

17 October 2008

## The Rank Group Plc Interim Management Statement 41 weeks to 12 October 2008

The Rank Group Plc (“Rank” or “the Group”) announces trading results for the 41 weeks to 12 October 2008.

### Group

On a like-for-like basis, Group revenue declined by 8% for the 41-week period to 12 October 2008. During the last six weeks, the Group has delivered a much stronger relative performance, with like-for-like revenue up by 5%. This reflects both the timing of the Gambling Act (which was implemented on 1 September 2007) and the actions we have taken to address the negative effects of the Act.

Trading at Top Rank Espana remained challenging as a result of the difficulties facing the Spanish economy, while Blue Square continued to be held back by the disappointing performance of its sportsbook operation.

Year on year segmental and Group revenue for 41 weeks to 12 October 2008		
	Like-for-like revenue (excludes club openings, closures and relocations)	Total revenue
Mecca Bingo	(12)%	(13)%
Top Rank Espana	6%	6%
Grosvenor Casinos	(3)%	(2)%
Blue Square	1%	1%
<b>Group</b>	<b>(8)%</b>	<b>(6)%</b>

### Mecca Bingo

In Mecca Bingo, like-for-like revenue declined by 12% during the first 41 weeks of the year, with admissions down 12% and spend per head level with the comparable period last year. In the six weeks since the start of September 2008, like-for-like revenue grew by 2%, with an 8% rise in spend per head off-setting a 5% decline in admissions.

Mecca Bingo’s recent performance reflects the benefits of a number of initiatives previously announced. In particular, we have gained licensing permission for 83 adult gaming centres located within Mecca Bingo properties, of which 64 are now operational. This has enabled the Group to increase the number of B3 jackpot gaming machines it operates from 406 at the start of the year to more than 660 at present.

Our adult gaming centre development programme has been undertaken within guidelines established by the Gambling Commission and with the approval of local licensing authorities. We are aware that the Gambling Commission is currently reviewing its guidance to local licensing authorities and do not anticipate any requirement to change existing facilities as a result of this review.

### **Top Rank Espana**

The performance of our Spanish bingo clubs business, Top Rank Espana, continued to be affected by the difficult prevailing economic conditions in Spain. In local currency, revenue declined by 4% with admissions and spend per head each down by 2%. This was offset by the strength of the Euro against Sterling, which resulted in a 6% increase in reported revenue.

### **Grosvenor Casinos**

In Grosvenor Casinos, like-for-like revenue declined by 3% in the first 41 weeks of the year, with admissions down 14% and spend per head up by 10%. In our provincial casinos, revenue was 10% lower, with admissions down 15% and spend per head up 6%. In London, revenue was up by 1%, with admissions down 9% and spend per head up by 12%.

In the six weeks since the start of September 2008, like-for-like revenue grew by 14%, with a 33% rise in spend per head off-setting a 14% decline in admissions. In our provincial casinos, revenue declined by 1% with 19% growth in spend per head offsetting a 17% decline in admissions. Our London casinos grew revenue by 33%, largely as a result of average win margin returning to more normal levels, with spend per head up 41% and admissions down 6%.

Later this month we will open the G Casino in Aberdeen, our first casino in Scotland and the sixth in Great Britain under the G Casino brand.

We have closed our Grosvenor Casino in Moortown, Leeds. This small casino has been loss-making since the Government's decision to make a substantial increase to rates of casino gaming duty in last year's Budget. We will retain the licence for the purposes of future development.

### **Blue Square**

Our interactive gaming business, Blue Square grew revenue by 1% during the first 41 weeks of the year. Gaming achieved 7% growth in the period, led by a strong performance from meccabingo.com. Revenue from sportsbook declined by 11%, reflecting the highly competitive nature of the sports betting market.

### **Value Added Tax (VAT)**

In September 2008, we wrote to Her Majesty's Revenue and Customs (HMRC) to advise that, consistent with the ruling of the Duties & VAT Tribunal in May 2008, we would no longer pay VAT on games of interval bingo. This is expected to result in an annualised cash benefit to the Group of around £6m, with effect from July 2008. As HMRC has appealed the tribunal's decision (with the High Court due to hear the appeal in March 2009), it is not our intention at present to recognise the revenue or operating profit benefits in the Group financial results.

### **Financing**

In January 2009, our £167.7m convertible unsecured loan stock matures. It remains our intention to redeem the bond from the available headroom under our existing banking facilities, which are committed until 2012.

### **Outlook**

While the Group has continued to perform in line with expectations, we recognise that the broader economic climate remains uncertain in the near-term. We retain a positive long-term outlook on both the growth potential of the gaming industry and the prospects for our businesses within it.

**Enquiries:**

**The Rank Group Plc**

Dan Waugh, director of investor relations

Tel: 01628 504053

**Financial Dynamics**

Ben Foster/Marc Cohen

Tel: 020 7831 3113

Photographs available from [www.rank.com](http://www.rank.com)

**Analyst conference call:**

A conference call for investors and analysts will be held at 8.30am BST today (17 October 2008). Dial-in information follows below:

UK (free call): 0800 694 0257

USA (free call): 1866 966 9439

International: +44 (0) 1452 555 566

Passcode: 68049438

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