensive Income
for the six months to 31 December 2014

	Six months to 31 December 2014 (unaudited) £m	Six months to 31 December 2013 (unaudited) £m
Comprehensive income:		
Profit for the period	**44.3**	1.3
Other comprehensive income:		
Exchange adjustments net of tax	**(1.1)**	(1.1)
Actuarial (loss) gain on retirement benefits net of tax	**(0.4)**	0.1
Total comprehensive income for the period	**42.8**	0.3
Attributable to:		
Equity holders of the parent	**42.8**	0.3

Group Statement of Changes in Equity
for the six months to 31 December 2014

	For the six months to 31 December 2014 (unaudited)					
	Share capital £m	**Share premium £m**	**Capital redemption reserve £m**	**Exchange translation reserve £m**	**Retained earnings £m**	**Total £m**
At 1 July 2014	**54.2**	**98.4**	**33.4**	**13.7**	**42.6**	**242.3**
Comprehensive income:						
Profit for the period	**-**	**-**	**-**	**-**	**44.3**	**44.3**
Other comprehensive income:						
Exchange adjustments including tax	**-**	**-**	**-**	**(1.1)**	**-**	**(1.1)**
Actuarial loss on retirement benefits net of tax	**-**	**-**	**-**	**-**	**(0.4)**	**(0.4)**
Total comprehensive (expense) income for the period	**-**	**-**	**-**	**(1.1)**	**43.9**	**42.8**
Transactions with owners:						
Dividends paid to equity holders (see note 7)	**-**	**-**	**-**	**-**	**(12.3)**	**(12.3)**
At 31 December 2014	**54.2**	**98.4**	**33.4**	**12.6**	**74.2**	**272.8**

	For the six months to 31 December 2013 (unaudited)					
	Share capital £m	Share premium £m	Capital redemption reserve £m	Exchange translation reserve £m	Retained earnings £m	Total £m
At 1 July 2013	54.2	98.4	33.4	16.1	39.8	241.9
Comprehensive income:						
Profit for the period	-	-	-	-	1.3	1.3
Other comprehensive income:						
Exchange adjustments including tax	-	-	-	(1.1)	-	(1.1)
Actuarial gain on retirement benefits net of tax	-	-	-	-	0.1	0.1
Total comprehensive (expense) income for the period	-	-	-	(1.1)	1.4	0.3
Transactions with owners:						
Dividends paid to equity holders (see note 7)	-	-	-	-	(11.1)	(11.1)
Debit in respect of employee share schemes including tax	-	-	-	-	(0.4)	(0.4)
At 31 December 2013	54.2	98.4	33.4	15.0	29.7	230.7

Group Balance Sheet
at 31 December 2014 and 30 June 2014

	31 December 2014 (unaudited) £m	30 June 2014 £m
Assets		
Non-current assets		
Intangible assets	**390.5**	390.2
Property, plant and equipment	**208.5**	217.5
Deferred tax assets	**2.2**	2.5
Other receivables	**3.2**	3.1
	604.4	613.3
Current assets		
Inventories	**3.2**	3.1
Other receivables	**22.9**	31.1
Income tax receivable	**-**	6.6
Cash and short-term deposits	**73.1**	47.1
	99.2	87.9
Total assets	**703.6**	701.2
Liabilities		
Current liabilities		
Trade and other payables	**(115.9)**	(113.2)
Income tax payable	**(30.0)**	(40.3)
Financial liabilities - loans and borrowings	**(8.7)**	(4.4)
Provisions	**(8.4)**	(10.5)
	(163.0)	(168.4)
Net current liabilities	**(63.8)**	(80.5)
Non-current liabilities		
Trade and other payables	**(39.1)**	(40.5)
Financial liabilities - loans and borrowings	**(159.2)**	(179.5)
Deferred tax liabilities	**(19.2)**	(18.1)
Provisions	**(46.5)**	(49.0)
Retirement benefit obligations	**(3.8)**	(3.4)
	(267.8)	(290.5)
Total liabilities	**(430.8)**	(458.9)
Net assets	**272.8**	242.3
Capital and reserves attributable to the Company's equity shareholders		
Share capital	**54.2**	54.2
Share premium	**98.4**	98.4
Capital redemption reserve	**33.4**	33.4
Exchange translation reserve	**12.6**	13.7
Retained earnings	**74.2**	42.6
Total shareholders' equity	**272.8**	242.3

Group Cash Flow Statement

for the six months to 31 December 2014

	Six months to 31 December 2014 (unaudited) £m	Six months to 31 December 2013 (unaudited) £m
Cash flows from operating activities		
Cash generated from continuing operations	**68.5**	33.1
Interest received	**0.3**	-
Interest paid	**(4.2)**	(4.6)
Tax received (paid)	**5.2**	(12.3)
Discontinued operations	**-**	(6.4)
Net cash from operating activities	**69.8**	9.8
Cash flows from investing activities		
(Disposal) acquisition of subsidiary including deferred consideration	**(0.1)**	0.9
Purchase of intangible assets	**(3.5)**	(10.0)
Purchase of property, plant and equipment	**(12.3)**	(19.7)
Proceeds from sale of property, plant and equipment	**1.5**	0.2
Net cash used in investing activities	**(14.4)**	(28.6)
Cash flows from financing activities		
Dividends paid to equity holders	**(12.3)**	(11.1)
Repayment of bilateral facilities	**(20.0)**	-
Drawdown on bilateral facilities	**-**	28.0
Finance lease principal payments	**(1.6)**	(1.6)
Net cash (used in) from financing activities	**(33.9)**	15.3
Net increase (decrease) in cash, cash equivalents and bank overdrafts	**21.5**	(3.5)
Effect of exchange rate changes	**(0.1)**	(0.3)
Cash and cash equivalents at start of period	**46.3**	61.9
Cash and cash equivalents at end of period	**67.7**	58.1

1 General information, basis of preparation and accounting policies

The Company is a public limited company which is listed on the London stock exchange and 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 interim financial information was approved for issue on 28 January 2015.

This condensed consolidated financial information does not constitute statutory accounts within the meaning of Section 434 of the Companies Act 2006. Statutory accounts for the 12 month period ended 30 June 2014 were approved by the board of directors on 13 August 2014 and 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.

This condensed consolidated interim financial information has been reviewed but not audited.

Basis of preparation

This condensed consolidated interim financial information for the six months ended 31 December 2014 has been prepared in accordance with the Disclosure and Transparency Rules of the Financial Services Authority and with IAS34 'Interim financial reporting' as adopted by the European Union. The condensed consolidated interim financial information should be read in conjunction with the financial statements for the 12 month period ended 30 June 2014, which have been prepared in accordance with IFRSs 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 that trading does not deteriorate considerably from current 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 financial statements for the 12 month period ended 30 June 2014, as described in those financial statements. The changes did not have any impact on the financial position or performance of the Group.

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.

The following new standards, amendments and interpretations are mandatory for the first time for the financial period beginning 1 July 2014.

IFRS10 Consolidated Financial Statements
IFRS11 Joint Arrangements
IFRS12 Disclosure of Interests in Other Entities
IAS27 Separate Financial Statements (Revised)
IAS28 Investments in Associates and Joint Ventures (Revised)
IAS32 Financial Instruments: Presentation – offsetting Financial Assets and Financial Liabilities (Amendment)
IAS36 Recoverable Amount Disclosures for Non-Financial Assets
IAS39 Novation of Derivatives and Continuation of Hedge Accounting (Amendment)
IFRIC21 Levies

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, interpretation or amendment that was issued but is not yet effective.

2 Segment information - continuing operations

	Six months to 31 December 2014 (unaudited)							
	Grosvenor Casinos		**Mecca**		**Enracha**		**Central**	
	Venues	**Digital**	**Venues**	**Digital**	**Venues**	**Digital**	**costs**	**Total**
	£m	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**
Continuing operations								
Group revenue reported in internal information	**195.7**	**9.9**	**111.8**	**31.5**	**12.8**	**-**	**-**	**361.7**
Free bets, promotions and customer bonuses	**(3.8)**	**(2.1)**	**(6.8)**	**(5.7)**	**-**	**-**	**-**	**(18.4)**
Segment revenue	**191.9**	**7.8**	**105.0**	**25.8**	**12.8**	**-**	**-**	**343.3**
Operating profit (loss) before exceptional items	**29.1**	**1.9**	**14.5**	**8.4**	**1.2**	**(0.3)**	**(14.0)**	**40.8**
Exceptional operating profit (loss)	**-**	**-**	**1.9**	**-**	**(0.5)**	**-**	**-**	**1.4**
Segment result	**29.1**	**1.9**	**16.4**	**8.4**	**0.7**	**(0.3)**	**(14.0)**	**42.2**
Finance costs								**(5.4)**
Finance income								**0.3**
Other financial losses								**(0.8)**
Profit before taxation								**36.3**
Taxation								**(8.0)**
Profit for the period from continuing operations								**28.3**

	Six months to 31 December 2013 (unaudited)							
	Grosvenor Casinos		Mecca		Enracha		Central	
	Venues	Digital	Venues	Digital	Venues	Digital	costs	Total
	£m	£m	£m	£m	£m	£m	£m	£m
Continuing operations								
Group revenue reported in internal information	188.4	5.8	113.7	29.8	14.7	-	-	352.4
Free bets, promotions and customer bonuses	(2.2)	(1.3)	(6.9)	(5.0)	-	-	-	(15.4)
Segment revenue	186.2	4.5	106.8	24.8	14.7	-	-	337.0
Operating profit (loss) before exceptional items	29.1	(0.9)	7.1	6.8	0.5	(0.2)	(9.7)	32.7
Exceptional operating loss	(4.9)	-	(22.4)	-	-	-	-	(27.3)
Segment result	24.2	(0.9)	(15.3)	6.8	0.5	(0.2)	(9.7)	5.4
Finance costs								(13.3)
Finance income								1.0
Other financial gains								0.7
Loss before taxation								(6.2)
Taxation								4.7
Loss for the period from continuing operations								(1.5)

2 Segment information - continuing operations (continued)

To increase transparency, the Group continues to include additional disclosure analysing total costs by type and segment. A reconciliation of total costs, before exceptional items, by type and segment is as follows:

	Six months to 31 December 2014 (unaudited)							
	Grosvenor Casinos		**Mecca**		**Enracha**		**Central**	
	Venues	**Digital**	**Venues**	**Digital**	**Venues**	**Digital**	**costs**	**Total**
	£m	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**
Employment and related costs	**68.8**	**1.5**	**26.9**	**3.1**	**6.4**	**0.1**	**8.7**	**115.5**
Taxes and duties	**41.4**	**0.2**	**17.7**	**0.7**	**0.9**	**-**	**1.1**	**62.0**
Direct costs	**6.9**	**2.3**	**11.4**	**7.3**	**1.0**	**0.2**	**-**	**29.1**
Property costs	**15.0**	**0.1**	**13.7**	**0.2**	**0.8**	**-**	**0.5**	**30.3**
Marketing	**7.3**	**0.9**	**5.3**	**4.9**	**0.4**	**-**	**-**	**18.8**
Depreciation and amortisation	**12.1**	**0.7**	**6.3**	**0.7**	**0.8**	**-**	**0.7**	**21.3**
Other	**11.3**	**0.2**	**9.2**	**0.5**	**1.3**	**-**	**3.0**	**25.5**
Total costs before exceptional items	**162.8**	**5.9**	**90.5**	**17.4**	**11.6**	**0.3**	**14.0**	**302.5**

Cost of sales	**182.8**
Operating costs	**119.7**
Total costs before exceptional items	**302.5**

	Six months to 31 December 2013 (unaudited)							
	Grosvenor Casinos		Mecca		Enracha		Central	
	Venues	Digital	Venues	Digital	Venues	Digital	costs	Total
	£m	£m	£m	£m	£m	£m	£m	£m
Employment and related costs	68.9	0.8	28.5	3.5	6.8	0.1	6.7	115.3
Taxes and duties	39.6	0.1	24.2	0.3	1.1	-	0.9	66.2
Direct costs	7.2	1.4	10.8	7.5	1.3	-	-	28.2
Property costs	14.8	0.1	13.7	0.4	1.3	-	0.5	30.8
Marketing	6.4	2.0	5.4	4.1	0.5	-	-	18.4
Depreciation and amortisation	10.6	1.0	7.2	1.1	1.0	-	0.6	21.5
Other	9.6	-	9.9	1.1	2.2	0.1	1.0	23.9
Total costs before exceptional items	157.1	5.4	99.7	18.0	14.2	0.2	9.7	304.3

Cost of sales	190.8
Operating costs	113.5
Total costs before exceptional items	304.3

3 Exceptional items

	Six months to 31 December 2014 (unaudited) £m	Six months to 31 December 2013 (unaudited) £m
Exceptional items relating to continuing operations		
Charge to provision for property leases	**(1.0)**	-
Closure of venues	**2.4**	-
Net charge to provision for indirect taxation	**-**	(26.1)
Integration costs	**-**	(1.2)
Exceptional operating costs	**1.4**	(27.3)
Finance costs (see note 5)	**-**	(8.2)
Finance income (see note 5)	**-**	1.0
Taxation (see note 6)	**-**	8.8
Exceptional items relating to continuing operations	**1.4**	(25.7)
Exceptional items relating to discontinued operations		
Finance costs (see note 5)	**-**	(0.3)
Finance income (see note 5)	**-**	0.3
Taxation (see note 6)	**16.0**	2.8
Exceptional items relating to discontinued operations	**16.0**	2.8
Total exceptional items	**17.4**	(22.9)

Continuing operations

Charge to provision for property leases

The Group has recognised a charge of £1.0m in respect of a Mecca venue where the expected income no longer exceeds the unavoidable costs associated with the lease.

Closure of venues

During the period the Group has closed, or committed to close, four venues. Three of these venues are in Mecca and one is in Enracha. The majority of the credit in the period relates to a reduction in the onerous lease provision required at two of these venues of £2.3m (see note 9).

4 Discontinued operations

Discontinued operations, other than those disclosed within exceptional items (see note 3), relate to the historic disposal of the loss making Blue Square Bet business. Blue Square Bet had no impact on the income statement in the current or prior reporting periods.

Cash flows relating to discontinued operations are as follows:

	Six months to 31 December 2014 (unaudited)	Six months to 31 December 2013 (unaudited)
Cash utilisation of provisions	**-**	(6.2)
Interest paid	**-**	(0.2)
Cash flows from operating activities	**-**	(6.4)
Cash flows from investing activities	**-**	-
Cash flows from financing activities	**-**	-
	-	(6.4)

5 Financing

	Six months to 31 December 2014 (unaudited) £m	Six months to 31 December 2013 (unaudited) £m
Continuing operations		
Finance costs:		
Interest on debt and borrowings	**(3.3)**	(3.2)
Amortisation of issue costs on borrowings	**(0.7)**	(0.7)
Interest on direct taxation	**(0.3)**	-
Interest payable on finance leases	**(0.4)**	(0.5)
Unwinding of the discount in onerous lease provisions	**(0.6)**	(0.6)
Unwinding of the discount in disposal provisions	**(0.1)**	(0.1)
Total finance costs	**(5.4)**	(5.1)
Finance income:		
Interest income on short term bank deposits	**0.1**	-
Interest income on direct taxation	**0.2**	-
Finance income	**0.3**	-
Other financial (losses) gains - including foreign exchange	**(0.8)**	0.7
Total net financing cost for continuing operations before exceptional items	**(5.9)**	(4.4)
Exceptional finance costs	**-**	(8.2)
Exceptional finance income	**-**	1.0
Total net financing cost for continuing operations	**(5.9)**	(11.6)
Discontinued operations		
Discontinued finance costs	**-**	(0.3)
Discontinued finance income	**-**	0.3
Total net financing income for discontinued operations	**-**	-
Total net financing costs	**(5.9)**	(11.6)

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

	Six months to 31 December 2014 (unaudited) £m	Six months to 31 December 2013 (unaudited) £m
Total net financing cost for continuing operations	**(5.9)**	(4.4)
Adjust for:		
Unwinding of the discount in disposal provisions	**0.1**	0.1
Other financial losses (gains) - including foreign exchange	**0.8**	(0.7)
Interest payable included in adjusted profit	**(5.0)**	(5.0)

6 Taxation

Income tax is recognised based on management's best estimate of the weighted average annual income tax rate expected for the full financial period.

	Six months to 31 December 2014 (unaudited)		
	Continuing operations £m	**Discontinued operations £m**	**Total £m**
Current income tax			
Current income tax – UK	**(7.0)**	**-**	**(7.0)**
Current income tax – overseas	**(0.3)**	**-**	**(0.3)**
Current income tax charge	**(7.3)**	**-**	**(7.3)**
Current income tax on exceptional items	**(0.4)**	**-**	**(0.4)**
Amounts over provided in previous years	**0.5**	**-**	**0.5**
Amounts over provided in previous years on exceptional items	**0.4**	**16.0**	**16.4**
Total current income tax (charge) credit	**(6.8)**	**16.0**	**9.2**
Deferred tax			
Deferred tax – UK	**(0.6)**	**-**	**(0.6)**
Deferred tax - overseas	**(0.1)**		**(0.1)**
Amounts under provided in respect of previous years	**(0.5)**	**-**	**(0.5)**
Total deferred tax charge	**(1.2)**	**-**	**(1.2)**
Tax (charge) credit in the income statement	**(8.0)**	**16.0**	**8.0**

	Six months to 31 December 2013 (unaudited)		
	Continuing operations £m	Discontinued operations £m	Total £m
Current income tax			
Current income tax – UK	(3.9)	-	(3.9)
Current income tax – overseas	(0.3)	-	(0.3)
Current income tax charge	(4.2)	-	(4.2)
Current income tax on exceptional items	7.3	-	7.3
Amounts over provided in previous years	1.0	-	1.0
Amounts over provided in previous years on exceptional items	1.5	2.8	4.3
Total current income tax credit	5.6	2.8	8.4
Deferred tax			
Deferred tax – UK	(4.0)	-	(4.0)
Deferred tax - overseas	(0.1)	-	(0.1)
Reduction in deferred tax rate	2.2	-	2.2
Amounts over provided in respect of previous years	1.0	-	1.0
Total deferred tax charge	(0.9)	-	(0.9)
Tax credit in the income statement	4.7	2.8	7.5

6 Taxation (continued)

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

	Six months to 31 December 2014 (unaudited)	Six months to 31 December 2013 (unaudited)
	£m	£m
Current tax charge on exchange movements offset in reserves	**(0.1)**	(0.1)
Deferred tax credit on actuarial loss on retirement benefits	**0.1**	-
Total tax charge on items within other comprehensive income	**-**	(0.1)

There was no tax effect of items charged or credited directly to equity in either period.

Tax on discontinued operations

The £16.0m exceptional tax credit in discontinued operations consists of the release from income tax payable of £16.9m following the successful resolution of a transfer pricing dispute, offset by £0.1m tax charge in connection with adjustments to tax returns agreed for discontinued entities and an increase in income tax payable of £0.8m in relation to an overseas audit of a disposed entity.

Factors affecting future taxation

On 23 March 2013, the Chancellor of the Exchequer announced the reduction in the main rate of UK corporation tax to 21.0% for the year starting 1 April 2014 and a further 1.0% reduction to 20.0% 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.

A reconciliation of tax on continuing operations to tax included in adjusted profit is described below:

	Six months to 31 December 2014 (unaudited)	Six months to 31 December 2013 (unaudited)
	£m	£m
Total net tax (charge) credit for continuing operations	**(8.0)**	4.7
Adjust for:		
Tax on exceptional items	**-**	(8.8)
Tax on adjusted items and impact of reduction in tax rate	**(0.2)**	(2.9)
Tax charge included in adjusted profit	**(8.2)**	(7.0)

7 Dividends

	Six months to 31 December 2014 (unaudited)	Six months to 31 December 2013 (unaudited)
	£m	£m
Dividends paid to equity holders		
Final dividend for 2013/14 paid on 22 October 2014 - 3.15p per share	**12.3**	-
Final dividend for 2012/13 paid on 23 October 2013 - 2.85p per share	**-**	11.1
Total	**12.3**	11.1

The Board has resolved to pay an interim dividend of 1.60p per ordinary share. The dividend will be paid on 20 March 2015 to shareholders on the register at 13 February 2015. The financial information does not reflect this dividend.

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:

	Six months to 31 December 2014 (unaudited) £m	Six months to 31 December 2013 (unaudited) £m
Profit attributable to equity shareholders	**44.3**	1.3
Adjust for:		
Discontinued operations (net of taxation)	**(16.0)**	(2.8)
Exceptional items after tax on continuing operations	**(1.4)**	25.7
Other financial losses (gains)	**0.8**	(0.7)
Unwinding of the discount in disposal provisions	**0.1**	0.1
Taxation on adjusted items and impact of reduction in tax rate	**(0.2)**	(2.9)
Adjusted net earnings attributable to equity shareholders	**27.6**	20.7
Weighted average number of ordinary shares in issue	**390.7m**	390.7m
Adjusted earnings per share (p) - basic	**7.1p**	5.3p
Adjusted earnings per share (p) - diluted	**7.1p**	5.3p

9 Provisions

	Property lease provisions £m	**Disposal provisions £m**	**Restructuring provisions £m**	**Indirect tax provisions £m**	**Total £m**
At 1 July 2014	**52.8**	**4.6**	**0.9**	**1.2**	**59.5**
Exchange adjustments	**-**	**0.2**	**-**	**-**	**0.2**
Unwinding of discount	**0.6**	**0.1**	**-**	**-**	**0.7**
Charge to the income statement - exceptional	**1.0**	**-**	**-**	**-**	**1.0**
Release to the income statement - exceptional	**(2.3)**	**-**	**-**	**-**	**(2.3)**
Utilised in period	**(3.0)**	**(0.3)**	**(0.9)**	**-**	**(4.2)**
At 31 December 2014 (unaudited)	**49.1**	**4.6**	**-**	**1.2**	**54.9**
Current	**6.2**	**1.0**	**-**	**1.2**	**8.4**
Non-current	**42.9**	**3.6**	**-**	**-**	**46.5**
At 31 December 2014 (unaudited)	**49.1**	**4.6**	**-**	**1.2**	**54.9**

Further details of the exceptional charge and release to the income statement are disclosed in note 3.

10 Borrowings to net debt 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 position is provided below:

	At 31 December 2014 (unaudited) £m	At 31 December 2013 (unaudited) £m
Total loans and borrowings	**(167.9)**	(196.9)
Less: accrued interest	**0.9**	0.9
Less: unamortised facility fees	**(1.0)**	(1.6)
	(168.0)	(197.6)
Add: cash and short term deposits	**73.1**	62.5
Net debt	**(94.9)**	(135.1)

11 Cash generated from continuing operations

	Six months to 31 December 2014 (unaudited) £m	Six months to 31 December 2013 (unaudited) £m
Continuing operations		
Operating profit	**42.2**	5.4
Exceptional items	**(1.4)**	27.3
Operating profit before exceptional items	**40.8**	32.7
Depreciation and amortisation	**21.3**	21.5
Increase in inventories	**(0.2)**	(0.2)
Decrease in other receivables	**7.7**	5.7
Increase (decrease) in trade and other payables	**3.2**	(9.6)
Share-based payments and other	**-**	(0.4)
	72.8	49.7
Cash utilisation of provisions	**(4.2)**	(8.3)
Cash payments in respect of exceptional items	**(0.1)**	(8.3)
Cash generated from continuing operations	**68.5**	33.1

12 Contingent liabilities

Property leases

Concurrent to the £211m sale and leaseback in 2006, the Group transferred the rights and obligations but not the legal titles of 44 property leases to a third party. The Group remains potentially liable in the event of default by the third party. Should default occur then the Group would have recourse to two guarantors. It is understood that, of the original 44 leases transferred, 14 of these have not expired or been surrendered. These 14 leases have durations of between one month and 98.5 years and a current annual rental obligation (net of sub-let income) of approximately £1.5m.

During the prior year, the Group became aware of certain information in respect of a deterioration in the financial position of the third party and one of the guarantors. However, the Group has not to date been notified of any default, or intention to default, in respect of the transferred leases.

13 Contingent assets

Discontinued taxation

During the period the Group released an amount of £16.9m from income tax payable following the successful conclusion of a transfer pricing dispute relating to a discontinued operation in an overseas jurisdiction. In addition, the Group has been advised that it could receive a refund of between £2.5m and £4.0m in respect of amounts previously paid.

The Group has not recognised any gain in the financial information at 31 December 2014 in respect of the potential refund.

14 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. The ultimate parent undertaking of Guoco is Hong Leong Company (Malaysia) Berhad (Hong Leong) which is incorporated in Malaysia. At 31 December 2014, entities controlled by Hong Leong owned 68.6% of the Company's shares, including 51.8% through Guoco and its wholly owned subsidiary Rank Assets Limited, the Company's immediate parent undertaking.