

Rank fears smoking ban will hit Mecca bingo club profits

Casino and bingo club operator Rank has warned that the smoking ban coming into force next month is likely to hurt profits in the second half of the year.

The owner of Mecca Bingo and Grosvenor Casinos said it had seen a „solid start“ to the year with 5pc growth in like-for-like sales in the 25 weeks to date. Operating profits also rose, helped by cost-cutting.

However, the impact of the smoking ban, which comes into force in public places in England from July 1, is „likely to hold back profit performance in the second half of the year“, the company said.

In the 25 weeks to June 24, Mecca Bingo grew like-for-like sales by 1pc, though admissions were down 5pc despite a 7pc increase in spend per head.

In Scotland, which has had a smoking ban since last year, Mecca Bingo's like-for-like sales were down 10pc since the start of 2007, though the company said the rate of decline had slowed and it was starting to see signs of recovery. In Wales, which imposed a smoking ban in April, Mecca's sales fell 5pc.

Rank's Grosvenor Casinos chain grew sales by 4pc and said admissions were down 1pc, though it said they had returned to growth since the start of the second quarter.

The group's Spanish bingo clubs business, Top Rank Espana, saw sales rise 3pc in the period.

Earlier this month, bingo operator Gala Coral said it expected to close a dozen of its clubs with the loss of hundreds of jobs if the smoking ban in England has a similar impact on

trading to the ban in Scotland. Rank said earlier this year it would close nine of its bingo clubs but it is understood that no further closures are planned.

The shares rose $6\frac{3}{4}$ to $187\frac{1}{4}$ p.