

# News release

23 August 2016



## The Rank Group Plc (“Rank” or the “Group”)

### Full year results for the 12 months to 30 June 2016

#### *Continued like-for-like revenue growth across all brands and channels*

#### Financial highlights in the 12 months ended 30 June 2016

		2015/16	2014/15	Change
Financial KPIs	Group revenue	<b>£753.0m</b>	£738.3m	2%
	Group EBITDA before exceptional items	<b>£128.2m</b>	£126.3m	2%
	Group EBITDA before exceptional items and Remote Gaming Duty	<b>£139.8m</b>	£132.9m	5%
	Group operating profit before exceptional items	<b>£82.4m</b>	£84.0m	(2)%
	Group operating profit before exceptional items and Remote Gaming Duty	<b>£94.0m</b>	£90.6m	4%
	Adjusted profit before tax	<b>£77.4m</b>	£74.1m	4%
	Adjusted earnings per share	<b>15.4p</b>	14.6p	5%
Statutory performance	Statutory revenue	<b>£708.5m</b>	£700.7m	1%
	Profit before taxation after exceptional items	<b>£85.5m</b>	£74.5m	15%
	Net debt	<b>£(41.2)m</b>	£(52.9)m	22%
	Final dividend	<b>4.70p</b>	4.00p	18%
	Dividend per share	<b>6.50p</b>	5.60p	16%

#### Key highlights

- Continued like-for-like growth across all brands and channels, with Group like-for-like revenue up 3%
- Group EBITDA and Group operating profit before exceptional items up in the year, 5% and 4% respectively, excluding the impact of Remote Gaming Duty
- Continued strong digital revenue growth, up 11%
- Mecca’s retail bingo growth continues, with revenue up 2% on a like-for-like basis
- Debt levels further reduced with leverage down to 0.3x
- UK digital brands migrated onto new digital platform in Q3 2015/16, on time and within budget
- Strong dividend growth with dividend per share of 6.50p, up 16% year-on-year
- Adjusted EPS up 5%

Henry Birch, Chief Executive of The Rank Group Plc said:

“I am pleased to report a solid set of results with Group revenue up 2%, again recording like-for-like growth across all brands and channels in the year.”

“This year we have focussed on delivering significant projects to ensure we have the right platform in place for future growth. This included the migration of our digital business onto a new platform, the rollout of an improved retail casino management system and investments into new generation machines in both our casino and bingo venues.”

“At the same time we have delivered a substantial increase in the dividend to our shareholders.”

“Rank remains in a strong financial position, possesses market-leading brands and has a clear strategy for long-term growth. The board continues to look to the future with confidence.”

Ends.

**Definition of terms:**

- Group revenue is before adjustment for customer incentives;
- 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;
- "2015/16" refers to the audited 12-month period to 30 June 2016 and "2014/15" refers to the audited 12-month period to 30 June 2015; and
- Like-for-like excludes the effect of club openings, closures, relocations, and discontinued operations.
- The Group results make reference to 'adjusted' results alongside our statutory results, which we believe will be more useful to readers as we manage our business using these adjusted measures. The directors believe that exceptional items and other adjustments impair visibility of the underlying performance of the Group's business and accordingly, these are excluded from our non-GAAP measurement of Revenue, Profit Before Tax, EBITDA, Operating Profit and Adjusted EPS. Adjusted measures are the same as those used in internal reports.

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Photographs available from [www.rank.com](http://www.rank.com)**Analyst meeting and webcast details:****Tuesday 23 August 2016**

There will be an analyst meeting at 9.30am, admittance to which is by invitation only. There will also be a simultaneous webcast of the meeting.

For the live webcast, please register at [www.rank.com](http://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

The information contained within this announcement is deemed by the Company to constitute inside information as stipulated under the Market Abuse Regulation.

## Chief executive's review

Total revenue was up 2% in the year, and following the closure of underperforming venues in the current and prior years, like-for-like revenue increased by 3%. Digital continued to grow strongly with total digital revenues (online and mobile) up 11% in the year. Total venues grew by 1% in the year, on a like-for-like basis revenues grew by 2%.

Group EBITDA rose by 2% in the year and was up 5% excluding the impact of Remote Gaming Duty ('RGD'). Group operating profit fell by 2% due to higher digital operating costs, principally RGD, and a weak Q4 in Grosvenor's venues.

£m		Revenue <sup>1</sup>		Operating profit <sup>2</sup>	
		2015/16	2014/15	2015/16	2014/15
Grosvenor Casinos		<b>438.6</b>	423.4	<b>66.2</b>	66.5
	Venues	<b>408.1</b>	401.1	<b>60.9</b>	63.4
	Digital	<b>30.5</b>	22.3	<b>5.3</b>	3.1
Mecca		<b>287.7</b>	289.6	<b>41.5</b>	43.0
	Venues	<b>221.5</b>	224.4	<b>32.9</b>	28.9
	Digital	<b>66.2</b>	65.2	<b>8.6</b>	14.1
Enracha		<b>26.7</b>	25.3	<b>3.6</b>	2.6
	Venues	<b>26.7</b>	25.3	<b>3.8</b>	3.1
	Digital	-	-	<b>(0.2)</b>	(0.5)
Central costs				<b>(28.9)</b>	(28.1)
<b>Total</b>		<b>753.0</b>	<b>738.3</b>	<b>82.4</b>	<b>84.0</b>

1 before adjustments for customer incentives.

2 before exceptional items.

In 2015/16, the Group focussed on putting in place building blocks to transform its businesses. A key part of this has been providing the Group with a genuine platform for growth. In Q3, the Group migrated its UK digital business to a new digital platform provided by Bede Gaming which was completed on time and within budget. The Group's digital casino brand benefited substantially from the migration with a new poker product and sports betting added quickly and smoothly. As indicated at the Q3 Interim Management Statement, our recent migration of Mecca digital to the new platform has led to a 5% digital revenue decline during the period. Whilst revenues for the full year have remained solid, profitability was affected by a full year of RGD.

Grosvenor Casinos continued to deliver solid growth, with total revenues up 4% in the year with continued strong growth from its digital channel. Operating profit was marginally down in the year as the growth in digital was offset by a disappointing Q4 in the venues channel which has subsequently normalised.

Mecca's like-for-like revenue rose by 2% in the year driven by a 2% increase in both venues and digital. Total revenue was down 1% in the period. Operating profit fell by 3% due to the impact of RGD and higher operating costs in the digital channel offsetting a solid venues performance. Actions across product, people and marketing are underway to address the disappointing digital performance.

Positive momentum continues in the Group's Spanish operations with both revenue and operating profit growing strongly in the year.

Central costs increased by 3% in the year driven by higher employment costs.

On a cash basis, Rank invested £52.7m of capital across the Group during the year with a £10.0m investment into new generation casino gaming machines.

Adjusted net interest payable for the 12 months was lower than the comparable period due to lower debt levels and lower financing costs following the refinancing of Rank's bank facilities in September 2015.

Adjusted earnings per share increased by 5% to 15.4p.

Details of exceptional items relating to continuing operations can be found in note 3. In the year there was an exceptional profit of £9.7m which principally related to the disposal of two freehold properties.

## Dividend

The board targets a progressive and sustainable dividend. This dividend policy reflects the strong cash flow characteristics and long-term earnings potential of the Group, whilst allowing it to retain sufficient capital to fund on-going operating requirements, investment and balance sheet management. The board is pleased to recommend a final dividend of 4.70 pence per share to be paid on 20 October 2016 to shareholders on the register at 9 September 2016. This will take the full year dividend to 6.50 pence per share, a 16% increase on last year. The Group's dividend cover has as a result reduced to 2.4 times from 2.6 times in the prior year.

## Current trading and outlook

Trading in the short seven-week period to 14 August 2016 has been positive and is in line with management's expectations.

Rank is predominantly a UK facing business with limited exposure to non-sterling costs and earnings. The UK's decision to leave the European Union is expected to have little or no direct impact on Rank's performance. Any likely impact would however be driven by any macro-economic impact of lower UK growth rates or loss of consumer confidence and spending power.

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. We are focused on building brands with the ability to deliver them via the channels our customers prefer whether that is through our 154 venues, online or mobile.

### 1. Creating a compelling multi-channel offer

In the markets where we operate, Rank is one of the few gaming companies in a position to provide customers with a genuine multi-channel gaming offer. We have a number of key assets, including a portfolio of 154 venues, our membership-based model with approximately three million members, our loyalty and reward programmes and the high levels of engagement that our team members enjoy with customers.

#### Activity in 2015/16

- **Single account and wallet development:** During the year, progress has been made towards the development of a single account and wallet. The aim is for each brand to offer its customers one account and wallet which works across all channels
- **New Mecca services app launched:** 'My Mecca' was launched in H1 2015/16. The app provides customers with functionality including a club finder tool and details of current promotions at each venue
- **Development of a new cross-channel (online and retail) bingo brand:** During the year a new bingo brand and proposition were developed. Several locations for new bingo venues have been identified and are currently subject to planning permission. The digital service will launch in H2 2016/17. The new brand will offer a different proposition from traditional retail bingo and is likely to appeal to a different demographic
- **Mecca digital membership trial:** A digital membership scheme was successfully trialled in Mecca Croydon enabling customers to enter the venue with their membership details provided by an app on their mobile device. Key benefits include an improved customer experience, lower costs via the removal of replacement membership cards, the ability to market to customers in a more cost effective way, via mobile, as well as developing a multi-channel offer
- **New poker offer launched:** In Q3 2015/16, Grosvenor Casinos launched a new digital poker offer powered by Microgaming

#### Priorities for 2016/17

- **Launch of new bingo brand across both online and retail channels:** The new online brand is scheduled to be launched in H2 2016/17 alongside its retail channel (subject to planning)
- **Launch of single account and wallet:** Grosvenor Casinos aims to launch its first single account and wallet offer in 2016/17 with Mecca to follow shortly after

### 2. Building digital capability

Rank has built strong positions in venue-based gaming which we seek to replicate across our digital channels (online and mobile). In 2015/16, our digital operations generated 13% of Group revenue whereas digital channels now represent around 39% of Great Britain's gambling market (excluding National Lottery). This presents a significant growth opportunity. We are in the process of enhancing our capability in this area such that we can meet the changing needs of our customers and capture a greater share of the digital market.

#### Activity in 2015/16

- **Migration to new digital gaming platform:** During Q3 2015/16, both Mecca and Grosvenor Casinos migrated their digital brands onto the Group's new digital platform provided by Bede Gaming

- **Soft launch of Grosvenor Casinos' new digital sports book:** In June 2016, an introductory product for sports book was soft launched in time for the UEFA Euro 2016 football championships
- **New content on meccabingo.com and grosvenorcasinos.com:** A key benefit of moving to the Bede Gaming digital platform is the ability to take content from multiple providers and therefore have access to a wider range of content. During the year the Group signed contracts with both Net Entertainment and NYX, as well as a number of other game developers, which will result in over 100 new gaming titles for our digital brands
- **Launch of enracha.es:** Enracha.es was soft-launched on the new Bede Gaming platform in June 2016

#### *Priorities for 2016/17*

- **Full launch of Grosvenor Casinos' digital sports book:** During H1 2016/17, bonus functionality will go live along with an enhanced site
- **Continued improvements to digital poker offer:** The customer journey will be improved, specifically focusing on alleviating customer friction points (registration, depositing and withdrawing) in addition to launching mobile and instant play products
- **Improvement to Grosvenor Casinos' digital Live Casino offer:** In July 2016, Grosvenor Casinos' successful live casino product was refreshed following the move of its supplier's studio from Riga, Latvia to a larger facility in Malta
- **Launch of new digital Mecca VIP site:** A new VIP microsite will be launched alongside a new VIP programme and increased VIP management capabilities
- **Enracha.es:** The full enracha.es is scheduled to go live in H1 2016/17 offering customers digital bingo, blackjack, roulette and slots

### **3. Developing our venues**

Our casino and bingo venues remain a material part of Rank's business, providing entertainment for millions of customers each year and generating the majority of the Group's revenue and profits. By continuing to invest in our venues (in terms of product, environment and service) and by creating new ones, we are constantly evolving and enhancing the experiences that we offer to customers, and in doing so growing our revenue.

#### *Activity in 2015/16*

- **Relaunch of Luton casino under a 2005 Act licence:** In September 2015, Grosvenor Casinos relaunched its Luton casino following a £4.3m expansion and refurbishment. The investment included extension and refurbishment works to accommodate the 2005 Act casino licence, allowing up to 60 additional slot machines
- **Addition of second casino licences alongside three existing casinos:** Additional licences were located alongside existing casinos in Coventry, Blackpool and Portsmouth
- **Refurbishment of Grosvenor Casinos' Park Tower casino in London:** £1.2m was spent in the year on the refurbishment and modernisation of The Park Tower casino in London. The last investment at The Park Tower was in 2011 and the refurbishment was critical in protecting its market position
- **Grosvenor 'sparkles':** A total of 15 casinos received low-cost improvements in the period at a total capital cost of £4.4m under the 'sparkles' programme
- **Partial open door and full open door trials in Grosvenor Casinos:** During the year some of our UK casinos removed their requirement to register all customers. This is referred to as either Partial Open Door (POD), involving the partial removal of entry requirements, or Full Open Door (FOD), involving full removal of requirements. Neither policy changes our commitment to responsible gambling or customer security. POD was rolled out across the entire casino estate in the year with FOD trialed across our casino venues in Glasgow. FOD contributed to an 8% increase in admissions and higher non-gaming spend in the Glasgow venues
- **Mecca refurbishments:** During the year seven Mecca venues were refurbished at a total cost of £2.3m

#### *Priorities for 2016/17*

- **Mecca refurbishments:** A further eight venues are scheduled for refurbishment in 2016/17 at a total cost of £2.1m
- **Addition of second licences alongside existing casinos:** Following the recent planned closure of two casinos (Glasgow Princes and Leeds Arena), four non-trading casino licences are to be located alongside existing casinos in Glasgow and Leeds
- **Refurbishments of Grosvenor Casinos' venues in Leeds and Nottingham:** A total investment of £6.2m is planned for the refurbishment of two Grosvenor Casinos venues in Leeds and Nottingham. Both casinos were part of the estate acquired from Gala Coral in 2013 and are the last casinos to receive investment post acquisition. Both refurbishments are scheduled to be completed by the end of H1 2016/17
- **Opening of new concept bingo venues:** A number of locations have been identified and are currently under planning review. It is envisaged that the first new club will open in the course of 2016/17
- **Further roll out of FOD in Grosvenor Casinos:** Subject to licence conditions, FOD will be rolled out across the remainder of the Grosvenor Casinos estate by the end of September 2016

#### 4. Investing in our brands and marketing

The development of a group of well-defined, relevant and resonant brands is critical for the success of our ambition. Rank possesses a number of well-known brands with strong levels of affinity amongst customers. Continuing to invest and develop these brands, alongside new ones, is an important part of increasing and sustaining revenues.

##### *Activity in 2015/16*

- **Development of the Group's data science and customer relationship management ('CRM') teams:** During the year, the Group has significantly enhanced its data science and CRM capabilities. This has included building new teams and putting in place a new data platform and tools. It is expected that these tools will improve customer insight, customer yields and marketing efficiency as well as customer experience
- **Appointment of new marketing director for Grosvenor Casinos:** During the year a new marketing director, Jo Blundell, was appointed for Grosvenor Casinos. Jo was previously UK marketing director of McDonalds and managing director of the advertising agency TBWA

##### *Priorities for 2016/17*

- **Launch of new customer contact centre in Sheffield:** Rank is in the process of moving its contact centre in central London to Sheffield. The current call centre has an expensive cost base and is partially outsourced. The new centre's strategy aims to move it from its current cost centre model to one that directly generates profit through a more proactive relationship with our customers. The new contact centre is due to open in September 2016
- **Investment into VIP teams across all brands:** Investment will continue through VIP team expansion for both UK brands. Investment will continue to be made into customer verification teams which enable the Group to operate responsibly and in line with customer due diligence and anti-money laundering requirements
- **Launch of new digital gaming brands:** The Group will continue to look at ways to grow its customer base and revenues through the use of new digital gaming brands, allowing 'cross-sell' from its existing databases
- **Improve marketing through the use of customer analytics and segmentation:** Through its new data science team and through segmentation tools, the Group aims to better predict the interactions of customers across all channels

#### 5. Using technology to drive efficiency and improve customer experience

The customer is at the heart of our focus on increasing the use of technology in our business and driving efficiency. Improved customer experience and operating margins can help create a competitive advantage. We have identified a number of opportunities to harness technological developments to offer our customers more engaging experiences and to achieve sustainable growth in operating margins.

##### *Activity in 2015/16*

- **Roll-out of a new casino management system, Neon:** At the end of the financial year, a new casino management system, Neon, was rolled out across the entire retail estate. Neon provides the casinos with an improved system to manage customer interactions, the cash desk and loyalty programmes
- **Launch of progressive jackpot across Grosvenor Casinos:** In January 2016, the 'Ace King Suited' progressive jackpot was launched across the entire estate resulting in increased blackjack handle
- **Get Set Roulette launched in a further seven casinos:** The roll-out of Get Set Roulette continued in the period. Get Set Roulette offers an enhanced customer experience for electronic roulette with a more consistent rate of play and greater choice of wheels
- **Labour planning software to reduce employment costs in Grosvenor Casinos:** Labour planning software that had been introduced outside London in the prior year was further rolled out across the London casinos in the year. The software focuses on optimising working hours and is estimated to provide savings of £0.8m in a full year
- **New slots and electronic roulette machines in Grosvenor Casinos:** A £10.0m investment in new server-based slots and electronic roulette machines was completed providing customers with a better quality offer and improved features. This investment contributed to a 9% growth in gaming machine revenues in the year
- **Investment in new cash line systems to accommodate the new £1 coin:** At a total cost of £1.1m the existing Mecca cashline system is being upgraded in preparation for the introduction of the new £1 coin. The investment programme commenced in 2015/16 and will be completed in 2016/17
- **Introduction of server-based games and Ticket In Ticket Out (TiTo) functionality into Mecca's slot machines:** Following the rollout across 79 clubs in June 2015, Mecca has seen an improved slots performance, up 3% in the year on a like-for-like basis. The TiTo functionality also allows for lower cost promotional activity and improved player tracking

#### *Priorities for 2016/17*

- **Full integration of new casino loyalty system with Neon:** Neon's roll-out was successfully completed in July 2016. Neon's functionality for table management and single wallet is scheduled to go live in 2016/17. A new loyalty scheme will be fully integrated into Neon in 2016/17, initially focusing on slots.
- **Additional Mecca Max roll-out:** Following the successful introduction of 5,600 additional Mecca Max units at the start of 2015/16, a further 5,250 units are to be rolled out across the Mecca estate of which 2,500 will be incremental
- **Launch of new food and beverage ordering facility on Mecca services app and Mecca Max units:** A third party food ordering app was trialled in Southend and Croydon with favourable impacts on queuing times and customer reactions. A project is now in place to include food and beverage ordering functionality to the Mecca services app that was launched in 2015/16
- **Additional new slots and electronic roulette machines in Grosvenor Casinos:** Following the successful performance of recent investments an additional £5.0m will be spent in 2016/17 on new slots and electronic roulette machines
- **New loyalty scheme for digital bingo:** Following the successful integration of Grosvenor Casinos' loyalty scheme into Neon, a similar but bingo tailored loyalty system will be reviewed and considered for Mecca digital
- **Further roll-out of Get Set Roulette:** 15 more casinos will receive Get Set Roulette in H1 2016/17
- **New customer analytics platform for all channels:** A new analytics platform will be launched in 2016/17 where live data will be available on all digital devices, enabling much improved in-venue analysis for club managers

#### **National Living Wage**

The introduction of the National Living Wage resulted in £1.4m of additional operating costs for the year, excluding any mitigating actions. The Group implemented the National Living Wage to all Grosvenor Casinos' employees from January 2016, with Mecca employees from 1 April 2016. Mecca and Grosvenor Casinos mitigating actions have been implemented and will continue to be worked through into 2016/17 in preparation for the next increase which comes into effect from April 2017.

#### **Taxation**

From 1 December 2014, Remote Gaming Duty at 15% was applied to all online gambling revenues generated by customers in the UK. The incremental cost to the Group in 2015/16 was £4.8m.

#### **Board and management changes**

On 1 September 2015, Susan Hooper was appointed to the Rank board as a non-executive director. Susan serves on the remuneration and nominations committees.

On 30 November 2015, Tim Scoble, non-executive director, stood down from the Rank board. Tim's other commitments had grown substantially in the months preceding and hence he concluded that he must relinquish some of his responsibilities. Tim made an invaluable contribution during his time on the board.

On 1 March 2016, Steven Esom was appointed to the Rank board as a non-executive director. Steven was also appointed chair of Rank's remuneration committee and serves on its audit and nominations committees.

At the end of 2015/16, Mark Jones left the Group after serving seven years, initially as managing director of Mecca and latterly as managing director of Grosvenor Casinos. A search is underway to select a new managing director for Grosvenor Casinos.

#### **Responsible Gambling**

During the year, the Group formed a board-level responsible gambling committee chaired by Lord Kilmorey. This committee will operate alongside the newly-created executive level compliance and responsible gambling committee chaired by the Group's chief executive.

## Grosvenor Casinos performance review

Grosvenor Casinos continues to deliver solid growth, with total revenues up 4% in the year with continued strong growth from its digital channel.

	2015/16	2014/15	Change
Total revenue <sup>1</sup> (£m)	<b>438.6</b>	423.4	4%
Venues	408.1	401.1	2%
Digital	30.5	22.3	37%
Total EBITDA <sup>2</sup> (£m)	<b>93.3</b>	91.7	2%
Venues	85.9	87.1	(1)%
Digital	7.4	4.6	61%
Total operating profit <sup>2,3</sup> (£m)	<b>66.2</b>	66.5	0%
Venues	60.9	63.4	(4)%
Digital	5.3	3.1	71%
Like-for-like revenue	<b>4%</b>		
Venues	3%		
Digital	37%		

1 Before adjustment for customer incentives.

2 Before exceptional items.

3 As per note 2 in the Group Financial Information.

Venues revenue grew by 2% in the year, with good growth up to the end of Q3 offset by disappointing gaming win margins and visits in Q4 which were seen across the industry. Operating profit fell by 4%, due to higher operating costs including player rebates and loyalty scheme costs.

In September 2015, the extension and refurbishment works at Grosvenor's Luton casino were completed at a total capital cost of £4.3m. Since completion trading has seen an uplift, in line with management expectations. In August 2015, at the expiry of its lease, the licence from Grosvenor's Osborne Road casino in Portsmouth was moved to operate alongside its larger and more profitable Gunwharf Quays casino, also in Portsmouth.

In July 2016, Grosvenor's Princes casino in Glasgow (an under-performing former Gala casino) was closed and the Group plans to relocate the spare licences alongside the brand's two remaining casinos in Glasgow during 2016/17.

The brand's digital channel continues to grow strongly with revenues up 37% in the year following a successful migration onto the new digital platform in Q3. Even with an incremental £1.5m of RGD in the year, operating profit grew strongly, up 71%. Following the move to the Bede Gaming platform key improvements were made to the customer registration process which along with more effective marketing contributed to a 77% increase in first-time depositors.

### Key performance indicators

	2015/16	2014/15	Change
Total customers <sup>4</sup> (000s)	<b>1,611</b>	1,817	(11)%
Venues <sup>5,6</sup>	1,557	1,743	(11)%
Digital <sup>5</sup>	101	114	(11)%
Cross-channel customer cross-over <sup>7</sup>	<b>3.0%</b>	2.3%	0.7ppt
Total customer visits (000s)	<b>8,998</b>	8,900	1%
Venues	8,159	8,233	(1)%
Digital	839	667	26%
Total spend per visit (£)	<b>48.74</b>	47.57	2%
Venues	50.02	48.72	3%
Digital	36.35	33.43	9%
Total net promoter score	<b>56%</b>	40%	16ppt
Venues	57%	40%	17ppt
Digital	21%	18%	3ppt

4 Cross-over customers included only once.

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

6 Following the introduction of 'partial' and 'full' open door where some of our casinos removed their requirement to register all customers, the participating casinos are unable to accurately track customer numbers, therefore total brand and venue customers only include registered customers.

7 Percentage of registered venues customers who are also digital customers.

Like-for-like venues customers were flat in the year, ahead of the wider UK casino market. Spend per visit increased by 3% in the year, driven by the recent investment into new games and product.



Digital customers were down 11% in the year due to the impact of TV advertising in the prior year that generated multiple lower value customers and has not been repeated. Mobile customers grew strongly in the year, up 42%. Spend per visit increased by 9% in the year driven by improved marketing and the improved offer on the Bede Gaming platform.

### Venues regional analysis

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

	Customer visits (000s)		Spend per visit (£)		Revenue (£m)		Operating profit (£m)	
	2015/16	2014/15	2015/16	2014/15	2015/16	2014/15	2015/16	2014/15
London	1,482	1,468	101.42	101.02	150.3	148.3	31.7	34.0
Provinces	6,433	6,506	37.88	36.83	243.7	239.6	27.2	28.6
Belgium	244	259	57.79	50.97	14.1	13.2	2.0	0.8
Total	8,159	8,233	50.02	48.72	408.1	401.1	60.9	63.4

London visits increased by only 1% impacted by a subdued Q4. Although the provinces witnessed a 1% fall in visits, provincial revenue increased by 2% in the year.

### Venues revenue analysis – Great Britain only

£m	2015/16	2014/15	Change
Casino games	261.6	263.5	(1)%
Gaming machines	86.5	79.4	9%
Card room games	15.3	15.7	(3)%
Food & drink/other	30.6	29.3	4%
Total	394.0	387.9	2%

Recent investments into gaming machines have driven a strong increase in gaming machine revenue in the year, up 9%.

### Mecca performance review

Mecca's like-for-like revenue rose by 2% in the year driven by a 2% increase in both venues and digital. Total revenue was down 1% in the period.

	2015/16	2014/15	Change
Total revenue <sup>1</sup> (£m)	287.7	289.6	(1)%
Venues	221.5	224.4	(1)%
Digital	66.2	65.2	2%
Total EBITDA <sup>2</sup> (£m)	56.9	57.2	(1)%
Venues	45.5	41.6	9%
Digital	11.4	15.6	(27)%
Total operating profit <sup>2,3</sup> (£m)	41.5	43.0	(3)%
Venues	32.9	28.9	14%
Digital	8.6	14.1	(39)%
Like-for-like revenue	2%		
Venues	2%		
Digital	2%		

1 Before adjustment for customer incentives.

2 Before exceptional items.

3 As per note 2 in the Group Financial Information.

Like-for-like revenue was up 2% in the year driven by a higher spend per visit. Operating profit increased by 14% in the year driven by lower operating costs.

During the year Mecca closed three venues, one of which involved the disposal of a freehold property in Hornchurch which resulted in an exceptional profit of £6.0m.

Digital revenues increased by 2% in the year, with H2 2015/16 being adversely impacted by platform migration issues following the move to the new Bede Gaming platform in Q3 along with the introduction of social responsibility tools. Operating profit fell in the year, down 39%, with the comparable period only impacted by seven months of RGD. The incremental tax cost in the year was £3.3m.

#### Key performance indicators

	2015/16	2014/15	Change	LFL change
Total customers <sup>4</sup> (000s)	<b>1,187</b>	1,141	4%	7%
Venues <sup>5</sup>	987	961	3%	5%
Digital <sup>5</sup>	303	267	13%	13%
Cross-channel customer cross-over <sup>6</sup>	<b>10.4%</b>	9.1%	1.3ppt	
Total customer visits (000s)	<b>16,935</b>	17,248	(2)%	0%
Venues	11,550	12,035	(4)%	(1)%
Digital	5,385	5,213	3%	3%
Total spend per visit (£)	<b>16.99</b>	16.79	1%	
Venues	19.18	18.65	3%	
Digital	12.29	12.51	(2)%	
Total net promoter score	<b>62%</b>	57%	5ppt	
Venues	69%	62%	7ppt	
Digital	25%	30%	(5)ppt	

4 Cross-over customers included only once.

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

6 Percentage of venues customers who are also digital customers.

Growth in venues customer numbers continued in the year, up 3%. Like-for-like visits fell by 1% following growth in Q2 and Q3. Investment into product and improvements to the food and beverage offer led to a 3% increase in spend per visit.

A TV campaign that ran throughout the year contributed to a 13% increase in digital customer numbers. In 2016/17, the focus will move to improving customer retention levels and widening the VIP customer base. A new TV campaign is currently under development and is due to be aired in H1 2016/17.

#### Venues revenue analysis

£m	2015/16	2014/15	Change	LFL change
Main stage bingo	<b>31.9</b>	31.4	2%	5%
Interval games	<b>89.5</b>	92.9	(4)%	(1)%
Amusement machines	<b>73.0</b>	73.5	(1)%	3%
Food & drink/other	<b>27.1</b>	26.6	2%	5%
Total	<b>221.5</b>	224.4	(1)%	2%

The recent roll out of server-based machine games and investment into new Mecca Max units contributed to like-for-like revenue growth for amusement machines and main stage bingo respectively.

#### Enracha performance review

Positive momentum continues in the Group's Spanish operations with both revenue and operating profit growing strongly in the year.

	2015/16	2014/15	Change
Total revenue (€m)	<b>35.6</b>	33.4	7%
Revenue (£m)	<b>26.7</b>	25.3	6%
EBITDA <sup>1</sup> (£m)	<b>5.1</b>	4.1	24%
Operating profit <sup>1</sup> (£m)	<b>4.7</b>	3.4	38%
Operating profit <sup>1,2</sup> (£m)	<b>3.6</b>	2.6	38%

1 Before exceptional items.

2 As per note 2 in the Group Financial Information.

The combination of a stronger Spanish economy and investments into product led to a 7% increase in euro revenues in the year. Euro operating profit was up 38% driven by revenue growth.

#### Key performance indicators

	2015/16	2014/15	Change
Customers <sup>3</sup> (000s)	<b>274</b>	269	2%
Customer visits (000s)	<b>2,020</b>	1,844	10%
Spend per visit (€)	<b>17.62</b>	18.11	(3)%
Spend per visit (£)	<b>13.22</b>	13.72	(4)%
Net promoter score	<b>90%</b>	91%	(1)ppt

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

During the year Enracha acquired the freehold of its Continental venue in Barcelona at capital cost of £2.4m.

### Venues revenue analysis

€m	2015/16	2014/15	Change
Bingo	20.3	19.1	6%
Amusement machines	12.7	11.7	9%
Food & drink/other	2.6	2.6	0%
Total	35.6	33.4	7%

### Financial review

Group statutory revenue rose by 1% in the year. Profit for the year from continuing operations increased by 21% to £71.1m as a result of lower interest charges and profit from the sale of two freeholds.

Group revenue for the 12-month period from continuing operations rose by 2% to £753.0m. The Group incurred Remote Gaming Duty for the full 12 months in 2015/16, compared to only seven in the prior year, at an additional cost of £4.8m.

Net finance charges fell nearly 40% to £6.2m due to lower debt levels and lower financing costs following the refinancing of Rank's bank facilities in September 2015 (further details can be found at note 4).

Adjusted earnings per share was up 5% at 15.4p.

Basic earnings per share from continuing operations was up 20% at 18.2p.

### Taxation

The Group's effective corporation tax rate on continuing operations was 22.5% (2014/15: 22.9%) based on a tax charge of £17.4m on adjusted profit before taxation. The Group's effective corporation tax rate for 2016/17 is expected to fall within the range of 20% to 22% as a result of the reduction of UK corporation tax rates.

On a statutory unadjusted basis, the Group had an effective tax rate of 12.1% (2014/15: (0.9)%), based on a tax charge of £10.2m and total profit for the year of £84.9m.

The Group had a cash tax rate of 18.3% on adjusted profit, excluding tax paid in relation to legacy issues (2014/15: 15.6%). This adjusted cash tax rate was in line with management's expectations. The Group is expected to have a cash tax rate of 17% to 19% in 2016/17. This is lower than the Group's effective corporation tax rate due to the utilisation of capital allowances and losses in the Group.

The Group had an unusually high total cash tax rate of 31.4% (2014/15: 3.0%) following the payment detailed below.

As highlighted in previous reports, the Group previously participated in a disclosed tax planning scheme. The scheme will be litigated through the courts with another tax payer as the lead case and could be heard in December 2016 at the earliest. During the year the Group received a request for payment of the principal amount in dispute (£21.4m) which was paid in the year.

During the year, the Group successfully concluded a long standing issue in relation to a disposed business in an overseas territory and received a repayment of £4.4m of tax previously overpaid.

### Cash flow

	12 months to 30 June 2016 £m	12 months to 30 June 2015 £m
<b>Continuing operations</b>		
Cash inflow from operations	116.4	154.5
Net cash payments in respect of provisions and exceptional items	(6.2)	(7.9)
<b>Cash generated from continuing operations</b>	<b>110.2</b>	<b>146.6</b>
Capital expenditure	(52.7)	(31.9)
Fixed asset disposals	12.3	1.5
Disposal of subsidiaries	(0.2)	-
Net interest and tax payments	(12.0)	(9.7)
Payment of disputed tax	(21.4)	-
Dividends paid	(22.7)	(18.6)
Convertible loan payment	(1.1)	(2.4)
Other (including foreign exchange translation)	(0.7)	(1.4)
<b>Cash inflow</b>	<b>11.7</b>	<b>84.1</b>
<b>Opening net debt</b>	<b>(52.9)</b>	<b>(137.0)</b>
<b>Closing net debt</b>	<b>(41.2)</b>	<b>(52.9)</b>

## 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.

Details of exceptional items can be found in note 3. In the year there was an exceptional profit of £9.7m which principally relates to the disposal of two freehold properties and a £3.6m exceptional profit from discontinued operations following the tax refund detailed above.

## Financial structure and liquidity

At 30 June 2016, net debt was £41.2m compared to net debt of £52.9m at 30 June 2015. The net debt comprised £80.0m in bank term loans, £10.1m in fixed rate Yankee bonds, £9.0m in finance leases and £3.1m in overdrafts, offset by cash at bank and in hand of £61.0m.

At the start of the financial year the Group's banking facilities comprised two £60.0m bi-lateral term loans and four £20.0m undrawn bi-lateral revolving credit facilities totalling £200.0m. In September 2015, the Group refinanced its bank facilities with £90.0m of revolving credit facilities which expire in September 2020 and £90.0m of term loan facilities which expire in March 2019. The £90.0m of term loan facilities comprises three bilateral agreements and in line with the agreed amortisation profile was reduced to £80.0m in January 2016. The £90.0m of revolving credit facilities comprises three bi-lateral agreements.

The new bank facilities require the maintenance of a minimum ratio of earnings before interest, tax, depreciation and amortisation (EBITDA) to net interest payable and a maximum ratio of net debt to EBITDA, tested biannually. The Group has complied with its banking covenants.

The Group's balance sheet continued to strengthen in the year with leverage falling from 0.4 times to 0.3 times at 30 June 2016.

## Capital expenditure

	12 months to 30 June 2016 £m	12 months to 30 June 2015 £m
Cash:		
Continuing operations		
Grosvenor Casinos	25.1	15.9
Mecca	10.6	9.5
Enracha	3.4	0.9
Central	13.6	5.6
<b>Total capital expenditure (venues and digital)</b>	<b>52.7</b>	<b>31.9</b>

During the year, Rank invested £24.8m into its Grosvenor Casinos venues. A significant amount of the full year spend was on expansions, refurbishments and gaming machines.

Two major venue projects were completed in the year. In September 2015, the extension and refurbishment of Grosvenor Casinos' Luton venue was completed in the year at a cost of £3.3m and in H2 the brand completed the £1.2m refurbishment of The Park Tower casino in London. During the year a decision was made to move a majority of the gaming machine estate from leased to owned; this was completed in the year at a total capital cost of £10.0m. A total of £3.2m was invested into the retail casinos' IT infrastructure, this included a £1.1m roll-out of the new casino management system (Neon) and a £0.5m investment into Get Set Roulette. The balance was principally spent on smaller scale venue improvements, known as 'sparkles', IT investments and other digital improvement.

Mecca invested £9.1m into its venues in the year. £2.2m was spent on the refurbishment of seven venues in addition to a £1.2m investment into 450 replacement Mecca Max units, battery replacements and development. In preparation for the introduction of the new £1 coin in March 2017 £0.5m was spent on the replacement of cashline coin mechanisms in 39 venues. In-line with the rest of the Group, Mecca invested into its IT infrastructure at a capital cost of £1.8m. The balance was spent on general venue improvements.

During the year, Enracha acquired the freehold of its Continental venue in Barcelona at a cost of £2.4m; in purchasing the freehold Enracha has protected the venues' future.

2015/16 was a significant year for investing in our digital businesses for future growth. The key central project in the year was the migration to the new digital gaming platform at a cost of £6.4m. This was in addition to the £1.1m ongoing development of the Group's single account and wallet and a £1.1m investment improving the Group's customer data analytic systems.

During 2016/17, we plan to invest between £60m to £70m; an increase on 2015/16 reflecting additional investment in new gaming machines in Grosvenor Casinos and major refurbishments of two casinos in Leeds and Nottingham.

Total capital committed at 30 June 2016 was £1.8m.

## 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 performance 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, the directors believe that the Group will generate sufficient cash to meet its liabilities as they fall due for at least 12 months from the date of approval of this report and comply with its banking covenants.

## Principal risks and uncertainties

<i>Regulatory, Finance and Tax Risks</i>			
	Impact	Mitigation	Direction of travel
<p><i>Regulation</i></p> <p>Adverse regulatory changes in legislation continue to represent a significant risk. Changes in political and social attitudes to gambling in our key markets and negative publicity surrounding the gambling industry could influence regulators' perception of gambling and could lead to increased gambling regulation.</p>	<p>Regulatory changes could increase the cost of doing business.</p>	<p>Rank actively participates in trade bodies' representations to Government, opposition parties and regulatory bodies, and works to enable stakeholders to understand our business and its positive contribution to the economy and community. We continue to promote the 'Keep it Fun' brand and website to customers and regulators to demystify the perception of casinos, promote a safe environment to play and illustrate the Group's position in leading the industry in this field.</p>	<p>Stable</p>
<p><i>Taxation</i></p> <p>Adverse changes in fiscal regulation continue to be a significant risk, including the forthcoming change which makes free bets subject to remote gaming duty.</p>	<p>Any increases in the levels of taxation or duties to which we are subject, or the implementation of any new taxes or levies to which we will be subject, could have a material adverse effect on our business, financial condition and results of operations.</p>	<p>Rank continues to be a leading participant in its relevant trade organisations and takes an active part in all relevant consultations by Government.</p>	<p>Stable</p>
<i>Operational risk</i>			
<p><i>Volatility of Gaming Win</i></p> <p>Win percentages for gambling activities can vary over a short period of time, although they will stabilise over a longer period. The business is also vulnerable to the potential impact of a small number of customers who can create volatility from the level of their gaming win. Also of significance to the business is a small highly valuable segment of VIP customers. Win percentages may also be affected by misfeasance or any other problems with the</p>	<p>Gaming win margin directly impacts profitability.</p>	<p>Across the business gaming limits are actively utilised to manage the risk exposure of the business at all times.</p> <p>VIP customers are actively managed through dedicated customer relationship teams who work to administer both relationships and reward programmes to manage and encourage loyalty.</p> <p>Specialist resources are in place to provide ongoing proactive and reactive detection of operational issues or suspicious behaviour</p>	<p>Stable</p>

accurate running of the game.		that may interfere with accurate game results.	
<p><i>Loss of licences</i></p> <p>Rank's gaming licences are fundamental to its operation. In the British venues part of the business there is a requirement to hold an operator's licence from the UK Gambling Commission (the body responsible for regulating commercial gambling in Great Britain) in respect of each of the licensed activities undertaken. Additionally, it is necessary to hold premises licences from the relevant local authority in which each venue is situated, one for gambling activities and one for the sale of alcohol.</p> <p>Our UK customer facing transactional websites also require an operator's licence from the UK Gambling Commission as well as a licence from the Alderney Gambling Control Commission, the body responsible for the regulation of eGambling in the States of Alderney where our remote gambling operations are based. Our operations in Spain and Belgium are also subject to licensing requirements in the jurisdictions and local areas in which they operate.</p>	The loss of licences could have an adverse effect on our business and profitability and prevent us from providing gambling services.	Rank has a dedicated compliance function that is independent of operations and a separate internal audit function that is independent of both operations and the compliance function. Rank maintains a strong and open relationship with the UK Gambling Commission and the other relevant regulatory bodies in all jurisdictions in which it operates.	Stable
<p><i>Business continuity and disaster recovery</i></p> <p>Due to the venues based nature of much of the business, the Group's significant reliance on technology, and the criticality of staff in serving customers and running the business, serious disruptive events such as building fire, pandemic or serious technology failure may cause an interruption to the ability to operate elements of the business if business continuity and disaster recovery plans failed to operate successfully.</p>	If business continuity and disaster recovery plans failed to operate successfully the business would experience delays in recovering critical revenue generating activities or operational processes, such as financial reporting, causing both financial and reputational damage.	<p>Due to the ongoing and significant amounts of corporate and systems change the Group business continuity plan is the subject of ongoing regular review to ensure that it gives coverage to critical departments and premises.</p> <p>IT continuity and disaster recovery plans are in place and likewise regularly updated, including for key suppliers of technology services and support.</p>	Stable
<i>Information Risk</i>			
<p><i>Information technology and cyber risk</i></p> <p>The Group is highly dependent on complex technology and</p>	If our prevention measures for	Rank has continued to make significant investments in its	Stable

<p>advanced information systems with many interfaces and a significant number of separate suppliers.</p> <p>For commercial, regulatory and legal reasons Rank holds a considerable amount of information about its customers on these systems. We have a duty to ensure that this data is treated with sensitivity, confidentiality and security in order not to expose our customers to risk.</p> <p>The pace of business change and development means that IT changes such as new software coding, systems enhancements and new software application integrations are undertaken continually and consequently these systems are inherently vulnerable to experiencing malfunctions, failures, or cyber-attacks such as viruses or hacker intrusion.</p> <p>Comprehensive technology resilience and systems protection and detection measures are in place but it is difficult to detect all threats and vulnerabilities in order to prevent all service interruptions and problems.</p>	<p>technology attacks should fail our customers' trust may be lost and our reputation may consequently be harmed and customers deterred from using our services which may in turn have a material adverse effect on our financial performance.</p> <p>Failures in service provision could also render the Group unable to serve customers during such service interruptions, again having an adverse effect on revenue and profit.</p> <p>A breach of data security could also have additional potential consequences depending on the nature of the breach, such as compensatory payments to customers or fines.</p>	<p>technology capability, security and resilience in order to deliver a robust operating environment, both working on its owned environment and in close collaboration with key partners. It is recognised that the business environment demands that investments of such time and resources are ongoing so appropriate structures are in place with specialised teams, such as an information security team, playing a pivotal role in technology strategy.</p> <p>Relevant company policies and procedures are in place to guide all activities with data, such as access control and encryption. These are supervised by the Director of Information Security and his team, and regular proactive security reviews are undertaken.</p>	
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## **Directors' Responsibility Statement**

Each of the directors named below confirm that to the best of his or her knowledge:

- The financial statements, prepared in accordance with the financial statements under International Financial Reporting Standard (IFRS) as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and profit of the Company and the undertakings included in the consolidation taken as a whole; and
- The strategic report includes a fair review of the development and performance of the business and the position of the Company and the undertakings including in the consolidation taken as a whole, together with a description of the risk and uncertainties that they face.

The directors of The Rank Group Plc are:

Chris Bell  
Henry Birch  
Ian Burke  
Steven Esom  
Susan Hooper  
Clive Jennings  
Lord Kilmorey  
Owen O'Donnell

Signed on behalf of the board on 22 August 2016

Henry Birch  
Chief Executive

Clive Jennings  
Finance Director



## Group Financial Information

### Group Income Statement For the year ended 30 June 2016

	Year ended 30 June 2016			Year ended 30 June 2015		
	Before exceptional items £m	Exceptional items (note 3) £m	Total £m	Before exceptional items £m	Exceptional items (note 3) £m	Total £m
<b>Continuing operations</b>						
Revenue before adjustment for customer incentives	753.0	-	753.0	738.3	-	738.3
Customer incentives	(44.5)	-	(44.5)	(37.6)	-	(37.6)
<b>Revenue</b>	<b>708.5</b>	<b>-</b>	<b>708.5</b>	700.7	-	700.7
Cost of sales	(391.7)	-	(391.7)	(376.6)	-	(376.6)
<b>Gross profit</b>	<b>316.8</b>	<b>-</b>	<b>316.8</b>	324.1	-	324.1
Other operating costs	(234.4)	(0.7)	(235.1)	(240.1)	2.1	(238.0)
Other operating Income	-	10.0	10.0	-	-	-
<b>Group operating profit</b>	<b>82.4</b>	<b>9.3</b>	<b>91.7</b>	84.0	2.1	86.1
Financing:						
– finance costs	(5.3)	-	(5.3)	(10.4)	(1.3)	(11.7)
– finance income	0.2	-	0.2	0.4	-	0.4
– other financial losses	(1.1)	-	(1.1)	(0.3)	-	(0.3)
<b>Total net financing charge</b>	<b>(6.2)</b>	<b>-</b>	<b>(6.2)</b>	(10.3)	(1.3)	(11.6)
<b>Profit before taxation</b>	<b>76.2</b>	<b>9.3</b>	<b>85.5</b>	73.7	0.8	74.5
Taxation	(14.8)	0.4	(14.4)	(16.8)	1.3	(15.5)
<b>Profit for the year from continuing operations</b>	<b>61.4</b>	<b>9.7</b>	<b>71.1</b>	56.9	2.1	59.0
<b>Discontinued operations - profit</b>	<b>-</b>	<b>3.6</b>	<b>3.6</b>	-	15.8	15.8
<b>Profit for the year</b>	<b>61.4</b>	<b>13.3</b>	<b>74.7</b>	56.9	17.9	74.8
<b>Attributable to:</b>						
Equity holders of the parent	61.4	13.3	74.7	56.9	17.9	74.8
<b>Earnings per share attributable to equity shareholders</b>						
– basic	15.7p	3.4p	19.1p	14.6p	4.5p	19.1p
– diluted	15.7p	3.4p	19.1p	14.6p	4.5p	19.1p
<b>Earnings per share – continuing operations</b>						
– basic	15.7p	2.5p	18.2p	14.6p	0.5p	15.1p
– diluted	15.7p	2.5p	18.2p	14.6p	0.5p	15.1p
<b>Earnings per share – discontinued operations</b>						
– basic	-	0.9p	0.9p	-	4.0p	4.0p
– diluted	-	0.9p	0.9p	-	4.0p	4.0p

**Group Statement of Comprehensive Income**  
For the year ended 30 June 2016

	Year ended 30 June 2016 £m	Year ended 30 June 2015 £m
<b>Comprehensive income:</b>		
Profit for the year	74.7	74.8
<b>Other comprehensive income:</b>		
<b>Items that may be reclassified subsequently to profit or loss:</b>		
Exchange adjustments net of tax	4.5	(4.7)
<b>Items that will not be reclassified to profit or loss:</b>		
Actuarial loss on retirement benefits net of tax	(0.1)	(0.4)
<b>Total comprehensive income for the year</b>	<b>79.1</b>	<b>69.7</b>
<b>Attributable to:</b>		
Equity holders of the parent	79.1	69.7

**Group Statement of Changes in Equity**  
For the year ended 30 June 2016

	Share capital £m	Share premium £m	Capital redemption reserve £m	Exchange translation reserve £m	Retained earnings (losses) £m	Total £m
<b>At 1 July 2014</b>	54.2	98.4	33.4	13.7	42.6	242.3
<b>Comprehensive income:</b>						
Profit for the year	-	-	-	-	74.8	74.8
<b>Other comprehensive income:</b>						
Exchange adjustments net of tax	-	-	-	(4.7)	-	(4.7)
Actuarial loss on retirement benefits net of tax	-	-	-	-	(0.4)	(0.4)
<b>Total comprehensive (expense) income for the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(4.7)</b>	<b>74.4</b>	<b>69.7</b>
<b>Transactions with owners:</b>						
Dividends paid to equity holders (see note 6)	-	-	-	-	(18.6)	(18.6)
Credit in respect of employee share schemes including tax	-	-	-	-	1.0	1.0
<b>At 30 June 2015</b>	<b>54.2</b>	<b>98.4</b>	<b>33.4</b>	<b>9.0</b>	<b>99.4</b>	<b>294.4</b>
<b>Comprehensive income:</b>						
Profit for the year	-	-	-	-	74.7	74.7
<b>Other comprehensive income:</b>						
Exchange adjustments net of tax	-	-	-	4.5	-	4.5
Actuarial loss on retirement benefits net of tax	-	-	-	-	(0.1)	(0.1)
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4.5</b>	<b>74.6</b>	<b>79.1</b>
<b>Transactions with owners:</b>						
Dividends paid to equity holders (see note 6)	-	-	-	-	(22.7)	(22.7)
Credit in respect of employee share schemes including tax	-	-	-	-	1.8	1.8
<b>At 30 June 2016</b>	<b>54.2</b>	<b>98.4</b>	<b>33.4</b>	<b>13.5</b>	<b>153.1</b>	<b>352.6</b>

**Group Balance Sheet**  
At 30 June 2016

	As at 30 June 2016 £m	As at 30 June 2015 £m
<b>Assets</b>		
<b>Non-current assets</b>		
Intangible assets	404.3	395.7
Property, plant and equipment	202.0	203.4
Deferred tax assets	1.3	2.2
Other receivables	6.5	5.3
	<b>614.1</b>	<b>606.6</b>
<b>Current assets</b>		
Inventories	2.9	2.8
Other receivables	36.2	29.3
Income tax receivable	0.4	1.7
Cash and short-term deposits	61.0	89.6
	<b>100.5</b>	<b>123.4</b>
Assets held for sale	-	0.6
<b>Total assets</b>	<b>714.6</b>	<b>730.6</b>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Trade and other payables	(139.3)	(147.0)
Income tax payable	(11.0)	(28.0)
Financial liabilities – loans and borrowings	(14.4)	(125.5)
Provisions	(9.2)	(8.9)
	<b>(173.9)</b>	<b>(309.4)</b>
<b>Net current liabilities</b>	<b>(73.4)</b>	<b>(186.0)</b>
<b>Non-current liabilities</b>		
Trade and other payables	(34.7)	(37.6)
Financial liabilities – loans and borrowings	(87.8)	(17.6)
Deferred tax liabilities	(21.0)	(23.1)
Provisions	(40.9)	(44.7)
Retirement benefit obligations	(3.7)	(3.8)
	<b>(188.1)</b>	<b>(126.8)</b>
<b>Total liabilities</b>	<b>(362.0)</b>	<b>(436.2)</b>
<b>Net assets</b>	<b>352.6</b>	<b>294.4</b>
<b>Capital and reserves attributable to the Company's equity shareholders</b>		
Share capital	54.2	54.2
Share premium	98.4	98.4
Capital redemption reserve	33.4	33.4
Exchange translation reserve	13.5	9.0
Retained earnings	153.1	99.4
<b>Total shareholders' equity</b>	<b>352.6</b>	<b>294.4</b>

**Group Statement of Cash Flow**  
For the year ended 30 June 2016

	Year ended 30 June 2016 £m	Year ended 30 June 2015 £m
<b>Cash flows from operating activities</b>		
Cash generated from operations (see note 10)	110.2	146.6
Interest received	0.1	0.3
Interest paid	(5.0)	(7.8)
Tax paid	(31.1)	(2.2)
Discontinued operations	4.1	-
<b>Net cash from operating activities</b>	<b>78.3</b>	<b>136.9</b>
<b>Cash flows from investing activities</b>		
Disposal of subsidiaries (net of cash disposed)	(0.2)	(0.1)
Purchase of intangible assets	(14.5)	(10.5)
Purchase of property, plant and equipment	(38.2)	(21.4)
Proceeds from sale of property, plant and equipment	12.3	1.5
Purchase of convertible loan note	(1.1)	(2.4)
<b>Net cash used in investing activities</b>	<b>(41.7)</b>	<b>(32.9)</b>
<b>Cash flows from financing activities</b>		
Dividends paid to equity holders	(22.7)	(18.6)
Repayment of term loans	(130.0)	(20.0)
Drawdown of term loans	90.0	-
Repayment of revolving credit facilities	-	(20.0)
Repurchase of bonds	-	(0.4)
Finance lease principal payments	(2.8)	(3.1)
Loan arrangement fees	(1.5)	-
<b>Net cash used in financing activities</b>	<b>(67.0)</b>	<b>(62.1)</b>
<b>Net (decrease) increase in cash, cash equivalents and bank overdrafts</b>	<b>(30.4)</b>	<b>41.9</b>
Effect of exchange rate changes	0.8	(0.7)
Cash and cash equivalents at start of year	87.5	46.3
<b>Cash and cash equivalents at end of year</b>	<b>57.9</b>	<b>87.5</b>

## **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 22 August 2016.

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 year ended 30 June 2016 were approved by the board of directors on 22 August 2016, 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 year ended 30 June 2015 have been delivered to the Registrar of Companies.

### **Basis of preparation**

The financial information attached has been extracted from the audited financial statements for the year ended 30 June 2016. 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, the directors believe that the Group will generate sufficient cash to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements 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 year ended 30 June 2015, as described in those financial statements.

The following amendment to an existing standard is mandatory for the first time for the financial period beginning 1 July 2015:

- IAS 19 (amended) Employee Benefits

The Group has not been materially impacted by the adoption of this amendment.

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

	Year ended 30 June 2016							
	Grosvenor Casinos		Mecca		Enracha		Central	Total
	Venues £m	Digital £m	Venues £m	Digital £m	Venues £m	Digital £m	costs £m	
<b>Continuing operations</b>								
Revenue before adjustment for customer incentives	408.1	30.5	221.5	66.2	26.7	-	-	753.0
Customer incentives	(15.9)	(4.9)	(10.6)	(13.1)	-	-	-	(44.5)
<b>Statutory revenue</b>	<b>392.2</b>	<b>25.6</b>	<b>210.9</b>	<b>53.1</b>	<b>26.7</b>	<b>-</b>	<b>-</b>	<b>708.5</b>
Operating profit (loss) before exceptional items	60.9	5.3	32.9	8.6	3.8	(0.2)	(28.9)	82.4
Exceptional (loss) profit	(1.1)	-	9.2	-	1.1	-	0.1	9.3
<b>Segment result</b>	<b>59.8</b>	<b>5.3</b>	<b>42.1</b>	<b>8.6</b>	<b>4.9</b>	<b>(0.2)</b>	<b>(28.8)</b>	<b>91.7</b>
Finance costs								(5.3)
Finance income								0.2
Other financial losses								(1.1)
<b>Profit before taxation</b>								<b>85.5</b>
Taxation								(14.4)
<b>Profit for the year from continuing operations</b>								<b>71.1</b>

	Year ended 30 June 2015							
	Grosvenor Casinos		Mecca		Enracha		Central	Total
	Venues £m	Digital £m	Venues £m	Digital £m	Venues £m	Digital £m	costs £m	
<b>Continuing operations</b>								
Revenue before adjustment for customer incentives	401.1	22.3	224.4	65.2	25.3	-	-	738.3
Customer incentives	(6.7)	(5.1)	(13.7)	(12.1)	-	-	-	(37.6)
<b>Statutory revenue</b>	<b>394.4</b>	<b>17.2</b>	<b>210.7</b>	<b>53.1</b>	<b>25.3</b>	<b>-</b>	<b>-</b>	<b>700.7</b>
Operating profit (loss) before exceptional items	63.4	3.1	28.9	14.1	3.1	(0.5)	(28.1)	84.0
Exceptional profit	-	-	1.0	-	1.1	-	-	2.1
<b>Segment result</b>	<b>63.4</b>	<b>3.1</b>	<b>29.9</b>	<b>14.1</b>	<b>4.2</b>	<b>(0.5)</b>	<b>(28.1)</b>	<b>86.1</b>
Finance costs								(11.7)
Finance income								0.4
Other financial losses								(0.3)
<b>Profit before taxation</b>								<b>74.5</b>
Taxation								(15.5)
<b>Profit for the year from continuing operations</b>								<b>59.0</b>

## 2. Segment information – continuing operations (continued)

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

Year ended 30 June 2016								
	Grosvenor Casinos		Mecca		Enracha		Central costs	Total
	Venues	Digital	Venues	Digital	Venues	Digital		
	£m	£m	£m	£m	£m	£m	£m	£m
Employment and related costs	139.6	3.8	53.7	6.0	11.5	0.1	18.9	233.6
Taxes and duties	86.0	3.8	35.7	7.8	1.5	-	1.6	136.4
Direct costs	14.5	7.5	21.0	15.1	2.6	-	-	60.7
Property costs	29.4	0.2	25.6	0.4	1.7	-	1.1	58.4
Marketing	15.6	2.3	9.9	10.5	1.0	-	-	39.3
Depreciation and amortisation	25.0	2.1	12.6	2.8	1.5	-	1.8	45.8
Other	21.2	0.6	19.5	1.9	3.1	0.1	5.5	51.9
<b>Total costs before exceptional items</b>	<b>331.3</b>	<b>20.3</b>	<b>178.0</b>	<b>44.5</b>	<b>22.9</b>	<b>0.2</b>	<b>28.9</b>	<b>626.1</b>
Cost of sales								391.7
Operating costs								234.4
<b>Total costs before exceptional items</b>								<b>626.1</b>

Year ended 30 June 2015								
	Grosvenor Casinos		Mecca		Enracha		Central costs	Total
	Venues	Digital	Venues	Digital	Venues	Digital		
	£m	£m	£m	£m	£m	£m	£m	£m
Employment and related costs	138.9	3.2	54.8	6.7	12.3	0.2	17.0	233.1
Taxes and duties	84.6	1.8	35.3	5.0	1.7	-	1.9	130.3
Direct costs	16.9	4.8	22.6	14.4	2.1	0.2	-	61.0
Property costs	30.0	0.2	27.0	0.3	1.6	-	1.0	60.1
Marketing	14.6	2.2	10.5	9.7	0.9	-	-	37.9
Depreciation and amortisation	23.7	1.5	12.7	1.5	1.5	-	1.4	42.3
Other	22.3	0.4	18.9	1.4	2.1	0.1	6.8	52.0
<b>Total costs before exceptional items</b>	<b>331.0</b>	<b>14.1</b>	<b>181.8</b>	<b>39.0</b>	<b>22.2</b>	<b>0.5</b>	<b>28.1</b>	<b>616.7</b>
Cost of sales								376.6
Operating costs								240.1
<b>Total costs before exceptional items</b>								<b>616.7</b>

### 3. Exceptional items

	Year ended 30 June 2016 £m	Year ended 30 June 2015 £m
<b>Exceptional items relating to continuing operations</b>		
Impairment charges	(0.9)	(1.2)
Impairment reversals	1.4	3.1
Net release (charge) from/to provisions for property leases	1.4	(1.5)
Closure of venues	(2.6)	1.7
<b>Exceptional operating cost</b>	<b>(0.7)</b>	2.1
Disposal of freehold buildings	10.0	-
<b>Exceptional operating income</b>	<b>10.0</b>	-
Finance costs (see note 4)	-	(1.3)
Taxation (see note 5)	0.4	1.3
<b>Exceptional items relating to continuing operations</b>	<b>9.7</b>	2.1
<b>Exceptional items relating to discontinued operations</b>		
Disposal of subsidiary	(0.3)	-
Finance costs (see note 4)	(0.3)	(0.4)
Taxation (see note 5)	4.2	16.2
<b>Exceptional items relating to discontinued operations</b>	<b>3.6</b>	15.8
<b>Total exceptional items</b>	<b>13.3</b>	17.9

#### Continuing operations – year ended 30 June 2016

##### Impairment charges

The Group recognised an impairment charge of £0.9m for a venue within Grosvenor Casinos. Performance at the venue has not been in line with expectations.

##### Impairment reversal

The Group reversed a previous impairment charge of £1.4m in Enracha. This reflects increased performance at a venue attributed to improvements in the commercial environment.

##### Net release from provisions for property leases

The Group recognised a net release of £1.4m in relation to provisions for onerous property leases in the year. This includes a £0.7m and £1.0m gain, from successful onerous lease surrenders in Mecca and Grosvenor Casinos respectively, net of a charge from a reduction in the discount rate applied to existing provisions.

Further movements in the property leases provision are explained under closure of venue costs below.

##### Closure of venues

During the year the Group closed, or committed to close, seven venues of which four were within Mecca and three within Grosvenor Casinos. The charge in the period of £2.6m reflects additional costs of closure due to redundancy, dilapidation and onerous property lease costs, at three clubs within Grosvenor Casinos (£0.8m), one club in Mecca (£1.5m) and one previously closed club within Enracha (£0.3m).

##### Disposal of freehold buildings

During the year Mecca sold two freehold buildings for a net profit, after associated disposal costs, of £10.0m.



## Discontinued operations

### Disposal of subsidiary

The Group disposed of Rank Insurance Limited for a net cost of £0.3m. The business provided insurance services to previously discontinued activities and represents an end of life legacy insurance company. Approximate annual operating costs from the business were £0.1m.

### Taxation and finance cost

£3.9m of income has been recognised in respect of discontinued operations in overseas jurisdictions. This comprises £4.4m of exceptional tax credit due to settlement of amounts previously paid across to an overseas tax authority, £0.3m of finance cost for an associated letter of credit and an additional £0.2m charge for a separate tax exposure in another jurisdiction.

The exceptional tax credit of £4.4m less £0.3m of associated finance cost in relation to the letter of credit has been disclosed separately on the cash flow as cash from discontinued operations.

## 4. Financing

	Year ended 30 June 2016 £m	Year ended 30 June 2015 £m
<b>Continuing operations:</b>		
Finance costs:		
Interest on debt and borrowings	(3.2)	(5.7)
Amortisation of issue costs on borrowings	(0.4)	(2.5)
Interest payable on finance leases	(0.7)	(0.9)
Unwinding of discount in property lease provisions	(0.9)	(1.2)
Unwinding of discount in disposal provisions	(0.1)	(0.1)
<b>Total finance costs</b>	<b>(5.3)</b>	<b>(10.4)</b>
Finance income:		
Interest income on short-term bank deposits	0.1	0.2
Interest income on loans	0.1	-
Interest income on direct taxation	-	0.2
<b>Total finance income</b>	<b>0.2</b>	<b>0.4</b>
<b>Other financial losses</b>	<b>(1.1)</b>	<b>(0.3)</b>
<b>Total net financing charge for continuing operations before exceptional items</b>	<b>(6.2)</b>	<b>(10.3)</b>
Exceptional finance costs	-	(1.3)
<b>Total net financing charge for continuing operations</b>	<b>(6.2)</b>	<b>(11.6)</b>
<b>Discontinued operations:</b>		
Exceptional finance costs	(0.3)	(0.4)
<b>Total net financing charge for discontinued operations</b>	<b>(0.3)</b>	<b>(0.4)</b>
<b>Total net financing charge</b>	<b>(6.5)</b>	<b>(12.0)</b>

Exceptional finance costs recognised in discontinued operations in the year of £0.3m relate to the cost of a letter of credit held in respect of taxation balances on disposed entities.

Other financial losses include foreign exchange losses on loans and borrowings.

A reconciliation of total net financing charge for continuing operations before exceptional items to adjusted net interest included in adjusted profit is disclosed below:

	Year ended 30 June 2016 £m	Year ended 30 June 2015 £m
Total net financing charge for continuing operations before exceptional items	(6.2)	(10.3)
Adjust for :		
Unwinding of discount in disposal provisions	0.1	0.1
Other financial losses	1.1	0.3
<b>Adjusted net interest payable</b>	<b>(5.0)</b>	<b>(9.9)</b>

## 5. Taxation

	Year ended 30 June 2016		
	Continuing operations £m	Discontinued operations £m	Total £m
<b>Current income tax</b>			
Current income tax – UK	(13.6)	-	(13.6)
Current income tax – overseas	(2.2)	-	(2.2)
Current income tax on exceptional items	0.1	-	0.1
Amounts under provided in previous period	(0.2)	-	(0.2)
Amounts over provided in previous period on exceptional items	0.3	4.2	4.5
<b>Total current income tax (charge) credit</b>	<b>(15.6)</b>	<b>4.2</b>	<b>(11.4)</b>
<b>Deferred tax</b>			
Deferred tax – UK	(1.1)	-	(1.1)
Deferred tax – overseas	(0.6)	-	(0.6)
Restatement of deferred tax due to rate change	2.3	-	2.3
Amounts over provided in previous period	0.6	-	0.6
<b>Total deferred tax credit</b>	<b>1.2</b>	<b>-</b>	<b>1.2</b>
<b>Tax (charge) credit in the income statement</b>	<b>(14.4)</b>	<b>4.2</b>	<b>(10.2)</b>

	Year ended 30 June 2015		
	Continuing operations £m	Discontinued operations £m	Total £m
<b>Current income tax</b>			
Current income tax – UK	(10.0)	-	(10.0)
Current income tax – overseas	(2.7)	-	(2.7)
Current income tax on exceptional items	1.1	0.1	1.2
Amounts over provided in previous period	0.7	-	0.7
Amounts over provided in previous period on exceptional items	0.4	16.1	16.5
<b>Total current income tax (charge) credit</b>	<b>(10.5)</b>	<b>16.2</b>	<b>5.7</b>
<b>Deferred tax</b>			
Deferred tax – UK	(3.7)	-	(3.7)
Deferred tax – overseas	(0.1)	-	(0.1)
Restatement of deferred tax due to rate change	0.2	-	0.2
Deferred tax on exceptional items	(0.2)	-	(0.2)
Amounts under provided in previous period	(1.2)	-	(1.2)
<b>Total deferred tax charge</b>	<b>(5.0)</b>	<b>-</b>	<b>(5.0)</b>
<b>Tax (charge) credit in the income statement</b>	<b>(15.5)</b>	<b>16.2</b>	<b>0.7</b>

## 5. Taxation (continued)

### Tax on exceptional items - continuing operations

The taxation impacts of continuing exceptional items are disclosed below:

	Year ended 30 June 2016			Year ended 30 June 2015		
	Current income tax £m	Deferred tax £m	Total £m	Current income tax £m	Deferred tax £m	Total £m
Impairment charges	-	0.2	0.2	-	0.1	0.1
Impairment reversals	-	(0.4)	(0.4)	-	(0.6)	(0.6)
Net (release) charge from/to provisions for property leases	(0.4)	-	(0.4)	0.3	-	0.3
Closure of venues	0.5	0.2	0.7	0.5	0.3	0.8
Exceptional finance costs	-	-	-	0.3	-	0.3
Amounts over provided in respect of previous years	0.3	-	0.3	0.4	-	0.4
<b>Tax credit (charge) on exceptional items - continuing operations</b>	<b>0.4</b>	<b>-</b>	<b>0.4</b>	<b>1.5</b>	<b>(0.2)</b>	<b>1.3</b>

### Tax on exceptional items - discontinued operations

The taxation impacts of discontinued exceptional items are disclosed below:

	Year ended 30 June 2016			Year ended 30 June 2015		
	Current income tax £m	Deferred tax £m	Total £m	Current income tax £m	Deferred tax £m	Total £m
Net credit relating to overseas tax audits	4.2	-	4.2	16.1	-	16.1
Exceptional finance costs	-	-	-	0.1	-	0.1
<b>Tax credit on exceptional items - discontinued operations</b>	<b>4.2</b>	<b>-</b>	<b>4.2</b>	<b>16.2</b>	<b>-</b>	<b>16.2</b>

The £4.2m exceptional tax credit in discontinued operations relating to overseas tax audits consists of a refund of tax paid of £4.4m following the successful resolution of a transfer pricing dispute, offset by a £0.2m charge in relation to a separate audit.

### Tax effect of items within other comprehensive income

	Year ended 30 June 2016 £m	Year ended 30 June 2015 £m
Current income tax credit (charge) on exchange movements offset in reserves	0.6	(0.4)
Deferred tax credit on actuarial movement on retirement benefits	-	0.1
<b>Total tax credit (charge) on items within other comprehensive income</b>	<b>0.6</b>	<b>(0.3)</b>

The credit in respect of employee share schemes included within the Statement of Changes in Equity includes a deferred tax credit of £0.1m.

## 5. Taxation (continued)

### Factors affecting future taxation

UK corporation tax is calculated at 20.00% of the estimated assessable profit for the period. Taxation for overseas operations is calculated at the local prevailing rates.

On 8 July 2015, the Chancellor of the Exchequer announced the reduction in the main rate of UK corporation tax to 19.0% for the year starting 1 April 2017 and a further 1.0% reduction to 18.0% from 1 April 2020. These changes were substantively enacted in October 2015. The rate reductions will reduce the amount of cash tax payments to be made by the Group.

On 20 June 2014, the Spanish Government announced the reduction in the corporation tax rate in Spain from 30% to 28% for financial years beginning in 2015 and to 25% for financial years beginning in 2016 and onwards. These changes were substantively enacted in November 2014.

## 6. Dividends

	Year ended 30 June 2016 £m	Year ended 30 June 2015 £m
<b>Dividends paid to equity holders</b>		
Final dividend for 2013/14 paid on 22 October 2014 - 3.15p per share	-	12.3
Interim dividend for 2014/15 paid on 20 March 2015 - 1.60p per share	-	6.3
Final dividend for 2014/15 paid on 21 October 2015 - 4.00p per share	15.6	-
Interim dividend for 2015/16 paid on 22 March 2016 - 1.80p per share	7.1	-
	<b>22.7</b>	<b>18.6</b>

A final dividend in respect of the year ended 30 June 2016 of 4.70p per share, amounting to a total dividend of £18.4m, is to be recommended at the annual general meeting on 14 October 2016. These financial statements do not reflect this dividend payable.

## 7. 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:

	Year ended 30 June 2016 £m	Year ended 30 June 2015 £m
Profit attributable to equity shareholders	74.7	74.8
Adjust for:		
Discontinued operations (net of taxation)	(3.6)	(15.8)
Exceptional items after tax on continuing operations	(9.7)	(2.1)
Other financial losses	1.1	0.3
Unwinding of discount in disposal provisions	0.1	0.1
Taxation on adjusted items and impact of reduction in tax rate	(2.6)	(0.2)
<b>Adjusted net earnings attributable to equity shareholders (£m)</b>	<b>60.0</b>	<b>57.1</b>
<b>Adjusted earnings per share (p) – basic</b>	<b>15.4p</b>	<b>14.6p</b>
<b>Adjusted earnings per share (p) – diluted</b>	<b>15.4p</b>	<b>14.6p</b>

## 8. Provisions

	Property lease provisions £m	Disposal provisions £m	Restructuring provisions £m	Indirect tax provision £m	<b>Total £m</b>
<b>At 1 July 2015</b>	47.6	4.3	0.5	1.2	<b>53.6</b>
Exchange adjustments	-	0.3	-	-	<b>0.3</b>
Unwinding of discount	0.9	0.1	-	-	<b>1.0</b>
Charge to the income statement - exceptional	4.5	0.3	-	-	<b>4.8</b>
Release to the income statement - exceptional	(3.0)	(0.3)	(0.1)	-	<b>(3.4)</b>
Utilised in year	(5.5)	(0.3)	(0.4)	-	<b>(6.2)</b>
<b>At 30 June 2016</b>	<b>44.5</b>	<b>4.4</b>	<b>-</b>	<b>1.2</b>	<b>50.1</b>
Current	7.2	0.8	-	1.2	<b>9.2</b>
Non-current	37.3	3.6	-	-	<b>40.9</b>
<b>Total</b>	<b>44.5</b>	<b>4.4</b>	<b>-</b>	<b>1.2</b>	<b>50.1</b>

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

## 9. 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:

	<b>As at 30 June 2016 £m</b>	As at 30 June 2015 £m
Total loans and borrowings	<b>(102.2)</b>	(143.1)
Less: accrued interest	<b>0.5</b>	0.7
Less: unamortised facility fees	<b>(0.5)</b>	(0.1)
	<b>(102.2)</b>	(142.5)
Add: cash and short-term deposits	<b>61.0</b>	89.6
<b>Net debt</b>	<b>(41.2)</b>	(52.9)

## 10. Cash generated from operations

	<b>Year ended 30 June 2016 £m</b>	Year ended 30 June 2015 £m
<b>Continuing operations</b>		
Operating profit	<b>91.7</b>	86.1
Exceptional items	<b>(9.3)</b>	(2.1)
Operating profit before exceptional items	<b>82.4</b>	84.0
Depreciation and amortisation	<b>45.8</b>	42.3
Share based payments	<b>1.9</b>	1.1
Loss on disposal of property, plant and equipment	<b>0.5</b>	0.3
Loss on disposal of intangible assets	<b>-</b>	0.5
Impairment of property, plant and equipment	<b>0.5</b>	0.5
(Increase) decrease in inventories	<b>(0.1)</b>	0.3
(Increase) decrease in other receivables	<b>(5.9)</b>	1.8
(Decrease) increase in trade and other payables	<b>(8.7)</b>	23.7
	<b>116.4</b>	154.5
Cash utilisation of provisions	<b>(6.2)</b>	(7.7)
Cash payments in respect of exceptional items	<b>-</b>	(0.2)
<b>Cash generated from continuing operations</b>	<b>110.2</b>	146.6

## **11. Contingent assets**

### **Discontinued taxation**

In the prior year the Group advised that it could receive a tax refund of between £2.5m and £4.0m in respect of amounts previously paid in relation to a discontinued operation. A refund of £4.4m was received in the period and has been disclosed as an exceptional item in note 3.

## **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, 9 of these have not expired or been surrendered. These 9 leases have durations of between 5 months and 97 years and a current annual rental obligation (net of sub-let income) of approximately £0.8m.

During 2014, the Group became aware of certain information in respect of a change 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.

### **Stamp duty**

The Group has received from HMRC a determination in respect of the amount of stamp duty payable on certain transactions undertaken by Gala Casino 1 Limited (now Grosvenor Casinos (GC) Limited) before its acquisition by the Group on 12 May 2013. The Group estimates the maximum possible additional stamp duty that could be due if HMRC are successful to be £7.2m plus interest. Under the terms of the Sale and Purchase Agreement the vast majority of any liability arising falls upon Gala Coral and the Group has further indemnification in the event of default by Gala Coral.

## **13. Related party transactions and ultimate parent undertaking**

Guoco Group Limited (Guoco), a company incorporated in Bermuda, and listed on the Hong Kong stock exchange has 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 30 June 2016, entities controlled by Hong Leong owned 56.2% of the Company's shares, including 56.1% through Guoco and its wholly-owned subsidiary, Rank Assets Limited, the Company's immediate parent undertaking.