GUOCO GROUP LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 53)

OVERSEAS REGULATORY ANNOUNCEMENT

(This overseas regulatory announcement is issued pursuant to Rule 13.10(B) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.)

Please refer to the attached announcement on the next page.

The board of directors of Guoco Group Limited currently comprises Mr. Quek Leng Chan as Chairman; Mr. Kwek Leng Hai as President, CEO; Mr. Tan Lim Heng as executive director; Mr. Kwek Leng San as non-executive director and Mr. Volker Stoeckel, Mr. Roderic N. A. Sage and Mr. David Michael Norman as independent non-executive directors.

Rank Group

News Release

14 August 2014

The Rank Group Plc ("Rank" or the "Group")
Full-year results for the 12 months ended 30 June 2014

Financial highlights in the 12 months ended 30 June 2014

	2013/14	2012/13	Change
Group revenue	**£707.7m**	£625.0m	13%
Statutory revenue	**£678.5m**	£596.2m	14%
Group EBITDA before exceptional items	**£116.0m**	£108.8m	7%
Group operating profit before exceptional items	**£72.4m**	£69.9m	4%
Adjusted profit before tax	**£62.5m**	£65.1m	(4)%
Adjusted earnings per share	**12.4p**	12.4p	0%
Net debt	**£(137.0)m**	£(104.1)m	(32)%
Dividend per share	**4.50p**	4.10p	10%

Key highlights

- Solid results with increases in revenue and operating profit driven by the acquired casinos
- Improved H2 performance following a challenging H1; H2 operating profit up 21% on H1 following the successful execution of sustainable profit improvement actions
- Mobile revenue growth of 43%, now comprises 26% of digital revenue
- Healthy dividend growth with final dividend of 3.15p recommended and total dividend of 4.50p for the year, up 10% on 2012/13
- Successful integration of the acquired casinos, completed on budget and on time
- Grosvenor Casinos has been awarded its first 2005 Act casino licence in Luton
- Bingo duty halved to 10% following successful engagement with HM Treasury
- Slots VAT repaid to HMRC following adverse ruling at Court of Appeal
- Henry Birch appointed chief executive from 6 May 2014

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

"Performance improved in the second half of the year following a challenging first six months. The Group is well positioned for future growth with the cut in bingo duty, major capital investment programmes planned at Nottingham, Bournemouth and Luton casinos and full year benefits from the £8.9m investment into new product in the acquired casinos. In the short term the introduction of a digital point of consumption tax will impact performance but our strong brands and market leading positions ensure that the Group is well placed and provides long-term opportunities."

Ends

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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;
- "2013/14" refers to the audited 12-month period to 30 June 2014 and "2012/13" refers to the audited 12-month period to 30 June 2013;
- "Gala" and "Gala Coral" refers to Gala Coral Group Limited;
- Like-for-like excludes the effect of acquired venues, club openings, closures, relocations, the impact of Machine Games Duty ("MGD") and discontinued operations; and
- Going forward the performance of the acquired casinos will be comparable year-on-year and therefore will no longer be disclosed separately from the existing estate.

Enquiries

The Rank Group Plc

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Photographs available from www.rank.com

Analyst meeting and webcast details:
Thursday 14 August 2014

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. 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 12 months to 30 June 2014, Rank has grown revenue and operating profit due to the contribution of the acquired casinos. A challenging H1 and highly competitive digital trading environment has led to a fall in like-for-like revenues in both the Grosvenor Casinos and Mecca brands.

Following the challenging H1, we undertook three actions aimed at delivering an improved H2 performance. These focused on improving the value for money for our customers, tightening our cost controls and operating a more focused capital expenditure programme. The 21% increase in H2 operating profit versus H1 highlights the success of these actions.

Group key performance indicators (KPIs)
We measure our performance through the Group's KPIs.

	2013/14	2012/13
Customers* (000s)	**3,029**	2,676
Customer visits (000s)	**27,953**	26,933
Net promoter score	**43%**	48%

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

Our brand teams served more than three million customers in the year with customer visits increasing by 4% due to the addition of the acquired casinos.

The Group's net promoter score, which measures the propensity of customers to recommend our brands, decreased by five percentage points to 43%. Customer feedback indicates their increasing focus on value for money in bingo and a greater demand for promotions and bonuses in our casinos. As a result the Group has taken actions to address our customers increasing desire for greater value, details of which are provided in the brand operating reviews below.

Summary of financial results

The Group achieved 13% growth in continuing business revenue; with 15% growth in venues and 2% in digital (online and mobile). Like-for-like revenue for the Group fell by 4%. The fastest growing channel of distribution continues to be mobile where revenue increased by 43% to £18.9m.

£m	**Revenue***		**Operating profit****	
	2013/14	2012/13	**2013/14**	2012/13
Grosvenor Casinos	**391.2**	300.3	**56.8**	47.4
Mecca	**288.2**	296.2	**37.0**	44.1
Enracha	**28.3**	28.5	**0.8**	0.7
Central costs			**(22.2)**	(22.3)
Total continuing	**707.7**	625.0	**72.4**	69.9

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

Revenue from Grosvenor Casinos increased by 30% to £391.2m, driven by the £107.2m revenue contribution from the acquired casinos. Consequently operating profit rose by 20% to £56.8m.

Mecca's revenue decreased by 3% to £288.2m as customer visits decreased in the year. Lower revenues and higher digital IT costs resulted in total brand profit declining 16% to £37.0m.

Enracha's euro revenue decreased by 1% as customer visits fell by 2%. Sterling operating profit rose by 14%.

Central costs were marginally lower at £22.2m.

During the year Rank invested £44.3m of capital across the Group. More than 70% of this was deployed in our Grosvenor Casinos venues.

The Group's adjusted net financing charge of £9.9m was higher than the prior period, primarily due to the financing costs associated with the acquisition of the former Gala casinos.

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

VAT claims
On 30 October 2013, Rank received notice that the Court of Appeal had found in favour of HM Revenue and Customs ('HMRC') regarding claims for overpaid VAT on certain types of amusement machines between 2002 and 2005. Following the Court of Appeal decision Rank repaid amounts received to HMRC on 30 May 2014.

Rank applied for leave to appeal to the Supreme Court in connection with these claims and was subsequently granted permission to appeal on 16 April 2014. The appeal hearing will be held on 20 April 2015.

Board changes

John Warren

On 17 October 2013, John Warren stepped down from the board after serving more than seven and a half years as non-executive director and chairman of the audit committee.

Colin Child

On 18 March 2014, Colin Child, Rank's senior independent director, resigned from the board. Colin joined the board on 1 January 2012 and was Rank's senior independent director, chairman of the nominations committee and chairman of the audit committee. Following Colin's departure, Ian Burke was appointed chairman of the nominations committee and Owen O'Donnell chairman of the audit committee. Ian Burke is currently leading the search for a new senior independent director. An update will be provided as and when appropriate.

Ian Burke

After eight years as chief executive, Ian decided it was the right time to step away from the role. On 27 March 2014, the Group announced the appointment of Henry Birch as Rank's new chief executive and Henry's appointment took effect from 6 May 2014.

On 6 May 2014, Ian became non-executive chairman and has been working alongside Henry to ensure a smooth transition of executive responsibilities.

Dividend

The board is pleased to recommend a final dividend of 3.15 pence per share be paid on 22 October 2014 to shareholders on the register at 12 September 2014.

Regulatory reform

Rank has been lobbying for regulatory modernisation within gaming for a number of years. Following the successful campaign to cut bingo duty, Rank's current objectives reflect restrictions on our ability to meet customer demand for casino gaming and are:

- An increased provision of slot machines in casinos (Great Britain's casinos currently have less than 2% of the machines in Great Britain); and
- The right for local authorities to elect whether to license casinos (the majority of local authorities in Great Britain do not currently enjoy this right).

While achievement of these objectives remains uncertain, progress was made in 2013/14 with increases in maximum stakes (from £2 to £5) and prizes (maximum of £10,000) for Category B1 slot machines in casinos and an increase in the maximum prize (from £70 to £100) for Category C slot machines in the Group's bingo venues.

Taxation

The 2014 Budget statement contained two major changes to the taxation of the Group's activities:

- A reduction in bingo duty from 20% to 10% to take effect from 30 June 2014; and
- The application of remote gaming duty ('RGD'), at 15%, to all online gaming involving consumer transactions in the UK (regardless of where the operator is based) to take effect from 1 December 2014.

As a consequence of the reduction in bingo duty, Rank has committed to the development of three new bingo venues, the re-starting of its venues refurbishment programme and providing better value for customers in terms of game prices and prize funds.

Rank has been working hard on assessing the full impact of RGD and developing ways to reduce the negative impact on shareholder value, for example through the renegotiation of key digital contracts and reviewing the effectiveness of digital marketing campaigns. The Group anticipates the majority of the duty cost will impact digital profitability.

Listing Rules

On 16 May 2014, new Listing Rules ('LR') came into force for all premium listed companies. The Financial Conduct Authority ('FCA') confirmed that the minimum free float requirement remains at 25%, however they stated that they will take into account certain factors when making any decision to modify the 25% requirement. Rank has therefore made a formal submission to the FCA requesting it to modify LR 6.1.19 R so that Rank can continue to be a premium listed company with a slightly lower free float percentage than 25%.

Current trading and outlook

Since the beginning of July performance has been in line with management's expectations and ahead of last year. While such a short trading period can be distorted by external factors, we are satisfied with the underlying trends.

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.

We have identified five inter-related priorities essential to the accomplishment of our aims.

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 offer customers a genuine multi-channel gaming offer. We have a number of key assets, including a portfolio of more than 160 venues, our membership systems and reward programmes and the high levels of engagement that our team members enjoy with customers.

We will build on this position by investing in a range of improvements designed to make it simpler, more convenient and more rewarding for customers to engage with us across multiple channels. These improvements include the development of a single customer account, a single customer wallet and a single customer rewards programme. These are large and complex programmes which will take time to deliver but which we believe will give Rank an important competitive advantage.

2. Building digital capability
While Rank has built strong positions in venue-based gaming, we have not yet been able to replicate this across our digital channels (desktop, tablet and mobile). In 2013/14, our digital operations generated just 10% of Group revenue whereas digital channels now represent around 30% of Great Britain's gambling market (excluding National Lottery). We recognise that we need to step up our capability in this area if we are to meet the changing needs of our customers and to capture a greater share of the digital market.

This year, we will put in place a number of building blocks to support this aim including the appointment of Colin Cole-Johnson as group director of digital and cross-channel services.

3. Developing our venues
Our casinos and bingo venues remain the bedrock 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 existing 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.

This year we plan to invest approximately £26.0m of capital in maintaining and improving our venues which includes £3.5m in completing a new casino in Southend. In order to maintain a modern fit-for-purpose estate, we may be required to close a limited number of venues but we will also seek to develop new venue concepts as we move forward through innovation.

4. Investing in our brands and marketing
The development of a portfolio of well-defined, relevant and resonant brands is critical for the success of our ambition. At Rank, we enjoy ownership of a number of well-known brands with strong levels of affinity amongst certain customer segments, but in the past we have not invested sufficiently in either the development of those brands or the marketing support required to release their potential.

This year, we will seek to step up our brand marketing programme, providing appropriate support for our established brands and explore the development of new brands for the digital market.

5. Using technology to drive efficiency and improve customer experience
At Rank, the customer is at the heart of our focus on efficiency. By speeding up processes we can remove customer frustrations and by removing costs we can offer better value. Together, these can create important competitive advantages. We have identified a number of opportunities to harness technological developments to offer our customers a better experience and to achieve sustainable growth in operating margins. This year we will look to deploy more cashless payment methods in our venues – such as the extension of ticket-in-ticket-out ("TiTO") slot machines to our Mecca venues; and to allow customers to use their own smartphones and tablets to play games in-venue. The increasing use of digital technologies in our venues will also support our ambition to provide customers with a seamless multi-channel offer.

During 2013/14, the Group also commenced a project to outsource operational IT services to Tata Consultancy Services ('TCS'). The transition to TCS is expected to be completed by October 2014.

Update on 2013/14 strategic objectives
The strategic priorities that we have set out above represent a shift in emphasis for Rank. Yet while there has been a change of focus, our objectives remain consistent with the priorities set out by the Group in previous years:

1. Systematic use of data and customer feedback to drive service and product improvements;
2. Capital investment to extend the reach and broaden the appeal of the leisure experience we deliver; and
3. Multi-channel distributions of our brands.

In this section we highlight the progress that we have made in each of these areas over the past year.

- **Systematic use of data and customer feedback to drive service and product improvements**

During 2013/14 we carried out the following insight activities:
- Brand awareness and consideration studies
- Net promoter scoring ('NPS')

The following are key examples of where our insight programmes have driven key business decisions.

Insight	Action	Outcome
Mecca retail: Paper playing customers disliked the disadvantage of playing amongst multi-ticket players on Mecca Max units	Introduction of paper only sessions	Increase in customer visits for paper only sessions
Mecca retail: Against peer operators Mecca scored the lowest regarding value for money	Introduction of a flexible pricing structure, 'pay as you play'	Increase in NPS scores since introduction
Grosvenor retail: Customer demand for greater value for money	Numerous actions taken including increased promotions; higher return to slots players in the acquired casinos; introduction of higher free bets	Positive impact on customer visits
Grosvenor retail: New table games showcase event feedback	16 new table games were selected for further evaluation with our customers	Four new table games were introduced into Grosvenor Casinos' suite of table games

As part of the integration of the acquired casinos we also rolled out Empathica, which is our retail casino customer satisfaction survey tool.

- **Capital investment to extend the reach and broaden the appeal of the leisure experience we deliver**

During 2013/14, Rank invested £39.4m in making improvements to its venues. The majority of this was expended in Grosvenor Casinos with major refurbishments being carried out in our Leicester and London St Giles casinos and the opening of our new London Poker Room. £8.9m was invested to upgrade and replace poor performing product in the acquired casinos.

We invested a total of £4.0m in our Mecca venues. This low level of investment reflected uncertainty in trading during the first half of the year and disappointing returns on major venue re-modelling projects in previous years. However, the reduction in bingo duty from 30 June 2014 will result in increased capital investment in future years.

The Group continued the roll-out of the Enracha brand across its Spanish venues with the Don Pelayo and Continental venues converted in the year at a cost of £0.9m.

- **Multi-channel distributions of our brands**

During 2013/14, we achieved 15% growth in revenue from venues and 2% growth from digital media (desktop, tablet and mobile). Mobile continues to be our fastest growing channel with revenues up 43% to £18.9m in the period, with 53% of our digital customers in Great Britain playing with our brands on mobile devices (2012/13: 30%).

During the year both Mecca and Grosvenor Casinos successfully grew the number of customers who engaged with their brands through their digital channels and in venue.

	Multi-channel customers (000s)		**% of total brand customers**	
Brand	**2013/14**	**2012/13**	**2013/14**	**2012/13**
Grosvenor Casinos	26	17	1.5%	1.3%
Mecca	71	66	6.5%	5.8%

Specific actions:

- Grosvenorcasinos.com successfully launched its live casino product during Q2 2013/14. To ensure the online live casino experience mirrored that found in our venues, all live casino dealers were trained by our experienced venue dealers;
- Grosvenor Casinos rolled out a cross-channel loyalty scheme ('Play Points') during the year improving our casino customers' cross-channel experience. The acquired casinos are to be included in the scheme during 2014/15; and
- Successful marketing campaigns have led to a 46% increase in venue customers playing on grosvenorcasinos.com.

2013/14 priorities

In addition to the above strategic objectives the Group focused on a number of immediate priorities in the year. The progress made in each area is as follows:

1. Integration of acquired casinos

This year we worked hard to successfully integrate the former Gala casino venues acquired back in May 2013. With £17.8m of capital invested in the year we have made significant improvements to the estate while also implementing operational improvements. The 19 venues are on track to deliver the anticipated level of returns.

2. Growth in digital

The Group continued its focus on growing our digital channels. Grosvenorcasinos.com continues to grow strongly and now offers its bespoke live casino product. Our growing live casino is now a major revenue contributor to our digital casino channel.

3. Retail channel improvements

During the year particular focus was placed on improving the performance of our Mecca venues. Further detail is provided in Mecca's venues performance review.

Business review

Grosvenor Casinos

Grosvenor Casinos has recorded both revenue and operating profit growth in the year with H2 revenues improved marginally on H1. However the strong comparable H1 in 2012/13 contributed to a 4% fall in like-for-like revenue.

	2013/14	2012/13	Change
Total revenue* (£m)	**391.2**	300.3	30%
- Venues – excl. acquired casinos***	270.5	275.0	(2)%
- Venues – acquired casinos	107.2	15.5	592%
- Digital	13.5	9.8	38%
Total EBITDA (£m)**	**80.9**	66.6	21%
- Venues – excl. acquired casinos***	57.8	63.7	(9)%
- Venues – acquired casinos	22.0	3.5	529%
- Digital	1.1	(0.6)	283%
Total operating profit (£m)**	**56.8**	47.4	20%
- Venues - excl. acquired casinos***	39.8	46.6	(15)%
- Venues – acquired casinos	17.9	2.9	517%
- Digital	(0.9)	(2.1)	57%
Like-for-like revenue	**(4)%**		
- Venues – excl. acquired casinos	(4)%		
- Digital	38%		

* before adjustments for free bets, promotions and customer bonuses; ** before exceptional items, ***excludes pre-acquisition performance in 2012/13

Total venues revenue of £377.7m was up 30% in the period due to the contribution from the newly-acquired casinos. A weaker London performance contributed to a 4% reduction in like-for-like revenue. Total operating profit was up 17% but down 14% on a like-for-like basis.

Digital revenue grew strongly in the period, up 38% to £13.5m with the newly launched live casino now a major contributor to digital revenue. Lower digital marketing costs contributed to the reduction in operating loss to £(0.9)m from £(2.1)m in the prior period.

Key performance indicators

	2013/14	** 2012/13
Total customers (000s)*	**1,784**	1,306
- Venues – excl. acquired casinos	1,279	1,288
- Venues – acquired casinos	491	-
- Digital	50	35
Total customer visits (000s)	**8,579**	6,391
- Venues – excl. acquired casinos	5,962	6,052
- Venues – acquired casinos	2,177	-
- Digital	440	339
Total spend per visit (£)	**45.60**	44.56
- Venues – excl. acquired casinos	45.37	45.44
- Venues – acquired casinos	49.24	-
- Digital	30.68	28.91
Total net promoter score	**41%**	42%
- Venues	44%	45%
- Digital	7%	5%

* Customers shown on a moving annual total ('MAT') basis and cross-over customers included only once;
**excludes impact of 19 acquired casinos

Excluding the impact of the acquired casinos, total brand customers were flat year-on-year as reductions in the venues channel were offset by gains in the digital channel. The introduction of sales managers into the acquired casinos contributed to a 4% increase in customers in the year. Digital customer numbers grew by 43%, with an increase in customer cross-over from venues.

On 8 November 2013, the new London Poker Room opened which incorporates a 350 capacity poker room. The capital cost of the Poker Room casino licence and associated fit out costs was £11.6m.

The integration of the acquired casinos was completed in the year with £17.8m of capital invested. The investment included the conversion of three venues to the G Casino format, which included a major refurbishment of the Leicester casino and the rollout of new gaming product across the acquired estate. The Group also carried out a major refurbishment at the London St Giles (formerly the Tottenham Court Road) venue in addition to major IT upgrades across both the acquired and existing venues.

Upcoming investments include the opening of a new casino in Southend in autumn 2014 and the refurbishment of the acquired venues in Nottingham and Bournemouth.

During the year the brand successfully extended its venues loyalty scheme, Play Points, across the digital channel and introduced an exclusive Black Card VIP rewards scheme. Work is currently underway to continue the Play Points rollout across the acquired casinos and should be completed by December 2014.

As part of the brand's strategy to further develop its casino offer, a trial sports betting offer has recently been introduced alongside the refurbished Leicester casino. There are plans to extend the trial into a further three venues in 2014/15.

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)**	
	2013/14	2012/13	**2013/14**	2012/13	**2013/14**	2012/13	**2013/14**	2012/13
London	**1,452**	1,053	**90.56**	100.47	**131.5**	111.9	**27.9**	28.2
Provinces	**6,406**	4,698	**36.17**	32.87	**231.7**	163.8	**29.4**	21.3
Belgium	**281**	301	**51.60**	49.17	**14.5**	14.8	**0.4**	-
Total	**8,139**	6,052	**46.41**	45.44	**377.7**	290.5	**57.7**	49.5

*2012/13 data excludes the impact of the acquired 19 casinos

London revenue increased by 18% due to the contribution of the acquired casinos; however like-for-like revenue fell by 13% as major player staking levels reduced and a lower, more normal, win margin was recorded in the year.

Provincial revenue also benefited from the contribution from the acquired casinos, up 41%. On a like-for-like basis revenue fell 1% as the July 2013 hot weather and 2014 World Cup adversely impacted visits.

Venues revenue analysis – Great Britain only

£m	**2013/14**		2012/13	
	Existing	**Acquired**	Existing	Acquired
Casino games	**170.3**	**77.2**	182.4	11.3
Gaming machines	**52.5**	**20.4**	44.1	2.5
Card room games	**11.9**	**2.8**	12.2	0.4
Food & drink/other	**21.3**	**6.8**	21.5	1.3
Total	**256.0**	**107.2**	260.2	15.5

Mecca

The challenging trading conditions continue to adversely impact the brand with total revenue down 3% in the period.

	2013/14	2012/13	Change
Total revenue* (£m)	**288.2**	296.2	(3)%
- Venues	229.3	234.9	(2)%
- Digital	58.9	61.3	(4)%
Total EBITDA (£m)**	**53.2**	60.2	(12)%
- Venues	34.9	37.6	(7)%
- Digital	18.3	22.6	(19)%
Total operating profit (£m)**	**37.0**	44.1	(16)%
- Venues	21.1	23.0	(8)%
- Digital	15.9	21.1	(25)%
Like-for-like revenue	**(5)%**		
- Venues	(5)%		
- Digital	(4)%		

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

Venues revenue of £229.3m was down 2% and 5% on a like-for-like basis. The decline in revenue was principally driven by a fall in customer visits. A major review of costs was carried out in the year resulting in a £4.1m reduction in labour costs.

One underperforming venue was closed in the year and there are plans to close two further loss-making venues in the following year.

As a consequence of the cut in bingo duty to 10% the Group has committed to develop three new venues and to re-start its venues refurbishment programme. The Group is currently carrying out a review of suitable locations and developing new concepts.

The highly competitive digital market contributed to a 4% decline in digital revenue. A reallocation of shared IT and other overhead costs from the disposed Blue Square business and increased investment in technology contributed to a fall in operating profit, down 25%.

During the year over 100 new games were released by Mecca's digital channel along with significant upgrades to its mobile app; despite total digital revenues falling in the period mobile revenues continue to grow, up 41%.

Key performance indicators

	2013/14	2012/13
Total customers (000s)*	**1,096**	1,134
- Venues	937	958
- Digital	229	242
Total customer visits (000s)	**17,429**	18,562
- Venues	12,607	13,559
- Digital	4,822	5,003
Total spend per visit (£)	**16.54**	15.96
- Venues	18.19	17.32
- Digital	12.21	12.25
Total net promoter score	**43%**	49%
- Venues	47%	53%
- Digital	21%	29%

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

The decline in Q1 customer visits prompted a detailed review of all venues, session by session, which concluded certain offers were uncompetitive. As a result, numerous initiatives were launched focused on improving value for money, these included the introduction of-lower priced sessions; a 'refer a friend' reward programme and various food and beverage promotions. These actions have contributed to an improvement in H2, with full-year customer visits down 7% compared to a 10% fall at H1.

Digital spend per visit declined marginally in the year as more customers migrated to the mobile platform where dwell time and spend per visit are currently lower.

Venues revenue analysis

£m	**2013/14**	2012/13	Change
Main stage bingo	**35.1**	39.1	(10)%
Interval games	**94.7**	100.0	(5)%
Amusement machines	**73.8**	68.9	7%
Food & drink/other	**25.7**	26.9	(4)%
Total	**229.3**	234.9	(2)%

The introduction of MGD part way through the prior period has positively impacted amusement machine revenue, on a like-for-like basis there was a 3% fall.

Enracha

Our Spanish brand, Enracha, continues to operate in very difficult economic conditions.

	2013/14	2012/13	Change
Revenue (€ m)	**34.0**	34.5	(1)%
Revenue (£m)	**28.3**	28.5	(1)%
EBITDA* (£m)	**2.9**	3.1	(6)%
Operating profit* (£m)	**0.8**	0.7	14%

* before exceptional items

Euro revenue was marginally down during the year with euro spend per visit flat. In Sterling, revenue was down 1%.

Key performance indicators

	2013/14	2012/13
Customers (000s)*	**260**	276
Customer visits (000s)	**1,945**	1,980
Spend per visit (€)	**17.48**	17.42
Spend per visit (£)	**14.55**	14.39
Net promoter score	**86%**	84%

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

Venues revenue analysis

€m	**2013/14**	2012/13	Change
Bingo	**20.3**	20.2	0%
Amusement machines	**10.8**	11.3	(4)%
Food & drink/other	**2.9**	3.0	(3)%
Total	**34.0**	34.5	(1)%

During the year a loss-making venue in Madrid was closed and there are plans to exit a further loss-making venue in Santiago during the first half of 2014/15.

Financial review

Following a challenging H1 and the successful execution of certain profit improvement actions in H2, Group revenue for the 12-month period from continuing operations rose by 13% to £707.7m while Group operating profit before exceptionals of £72.4m was 4% higher than the prior period.

The growth in Group revenues reflects the income from the 19 acquired casinos offset by a highly competitive trading environment and a lower, more normal, win margin in our London casinos.

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

The Group's profit for the year was £20.2m, down 25% from the prior year.

Adjusted earnings per share was flat year-on-year at 12.4p.

Acquisition of the former Gala casinos

The acquisition accounting relating to the acquisition of the 19 casinos from Gala on 12 May 2013 has now been finalised. In the prior year, provisional fair values of the assets and liabilities acquired were disclosed due to the proximity of the acquisition to the Group's year end and the completion accounts process outlined by the sale and purchase agreement extending beyond the finalisation of the financial statements. Details of the adjustments made to the provisional accounting are outlined in note 12.

The acquisition has now been successfully integrated and the initial capital investment plan has been completed on time and within budget. Since acquisition, the casinos have performed in line with management's expectations.

Taxation

The Group's effective corporation tax rate on continuing operations was 22.2% (2012/13: 25.5%) based on a tax charge of £13.9m on adjusted profit before taxation. The Group's effective corporation tax rate for 2014/15 is expected to fall within the range of 22% to 24% as a result of the reduction of UK corporation tax rates.

The Group had an effective cash tax rate of 16.7% on adjusted profit. The Group is expected to have a cash tax rate of 17.5% to 20.0% in 2014/15, excluding any tax payable on the resolution of a number of legacy issues. This is lower than the Group's effective corporation tax rate due to the utilisation of capital allowances and losses in the Group.

The gaming machine case concerning overpaid output VAT (previously refunded to Rank) was decided on 30 October 2013 by the Court of Appeal in favour of HMRC. Rank has appealed the decision to the Supreme Court and the case will be heard on 20 April 2015. In H2 Rank had to repay amounts received in advance of the case being heard.

The Group previously participated in a disclosed tax avoidance scheme which has been included in the recently published list of Disclosure of Tax Avoidance Schemes ("DOTAS"). Under new tax rules implemented this year, HMRC can request payment of the amounts under dispute in advance of any Tax Tribunal. The Group has not yet received any request for payment, with the amounts at dispute worth up to £22.0m. This potential tax outflow is included within the income tax payable balance.

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 year the Group recognised impairment charges and onerous lease provisions which principally related to underperformance of the Group's New Brighton casino and three Enracha venues.

As outlined above, the Group repaid monies to HMRC following the decision at the Court of Appeal. As recovery is not virtually certain, this outflow has been expensed in the current period.

Full details of the Group's exceptional items are provided in note 3.

Cash flow

	2013/14 £m	2012/13 (restated) £m
Continuing operations		
Cash inflow from operations	**107.2**	117.7
Capital expenditure	**(44.3)**	(38.2)
Fixed asset disposals	**0.3**	2.0
Operating cash inflow	**63.2**	81.5
Discontinued operations	**(0.6)**	(9.1)
Net acquisitions and disposals	**1.1**	(176.2)
Net cash payments in respect of provisions and exceptional items	**(6.7)**	(14.0)
	57.0	(117.8)
Net interest and tax payments	**(15.5)**	(12.8)
Settlement of legacy tax issues	**(56.6)**	-
Net dividends paid	**(16.4)**	(14.6)
New finance leases	**(2.3)**	(0.8)
Other (including foreign exchange translation)	**0.9**	0.1
Cash outflow	**(32.9)**	(145.9)
Opening net (debt) / cash	**(104.1)**	41.8
Closing net debt	**(137.0)**	(104.1)

Financial structure and liquidity

At the end of June 2014, net debt was £137.0m compared with net debt of £104.1m at the end of June 2013. The net debt comprised £140.0m in bank term loans in respect of the acquisition of the former Gala casinos, £20.0m drawn revolving-credit facilities, £8.4m in fixed rate Yankee bonds, £14.9m in finance leases and £0.8m in overdrafts offset by cash at bank and in hand of £47.1m.

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 1.2 times net debt to EBITDA.

Capital expenditure

	2013/14 £m	2012/13 £m
Cash:		
Continuing operations		
Grosvenor Casinos	**35.5**	21.0
Mecca	**5.9**	9.6
Enracha	**1.3**	1.4
Central	**1.6**	6.2
	44.3	38.2
Discontinued operations	**-**	1.1
	44.3	39.3
Finance leases:		
Grosvenor Casinos	**-**	0.5
Mecca	**2.3**	0.3
	2.3	0.8
Total capital expenditure	**46.6**	40.1

During 2013/14, Rank invested £39.4m in making improvements to its venues, with the majority being expended in the enlarged Grosvenor Casinos estate. £17.8m was invested in the acquired estate which included £2.5m on the refurbishments at the Leicester and London St Giles casinos and £8.9m on new gaming equipment. In the existing estate, the new London Poker Room opened at a cost of £11.6m and £1.4m was spent on the new Southend casino which is due to open in autumn 2014.

We invested £4.0m in our Mecca venues. This low level of venues investment reflected uncertainty following trading during the first half of the year and disappointing returns on major venue re-modelling projects in previous years.

Statesman House, Stafferton Way, Maidenhead, Berkshire SL6 1AY T: 01628 504000 F: 01628 504042

On developing our digital capability we invested a total of £1.9m in Mecca and £1.4m in Grosvenor Casinos.

During 2014/15, we plan to spend between £40.0m and £45.0m. Of this, £10.4m will be invested in our Grosvenor Casinos venues, £3.5m to complete the development of our new casino in Southend, £6.7m on improving our digital capability and £7.6m on group wide IT investments. We will increase our capital investment in Mecca venues, in keeping with commitments made to HM Treasury following the reduction in the rate of bingo duty.

Capital committed at 30 June 2014 includes £3.1m for the new casino in Southend. Mecca had no material commitments at the year end.

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

Regulatory and tax

- *Regulation*

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.

Impact
Regulatory changes could increase the cost of doing business.

Mitigation
We participate actively in trade bodies' presentations to Government and opposition parties. As we have done in previous years, during the period under review, we have arranged key stakeholder familiarisation visits to some of our sites in order that stakeholders can have an opportunity to see our businesses in operation. This enables stakeholders to gain a better understanding of the positive effect of our business activities, including the provision of a safe environment within which adults can enjoy gambling, the creation of employment and the generation of revenues for the Exchequer.

- *Taxation*

Adverse change in fiscal legislation continues to be a significant risk. We are subject to gambling taxation and levies in Great Britain and the other countries in which we operate. From December 2014 we will also be required to pay UK Remote Gaming Duty, a point of consumption tax for remote digital gaming.

Impact
Any increases in the levels of taxation or levies 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.

Mitigation
An update on Rank's approach to regulatory and fiscal reform can be found at http://www.rank.com/downloads/gameplan-vol2-nov-2013.pdf or by written request to the company secretary.

Operational risk

- *New online gaming platform – transition and implementation*

The Group is in the course of planning to replace its online gaming platform, which is of significant strategic importance to the Group. This will be the single largest IT project that it has undertaken in recent years. The key risks for this project include failure to: (a) select the optimum supplier; (b) specify correctly the Group's requirements with the result that the platform is not fit for purpose; (c) define clearly the governance structure for the project; (d) deliver the project on time and on budget; (e) manage adequately the transition from the existing platform; and (f) provide for an appropriate exit strategy.

Impact
This project is a key strategic enabler so any failures in the delivery of the project risk having an adverse effect on the ability to optimise the digital platform and its associated business, and consequently impacting profitability.

Mitigation
The project is in its planning stages and is engaging experienced personnel to manage the schedule, budget and deliverables. A governance structure is being developed and roles and responsibilities agreed. Professional procurement and project management approaches have also been selected and implemented to provide structure for the key activities of the project.

- *Volatility of gaming win*

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.

Impact
Gaming win directly impacts profitability.

Mitigation
Gaming limits are actively used to manage the exposure of the business at all times.

Programmes are in place to manage high staking VIP customers through a dedicated VIP team and reward programmes exist to manage and incentivise the loyalty of these important customers to encourage play over longer periods.

- *Loss of licences*

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 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. Our UK customer facing transactional websites require 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 licensed. Additionally, with effect from 1 October 2014, an operator's licence for our remote operations will be required from the Gambling Commission. Our operations in Spain and Belgium are also subject to licensing requirements in the jurisdictions and local areas in which they operate.

Impact
The loss of licences could have an adverse effect on our business and profitability and prevent us from providing gambling services.

Mitigation
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 Gambling Commission. Since entering the online gaming market, Rank has worked hard to build a similarly strong and open relationship with the Alderney Gambling Control Commission.

- *External events*

Customers may be prevented or deterred from accessing our clubs due to factors such as extreme weather, illness or disease epidemics, terrorist threats, strikes and public transport system failures.

Impact
This could have an adverse effect on our business and profitability. As reported in our 2013/14 half year results, the hot weather in July 2013 adversely affected our results.

Mitigation
Whilst these matters are outside our direct sphere of influence, we continue to work hard to better prepare ourselves for such eventualities, particularly in terms of co-ordinating with our interactive businesses and making sure that employees can get to work.

- *Business continuity and disaster recovery*

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.

Impact
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.

Mitigation
A Group business continuity plan is in place and regularly reviewed. Departmental plans are required for all critical departments and premises, and managed by the director of security. IT plans in particular are being continually reviewed in light of the transfer of risk being experienced as part of the IT outsourcing project.

- *Wage rise inflation*

We employ a large number of employees at or just above the minimum wage. Significant increases to the national minimum wage or other significant changes to employment regulation could have an adverse impact on the Group's results.

Impact
Changes generating significant employment cost inflation could negatively impact the Group's profitability.

Mitigation
Rank maintains continual monitoring of the regulatory environment to ensure that changes are identified and prepared for as early as possible.

Information technology risk

- *IT outsourcing – transition and implementation*

Rank is in the process of outsourcing certain of its IT services including helpdesk, desktop support, server administration and network operations. There are inherent risks in undertaking a project of this nature and importance, including supplier selection, implementation, the impact on employee morale and retention during the consultation and transition periods, and effective communication with the supplier.

Impact
Issues with the provision of core IT services may affect the smooth operation of business activities and consequently revenue.

Mitigation
The formal supplier selection process was audited by the Group's internal audit function and was found to have been properly conducted. A supplier has been selected who has extensive experience in similar transition projects. Knowledge transfer plans are in place to mitigate any issues with losing existing employees, and alternative job roles have been made available where suitable to help manage morale and retention.

- *Reliance on technology*

The Group is highly dependent on complex technology and advanced information systems with many interfaces and a significant number of separate suppliers. 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. Comprehensive technology resilience and systems protection measures are in place but it is difficult to detect all threats and vulnerabilities in order to prevent all service interruptions and problems.

Impact
If our prevention measures for technology attacks should fail our reputation may be harmed and customers deterred from using our services which may in turn have a material adverse effect on our financial performance. 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.

Mitigation
In September 2013, a chief information officer started with the Group and he has also implemented a security improvement programme which is underway, including measures such as enhancing the existing information security team with additional expert staff and adding a further range of detective and preventative measures to improve the security of technology based assets. The IT outsourcing currently being conducted also adds to the resources for providing business support and resilience around key systems.

Directors Responsibility Statement

Each of the directors named below confirm that to the best of their knowledge:

- the financial statements, prepared in accordance with the financial statements under International Financial Reporting Standards (IFRSs) 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 included in the consolidation taken as a whole, together with a description of the risks and uncertainties that they face.

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

Signed on behalf of the board on 13 August 2014

Henry Birch
Chief Executive

Clive Jennings
Finance Director

Group Financial Information

Group Income Statement

For the year ended 30 June 2014

	Year ended 30 June 2014 Before exceptional items £m	Year ended 30 June 2014 Exceptional items (note 3) £m	Year ended 30 June 2014 Total £m	Year ended 30 June 2013 Before exceptional items £m	Year ended 30 June 2013 Exceptional items (note 3) £m	Year ended 30 June 2013 Total £m
Continuing operations						
Revenue before adjustment for free bets, promotions and customer bonuses	707.7	-	707.7	625.0	-	625.0
Free bets, promotions and customer bonuses	(29.2)	-	(29.2)	(28.8)	-	(28.8)
Revenue	**678.5**	**-**	**678.5**	596.2	-	596.2
Cost of sales	**(380.0)**	**-**	**(380.0)**	(329.6)	-	(329.6)
Gross profit	**298.5**	**-**	**298.5**	266.6	-	266.6
Other operating costs	**(226.1)**	**(46.5)**	**(272.6)**	(196.7)	(17.7)	(214.4)
Group operating profit (loss)	**72.4**	**(46.5)**	**25.9**	69.9	(17.7)	52.2
Financing:						
– finance costs	**(10.1)**	**(4.3)**	**(14.4)**	(5.2)	(4.2)	(9.4)
– finance income	**0.1**	**1.8**	**1.9**	0.2	-	0.2
– other financial gains (losses)	**1.0**	**-**	**1.0**	(0.3)	-	(0.3)
Total net financing charge	**(9.0)**	**(2.5)**	**(11.5)**	(5.3)	(4.2)	(9.5)
Profit (loss) before taxation	**63.4**	**(49.0)**	**14.4**	64.6	(21.9)	42.7
Taxation	**(10.6)**	**13.6**	**3.0**	(16.5)	2.7	(13.8)
Profit (loss) for the year from continuing operations	**52.8**	**(35.4)**	**17.4**	48.1	(19.2)	28.9
Discontinued operations - profit (loss)	**-**	**2.8**	**2.8**	(5.6)	3.7	(1.9)
Profit (loss) for the year	**52.8**	**(32.6)**	**20.2**	42.5	(15.5)	27.0
Attributable to:						
Equity holders of the parent	**52.8**	**(32.6)**	**20.2**	42.5	(15.5)	27.0
Earnings (loss) per share attributable to equity shareholders						
– basic	**13.5p**	**(8.3)p**	**5.2p**	10.9p	(4.0)p	6.9p
– diluted	**13.5p**	**(8.3)p**	**5.2p**	10.9p	(4.0)p	6.9p
Earnings (loss) per share – continuing operations						
– basic	**13.5p**	**(9.0)p**	**4.5p**	12.3p	(4.9)p	7.4p
– diluted	**13.5p**	**(9.0)p**	**4.5p**	12.3p	(4.9)p	7.4p
Earnings (loss) per share – discontinued operations						
– basic	**-**	**0.7p**	**0.7p**	(1.4)p	0.9p	(0.5)p
– diluted	**-**	**0.7p**	**0.7p**	(1.4)p	0.9p	(0.5)p

Group Statement of Comprehensive Income

For the year ended 30 June 2014

	Year ended 30 June 2014 £m	Year ended 30 June 2013 £m
Comprehensive income:		
Profit for the year	**20.2**	27.0
Other comprehensive income:		
Items that may be reclassified subsequently to profit or loss:		
Exchange adjustments net of tax	**(2.4)**	2.7
Items that will not be reclassified to profit or loss:		
Actuarial (loss) gain on retirement benefits net of tax	**(0.3)**	0.2
Total comprehensive income for the year	**17.5**	29.9
Attributable to:		
Equity holders of the parent	**17.5**	29.9

Group Statement of Changes in Equity

For the year ended 30 June 2014

	Share capital £m	Share premium £m	Capital redemption reserve £m	Exchange translation reserve £m	Retained earnings (losses) £m	Total £m
At 1 July 2012	54.2	98.3	33.4	13.4	28.7	228.0
Comprehensive income:						
Profit for the year	-	-	-	-	27.0	27.0
Other comprehensive income:						
Exchange adjustments net of tax	-	-	-	2.7	-	2.7
Actuarial gain on retirement benefits net of tax	-	-	-	-	0.2	0.2
Total comprehensive income for the year	-	-	-	2.7	27.2	29.9
Transactions with owners:						
Shares issued	-	0.1	-	-	-	0.1
Dividends paid to equity holders (see note 7)	-	-	-	-	(14.7)	(14.7)
Refund of unclaimed dividends (see note 7)	-	-	-	-	0.1	0.1
Debit in respect of employee share schemes including tax	-	-	-	-	(1.5)	(1.5)
At 30 June 2013	**54.2**	**98.4**	**33.4**	**16.1**	**39.8**	**241.9**
Comprehensive income:						
Profit for the year	**-**	**-**	**-**	**-**	**20.2**	**20.2**
Other comprehensive income:						
Exchange adjustments net of tax	**-**	**-**	**-**	**(2.4)**	**-**	**(2.4)**
Actuarial loss on retirement benefits net of tax	**-**	**-**	**-**	**-**	**(0.3)**	**(0.3)**
Total comprehensive (expense) income for the year	**-**	**-**	**-**	**(2.4)**	**19.9**	**17.5**
Transactions with owners:						
Dividends paid to equity holders (see note 7)	**-**	**-**	**-**	**-**	**(16.4)**	**(16.4)**
Debit in respect of employee share schemes including tax	**-**	**-**	**-**	**-**	**(0.7)**	**(0.7)**
At 30 June 2014	**54.2**	**98.4**	**33.4**	**13.7**	**42.6**	**242.3**

Group Balance Sheet
At 30 June 2014

	As at 30 June 2014 £m	As at 30 June 2013 (restated)[1] £m
Assets		
Non-current assets		
Intangible assets	**390.2**	389.2
Property, plant and equipment	**217.5**	231.1
Deferred tax assets	**2.5**	2.6
Other receivables	**3.1**	2.9
	613.3	625.8
Current assets		
Inventories	**3.1**	3.3
Other receivables	**31.1**	32.1
Income tax receivable	**6.6**	6.3
Cash and short-term deposits	**47.1**	65.0
	87.9	106.7
Assets held for sale	**-**	0.3
Total assets	**701.2**	732.8
Liabilities		
Current liabilities		
Trade and other payables	**(113.2)**	(124.8)
Income tax payable	**(40.3)**	(42.2)
Financial liabilities – loans and borrowings	**(4.4)**	(7.4)
Provisions	**(10.5)**	(19.5)
	(168.4)	(193.9)
Net current liabilities	**(80.5)**	(87.2)
Non-current liabilities		
Trade and other payables	**(40.5)**	(43.8)
Income tax payable	**-**	(21.7)
Financial liabilities – loans and borrowings	**(179.5)**	(161.1)
Deferred tax liabilities	**(18.1)**	(18.5)
Provisions	**(49.0)**	(48.8)
Retirement benefit obligations	**(3.4)**	(3.1)
	(290.5)	(297.0)
Total liabilities	**(458.9)**	(490.9)
Net assets	**242.3**	241.9
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	**13.7**	16.1
Retained earnings	**42.6**	39.8
Total shareholders' equity	**242.3**	241.9

1. The prior year comparative has been restated for the adjustments to the provisional amounts recognised on the acquisition of Gala Casino 1 Limited (now Grosvenor Casinos (GC) Limited). Further details are provided in notes 1 and 12.

Group Cash Flow Statement
For the year ended 30 June 2014

	Year ended 30 June 2014	Year ended 30 June 2013 (restated)[1]
	£m	£m
Cash flows from operating activities		
Cash generated from operations	**61.6**	103.7
Interest received	**0.1**	0.2
Interest paid	**(8.2)**	(2.7)
Tax paid	**(19.1)**	(8.5)
Discontinued operations	**(6.6)**	(8.0)
Net cash from operating activities	**27.8**	84.7
Cash flows from investing activities		
Acquisition of subsidiary including deferred consideration (net of cash acquired)	**1.1**	(178.6)
Purchase of intangible assets	**(13.5)**	(6.2)
Purchase of property, plant and equipment	**(30.8)**	(32.0)
Proceeds from sale of property, plant and equipment	**0.3**	0.1
Proceeds from sale of assets held for sale	**-**	1.9
Disposal of business	**-**	2.4
Discontinued operations	**-**	(1.1)
Net cash used in investing activities	**(42.9)**	(213.5)
Cash flows from financing activities		
Dividends paid to equity holders	**(16.4)**	(14.7)
Refund of unclaimed dividends	**-**	0.1
Proceeds from issue of shares	**-**	0.1
Drawdown on revolving credit facilities	**20.0**	-
Proceeds from new term loans (net of fees)	**-**	138.2
Finance lease principal payments	**(3.2)**	(3.2)
Net cash from financing activities	**0.4**	120.5
Net decrease in cash, cash equivalents and bank overdrafts	**(14.7)**	(8.3)
Effect of exchange rate changes	**(0.6)**	0.3
Cash and cash equivalents at start of year	**61.6**	69.6
Cash and cash equivalents at end of year	**46.3**	61.6

[1.] The prior year comparative has been restated for the adjustments to the provisional amounts recognised on the acquisition of Gala Casino 1 Limited (now Grosvenor Casinos (GC) Limited). Further details are provided in notes 1 and 12.

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 13 August 2014.

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 2014 were approved by the board of directors on 13 August 2014, 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 2013 have been delivered to the Registrar of Companies.

In accordance with IFRS 3 ‘Business Combinations’, the prior year comparatives for the Group balance sheet and Group cash flow statement have been restated for the adjustments to the provisional amounts recognised on the acquisition of Gala Casino 1 Limited (now Grosvenor Casinos (GC) Limited). There is no impact on the income statement reported in the prior year. The amounts disclosed in the prior year were provisional due to the proximity of the acquisition to the Group’s year-end and the completion account process outlined by the sale and purchase agreement extending beyond the finalisation of the prior year financial statements. Further details are provided in note 12.

Basis of preparation

The financial information attached has been extracted from the audited financial statements for the year ended 30 June 2014. The financial information has been prepared in accordance with IFRS as adopted by the European Union.

Going concern

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

Accounting policies

Except as described below, the accounting policies applied are consistent with those of the annual financial statements for the year ended 30 June 2013, as described in those financial statements.

The following new standards and amendments to existing standards are mandatory for the first time for the financial period beginning 1 July 2013:

- IFRS1 First-time Adoption of International Reporting Standards - Government Loans
- IFRS7 Financial Instruments: Disclosures - Offsetting Financial Assets and Financial Liabilities (Amendment)
- IFRS13 Fair Value Measurement
- IAS19 Employee Benefits (Revised)

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

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 2014							
	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	**377.7**	**13.5**	**229.3**	**58.9**	**28.3**	**-**	**-**	**707.7**
Free bets, promotions and customer bonuses	**(3.7)**	**(3.1)**	**(12.5)**	**(9.9)**	**-**	**-**	**-**	**(29.2)**
Segment revenue	**374.0**	**10.4**	**216.8**	**49.0**	**28.3**	**-**	**-**	**678.5**
Operating profit (loss) before exceptional items	**57.7**	**(0.9)**	**21.1**	**15.9**	**1.2**	**(0.4)**	**(22.2)**	**72.4**
Exceptional loss	**(12.5)**	**-**	**(25.3)**	**-**	**(8.7)**	**-**	**-**	**(46.5)**
Segment result	**45.2**	**(0.9)**	**(4.2)**	**15.9**	**(7.5)**	**(0.4)**	**(22.2)**	**25.9**
Finance costs								**(14.4)**
Finance income								**1.9**
Other financial gains								**1.0**
Profit before taxation								**14.4**
Taxation								**3.0**
Profit for the year from continuing operations								**17.4**

	Year ended 30 June 2013							
	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	290.5	9.8	234.9	61.3	28.5	-	-	625.0
Free bets, promotions and customer bonuses	(3.7)	(2.2)	(14.2)	(8.7)	-	-	-	(28.8)
Segment revenue	286.8	7.6	220.7	52.6	28.5	-	-	596.2
Operating profit (loss) before exceptional items	49.5	(2.1)	23.0	21.1	1.6	(0.9)	(22.3)	69.9
Exceptional (loss) profit	(15.0)	-	(2.0)	-	0.3	-	(1.0)	(17.7)
Segment result	34.5	(2.1)	21.0	21.1	1.9	(0.9)	(23.3)	52.2
Finance costs								(9.4)
Finance income								0.2
Other financial losses								(0.3)
Profit before taxation								42.7
Taxation								(13.8)
Profit for the year from continuing operations								28.9

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 2014							
	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	**137.7**	**2.0**	**55.2**	**6.5**	**13.4**	**0.2**	**15.2**	**230.2**
Taxes and duties	**78.1**	**-**	**48.1**	**0.4**	**2.1**	**-**	**2.0**	**130.7**
Direct costs	**15.6**	**3.9**	**21.0**	**14.5**	**2.5**	**0.1**	**-**	**57.6**
Property costs	**29.9**	**0.2**	**27.6**	**0.7**	**2.5**	**-**	**0.9**	**61.8**
Marketing	**13.2**	**2.6**	**10.4**	**7.0**	**0.9**	**-**	**-**	**34.1**
Depreciation and amortisation	**22.1**	**2.0**	**13.8**	**2.4**	**2.1**	**-**	**1.2**	**43.6**
Other	**19.7**	**0.6**	**19.6**	**1.6**	**3.6**	**0.1**	**2.9**	**48.1**
Total costs before exceptional items	**316.3**	**11.3**	**195.7**	**33.1**	**27.1**	**0.4**	**22.2**	**606.1**
Cost of sales								**380.0**
Operating costs								**226.1**
Total costs before exceptional items								**606.1**

	Year ended 30 June 2013							
	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	103.9	2.1	59.3	3.4	13.8	0.2	15.6	198.3
Taxes and duties	63.8	0.3	43.0	1.5	1.9	-	1.6	112.1
Direct costs	10.6	3.3	22.6	14.0	2.8	0.6	-	53.9
Property costs	19.8	0.3	27.0	0.6	2.0	-	0.9	50.6
Marketing	8.9	2.0	11.0	10.0	0.8	-	0.3	33.0
Depreciation and amortisation	17.7	1.5	14.6	1.5	2.4	-	1.2	38.9
Other	12.6	0.2	20.2	0.5	3.2	0.1	2.7	39.5
Total costs before exceptional items	237.3	9.7	197.7	31.5	26.9	0.9	22.3	526.3
Cost of sales								329.6
Operating costs								196.7
Total costs before exceptional items								526.3

3. Exceptional items

	Year ended 30 June 2014 £m	Year ended 30 June 2013 £m
Exceptional items relating to continuing operations		
Impairment charges	**(12.9)**	(9.4)
Impairment reversals	**1.5**	8.7
Net charge to provisions for property leases	**(6.6)**	(1.5)
Acquisition and integration costs	**(1.7)**	(8.5)
Restructuring costs	**(0.7)**	-
Net charge to provision for indirect taxation	**(26.1)**	(6.4)
Charge to accruals for indirect taxation	**-**	(0.6)
Exceptional operating costs	**(46.5)**	(17.7)
Finance costs	**(4.3)**	(4.2)
Finance income	**1.8**	-
Taxation	**13.6**	2.7
Exceptional items relating to continuing operations	**(35.4)**	(19.2)
Exceptional items relating to discontinued operations		
Charge to provision for indirect taxation	**-**	(5.8)
Disposal of Blue Square Bet and related costs	**-**	(2.0)
Finance costs	**(0.3)**	(0.6)
Finance income	**0.3**	1.2
Taxation	**2.8**	10.9
Exceptional items relating to discontinued operations	**2.8**	3.7
Total exceptional items	**(32.6)**	(15.5)

Continuing operations – year ended 30 June 2014

Impairment charges
The Group recognised an impairment charge of £5.4m in the UK of which £4.3m relates to Grosvenor Casinos venues and £1.1m to Mecca venues. The only individually significant charges are £4.1m in respect of a single club in Grosvenor Casinos venues and £0.7m in respect of a single club in Mecca venues. Performance at these clubs has not been in line with expectations.

A further impairment charge of £7.5m has been recognised in respect of three clubs in the Enracha venues business which have not performed in line with expectations. This has followed a prolonged period of difficult economic conditions in Spain.

A further impairment charge of £1.0m is included within integration costs relating to essential post-acquisition capital expenditure, including signage, at a small number of casinos that were fully impaired as part of the acquisition accounting.

Impairment reversals
The Group has reversed previous impairment charges of £0.7m in the UK, all of which relates to Mecca venues. The reversal is in respect of two clubs where changes in the competitive and commercial environment have led to improvements in performance.

A further reversal of £0.8m has been made in respect of a casino in Belgium which has shown continuing improved performance above expectations.

Net charge to provisions for property leases
The Group has recognised a net charge of £6.6m in relation to provisions for property leases in the period. This includes a charge of £6.8m in two Grosvenor Casinos venues and three Mecca venues for unavoidable dilapidation costs and where expected income no longer exceeds the unavoidable costs associated with these sites. A further charge of £1.6m has been made in respect of property lease costs directly attributable to the restructuring outlined below.

A release to the income statement of £1.8m has been recognised in respect of two Mecca venues where anticipated performance, following the reduction in bingo duty, means that expected income will exceed the unavoidable costs associated with these sites.

3. Exceptional items (continued)

Acquisition and integration costs
In the prior year the Group acquired 19 casinos and 3 non-operating licences from Gala Coral Group Limited (see note 12). The Group has expensed the resulting costs of integration during the year of £1.7m.

The integration was successfully completed during the year and no further integration costs are expected.

Restructuring costs
During the year the Group recognised an exceptional cost of £0.7m relating to the closure of one Mecca venue and one Enracha venue during the year and the provision for the further cost associated with the closure of two further Mecca venues and exit of one Enracha venue in early 2014/15. Included within the charge to provisions for property leases is a further charge of £1.6m connected with remaining property lease obligations at these venues.

Net charge to provision for indirect taxation
In the prior year the Group disclosed a contingent liability in respect of a claim for repayment of output VAT on amusement machines. In May 2010, the Group received £30.7m (VAT of £26.4m plus interest of £4.3m) in respect of the claim, which has been the subject of on-going litigation. During the period, the Court of Appeal found in favour of HMRC and consequently an amount of £26.4m was provided to cover the expected outflow, together with associated interest of £4.3m. In May 2014 a payment was made to HMRC in respect of these claims, with the remaining balance being the directors' best estimate of the outflow likely to arise. The Group has been granted leave to appeal to the Supreme Court, and it therefore remains possible that the Group will not ultimately be liable for these amounts. The appeal will be held in April 2015.

The Group also released £0.3m following the settlement in the period of the indirect tax balances provided for in the prior year.

4. Discontinued operations

In the prior year the Group disposed of its loss making Blue Square Bet business. In accordance with IFRS5 'Non-Current Assets Held for Sale and Discontinued Operations', the results of the Blue Square Bet business were classified as discontinued. No results were attributable to Blue Square Bet in the current period, although the Group continued to discharge legacy liabilities relating to the business.

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

	Year ended 30 June 2014 £m	Year ended 30 June 2013 £m
Revenue	**-**	9.5
Operating loss	**-**	(7.4)
Taxation	**-**	1.8
Loss after taxation	**-**	(5.6)
Other information:		
Depreciation and amortisation	**-**	(1.4)
Capital expenditure	**-**	(1.1)
Cash flows relating to discontinued operations are as follows:		
Operating loss	**-**	(7.4)
Depreciation and amortisation	**-**	1.4
Interest paid	**(0.2)**	-
Cash payments in respect of exceptional items	**(6.4)**	(2.0)
Cash flows from operating activities	**(6.6)**	(8.0)
Cash flows from investing activities	**-**	(1.1)
Cash flows from financing activities	**-**	-
	(6.6)	(9.1)

4. Discontinued operations (continued)

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

	Year ended 30 June 2014 £m	Year ended 30 June 2013 £m
Gross cash consideration received	**-**	5.0
Payment to purchaser for customer account balances disposed	**-**	(2.6)
Disposal of business	**-**	2.4

5. Financing

	Year ended 30 June 2014 £m	Year ended 30 June 2013 £m
Continuing operations:		
Finance costs:		
Interest on debt and borrowings	**(6.4)**	(1.9)
Amortisation of issue costs on borrowings	**(1.5)**	(1.1)
Interest payable on finance leases	**(1.0)**	(0.9)
Unwinding of discount in property lease provisions	**(1.1)**	(1.1)
Unwinding of discount in disposal provisions	**(0.1)**	(0.2)
Total finance costs	**(10.1)**	(5.2)
Finance income:		
Interest income on short term bank deposits	**0.1**	0.2
Total finance income	**0.1**	0.2
Other financial gains (losses)	**1.0**	(0.3)
Total net financing charge for continuing operations before exceptional items	**(9.0)**	(5.3)
Exceptional finance costs	**(4.3)**	(4.2)
Exceptional finance income	**1.8**	-
Total net financing charge for continuing operations	**(11.5)**	(9.5)
Discontinued operations:		
Exceptional finance costs	**(0.3)**	(0.6)
Exceptional finance income	**0.3**	1.2
Total net finance income for discontinued operations	**-**	0.6
Total net financing charge	**(11.5)**	(8.9)

Exceptional finance costs recognised in continuing operations in the year of £4.3m are in respect of indirect taxation balances provided for.

Exceptional finance income recognised in continuing operations in the year of £1.8m is in respect of the release of interest over accrued on direct and indirect taxation balances provided for.

Exceptional finance costs recognised in discontinued operations in the year of £0.3m relates to a decrease in interest receivable in respect of direct tax receivables that are attributable to disposed entities.

Exceptional finance income recognised in discontinued operations in the year of £0.3m relates to a reduction in interest accrued on indirect tax provisions now settled.

5. Financing (continued)

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 2014 £m	Year ended 30 June 2013 £m
Total net financing charge for continuing operations before exceptional items	**(9.0)**	(5.3)
Adjust for :		
Unwinding of discount in disposal provisions	**0.1**	0.2
Other financial (gains) losses - including foreign exchange	**(1.0)**	0.3
Adjusted net interest payable	**(9.9)**	(4.8)

6. Taxation

	Year ended 30 June 2014		
	Continuing operations £m	**Discontinued operations £m**	**Total £m**
Current income tax			
Current income tax – UK	**(12.4)**	**-**	**(12.4)**
Current income tax – overseas	**(0.4)**	**-**	**(0.4)**
Current income tax charge	**(12.8)**	**-**	**(12.8)**
Current income tax on exceptional items	**7.8**	**-**	**7.8**
Amounts over provided in previous period	**5.0**	**2.8**	**7.8**
Amounts over provided in previous period on exceptional items	**2.3**	**-**	**2.3**
Total current income tax credit	**2.3**	**2.8**	**5.1**
Deferred tax			
Deferred tax – UK	**(1.3)**	**-**	**(1.3)**
Deferred tax – overseas	**(0.3)**	**-**	**(0.3)**
Restatement of deferred tax from 23.0% to 20.0%	**2.6**	**-**	**2.6**
Deferred tax on exceptional items	**3.5**	**-**	**3.5**
Amounts under provided in previous period	**(3.8)**	**-**	**(3.8)**
Total deferred tax credit	**0.7**	**-**	**0.7**
Tax credit in the income statement	**3.0**	**2.8**	**5.8**

	Year ended 30 June 2013		
	Continuing operations £m	Discontinued operations £m	Total £m
Current income tax			
Current income tax – UK	(12.7)	1.8	(10.9)
Current income tax – overseas	(0.6)	-	(0.6)
Current income tax (charge) credit	(13.3)	1.8	(11.5)
Current income tax on exceptional items	3.1	0.4	3.5
Amounts over provided in previous period	1.3	-	1.3
Amounts (under) over provided in previous period on exceptional items	(0.3)	10.7	10.4
Total current income tax (charge) credit	(9.2)	12.9	3.7
Deferred tax			
Deferred tax – UK	(3.0)	-	(3.0)
Deferred tax – overseas	(0.2)	-	(0.2)
Deferred tax on exceptional items	(0.1)	-	(0.1)
Amounts under provided in previous period	(1.3)	-	(1.3)
Amounts under provided in previous period on exceptional items	-	(0.2)	(0.2)
Total deferred tax charge	(4.6)	(0.2)	(4.8)
Tax (charge) credit in the income statement	(13.8)	12.7	(1.1)

6. Taxation (continued)

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

	Year ended 30 June 2014 £m	Year ended 30 June 2013 £m
Current income tax (charge) credit on exchange movements offset in reserves	**(0.2)**	0.2
Deferred tax credit on actuarial movement on retirement benefits	**0.1**	-
Total tax (charge) credit on items within other comprehensive income	**(0.1)**	0.2

The debit in respect of employee share schemes included within the Statement of Changes in Equity includes a deferred tax charge of £0.3m (year ended 30 June 2013: credit of £0.3m) and a current tax credit of £nil (year ended 30 June 2013: £0.2m).

Factors affecting future taxation
UK corporation tax is calculated at 22.5% (year ended 30 June 2013: 23.75%) of the estimated assessable profit for the period. Taxation for overseas operations is calculated at the local prevailing rates.

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

7. Dividends

	Year ended 30 June 2014 £m	Year ended 30 June 2013 £m
Dividends paid to equity holders		
Final for 2011/12 paid on 31 October 2012 - 2.50p per share	**-**	9.8
Interim for 2012/13 paid on 22 March 2013 - 1.25p per share	**-**	4.9
Final dividend for 2012/13 paid on 23 October 2013 - 2.85p per share	**11.1**	-
Interim dividend for 2013/14 paid on 21 March 2014 - 1.35p per share	**5.3**	-
Refund of unclaimed dividends	**-**	(0.1)
	16.4	14.6

A final dividend in respect of the year ended 30 June 2014 of 3.15p per share, amounting to a total dividend of £12.3m, is to be recommended at the annual general meeting on 16 October 2014. These financial statements do not reflect this dividend payable.

8. Adjusted earnings per share

Adjusted earnings is calculated by adjusting profit attributable to equity shareholders to exclude discontinued operations, exceptional items, other financial gains or losses, unwinding of the discount in disposal provisions and the related tax effects. Adjusted earnings is one of the business performance measures used internally by management to manage the operations of the business. Management believes that the adjusted earnings measure assists in providing a view of the underlying performance of the business.

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

	Year ended 30 June 2014 £m	Year ended 30 June 2013 £m
Profit attributable to equity shareholders	**20.2**	27.0
Adjust for:		
Discontinued operations (net of taxation)	**(2.8)**	1.9
Exceptional items after tax on continuing operations	**35.4**	19.2
Other financial (gains) losses	**(1.0)**	0.3
Unwinding of discount in disposal provisions	**0.1**	0.2
Taxation on adjusted items and impact of reduction in tax rate	**(3.3)**	(0.1)
Adjusted net earnings attributable to equity shareholders (£m)	**48.6**	48.5
Adjusted earnings per share (p) - basic	**12.4p**	12.4p
Adjusted earnings per share (p) - diluted	**12.4p**	12.4p

9. Provisions

	Property lease provisions £m	Disposal provisions £m	Restructuring provisions £m	Indirect tax provisions £m	**Total £m**
At 1 July 2013	49.5	5.9	0.7	12.2	**68.3**
Exchange adjustments	-	(0.3)	(0.1)	-	**(0.4)**
Unwinding of discount	1.1	0.1	-	-	**1.2**
Charge to the income statement - exceptional	8.4	-	0.6	26.4	**35.4**
Release to the income statement - exceptional	(1.8)	-	-	(0.3)	**(2.1)**
Utilised in year	(4.4)	(1.1)	(0.3)	(37.1)	**(42.9)**
At 30 June 2014	**52.8**	**4.6**	**0.9**	**1.2**	**59.5**
Current	7.3	1.1	0.9	1.2	**10.5**
Non-current	45.5	3.5	-	-	**49.0**
Total	**52.8**	**4.6**	**0.9**	**1.2**	**59.5**

Further details of the exceptional charge and release to the income statement are provided 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:

	As at 30 June 2014 £m	As at 30 June 2013 (restated) £m
Total loans and borrowings	**(183.9)**	(168.5)
Less: accrued interest	**1.1**	1.3
Less: unamortised facility fees	**(1.3)**	(1.9)
	(184.1)	(169.1)
Add: cash and short-term deposits	**47.1**	65.0
Net debt	**(137.0)**	(104.1)

11. Cash generated from operations

	Year ended 30 June 2014 £m	Year ended 30 June 2013 £m
Continuing operations		
Operating profit	**25.9**	52.2
Exceptional items	**46.5**	17.7
Operating profit before exceptional items	**72.4**	69.9
Depreciation and amortisation	**43.6**	38.9
Share based payments and other	**(0.5)**	(1.0)
Decrease in inventories	**0.2**	0.1
(Increase) decrease in other receivables	**(1.1)**	1.9
(Decrease) increase in trade and other payables	**(7.4)**	7.9
	107.2	117.7
Cash utilisation of provisions	**(36.5)**	(5.6)
Cash payments in respect of exceptional items	**(9.1)**	(8.4)
Cash generated from continuing operations	**61.6**	103.7

12. Acquisition of subsidiary

On 12 May 2013, the Group acquired a 100% interest in Gala Casino 1 Limited (now Grosvenor Casinos (GC) Limited) for a base cash consideration, subject to completion adjustments, of £179.0m. The acquisition included 19 operating casinos and three non-operating casino licences.

Fair values

In accordance with IFRS 3 'Business Combinations', the prior year comparatives for the Group balance sheet and Group cash flow statement have been restated for the adjustments to the provisional amounts recognised on the acquisition of Gala Casino 1 Limited (now Grosvenor Casinos (GC) Limited). There is no impact on the income statement reported in the prior year period. The amounts disclosed in the prior year were provisional due to the proximity of the acquisition to the Group's year-end and the completion account process outlined by the sale and purchase agreement extending beyond the finalisation of the prior year financial statements.

The final fair values of the assets and liabilities acquired in respect of the acquisition, along with the provisional fair values disclosed in the prior year, are outlined in the following table.

	Provisional	Adjustments	Final
	£m	£m	£m
Intangible assets	159.5	(5.7)	153.8
Property, plant and equipment	18.8	(0.9)	17.9
Inventories	0.2	-	0.2
Other receivables	1.8	(0.1)	1.7
Income tax receivable	2.7	(2.7)	-
Cash and short-term deposits	4.5	(0.3)	4.2
Trade and other payables	(58.4)	(0.2)	(58.6)
Deferred tax liability	(19.8)	6.1	(13.7)
Provisions	(4.9)	-	(4.9)
Net assets acquired	**104.4**	**(3.8)**	**100.6**
Goodwill	78.5	2.4	80.9
Consideration	**182.9**	**(1.4)**	**181.5**

Reconciliation to cash inflow (outflow) from acquisition of subsidiary including deferred consideration

	Year ended 30 June 2014	Year ended 30 June 2013 (restated)
	£m	£m
Consideration	**-**	(181.5)
Cash and short-term deposits acquired	**-**	4.2
Refund of consideration arising on finalisation of completion accounts	**1.2**	(1.2)
Deferred consideration paid in respect of prior year acquisitions	**(0.1)**	(0.1)
Acquisition of subsidiary including deferred consideration	**1.1**	(178.6)

Goodwill

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

13. Contingent liabilities

Fiscal neutrality case
In previous periods the Group disclosed a contingent liability in respect of a claim for repayment of output VAT on amusement machines. In May 2010, the Group received £30.7m (VAT of £26.4m plus interest of £4.3m) in respect of the claim, which has been the subject of ongoing litigation. During the period, the Court of Appeal found in favour of HMRC and consequently an amount of £26.4m was provided to cover the expected outflow, together with an accrual for interest of £4.3m. In May 2014, a payment was made to HMRC in respect of these claims, with the remaining balance being the directors' best estimate of the outflow likely to arise. The Group has been granted leave to appeal to the Supreme Court, and it therefore remains possible the Group will not ultimately be liable for these amounts. The appeal will be held in April 2015.

Other VAT and duty
In previous periods the Group has disclosed contingent liabilities in respect of a limited number of VAT and duty issues. At 30 June 2013 the Group estimated its total exposure in relation to be approximately £29m (plus interest), of which £12.2m (plus interest) was provided. During the year the Group has paid £11.9m (plus interest of £0.8m) as settlement of these VAT and duty issues.

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, 16 of these have not expired or been surrendered. These 16 leases have durations of between one month and 99 years and a current annual rental obligation (net of sub-let income) of approximately £1.5m.

During the 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.

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 30 June 2014, entities controlled by Hong Leong owned 68.9% of the Company's shares, including 51.8% through Guoco and its wholly owned subsidiary Rank Assets Limited, the Company's immediate parent undertaking.

During the period, The Gaming Group Limited, a wholly owned subsidiary within the Group, purchased three non-operating casino licences from Clermont Leisure (UK) Limited for consideration of £5.8m, and has subsequently begun operating one of these licences. An agreement is in place, subject to the satisfaction of certain legal conditions, to purchase a further non-operating casino licence for a maximum total consideration of £0.2m. Clermont Leisure (UK) Limited is an entity subject to common control. The total consideration of £6.0m includes an option to purchase one further licence for a nominal amount. The valuation of the casino licences was carried out by a third party on an arms length basis.