6 May 2003

The Rank Group Plc

AGM Trading Statement

Overall, trading for the year to date has been satisfactory. Only Hard Rock has been discernibly affected by the disruption to international travel and tourism. The Group continues to make progress on a number of fronts, with a variety of new development opportunities.

Gaming

The Gaming Division continues to perform well. In Mecca Bingo, the historic trends in the UK have continued, with lower levels of attendance being off-set by increased spend per head, resulting in turnover slightly ahead of last year. In Spain, the business has benefited from the acquisitions made in 2002.

In Grosvenor Casinos, overall turnover is up 8% since the start of the year. Trading within the provincial casinos has continued to be buoyant, with strong growth in both admissions and handle per head. The London casinos have had a mixed start to the year. The Clermont has traded well in the year to date, but performance at the Park Tower has been impacted by building work associated with its expansion; this is expected to be completed in June 2003. The three London-other casinos – the Victoria, Gloucester and Connoisseur – have performed in-line with last year. The recently opened Hard Rock casinos continue to make good progress and London is performing particularly well.

The integration of Blue Square with Rank.com is complete and there is now one organisation and a common systems base. Trading since completion has been good, with both improved turnover and margins. The £5m of annual cost savings identified at the time of acquisition has already been realised and more aggressive cross-marketing is planned over the coming months. A one-

off exceptional charge of approximately £6m will be incurred in the first half relating to the costs of integration and rationalisation of the combined product portfolio.

Hard Rock

Hard Rock remains under pressure given the continuing reduced levels of international travel and tourism. Marketing efforts continue to be concentrated on encouraging local customers, and while food and beverage sales are slightly ahead of last year, merchandise sales are down 10%, leaving total like-for-like sales down by 4%. As announced at the time of the Annual Results, action has been taken to reduce both cafe operating costs and central overheads.

The company-owned Cologne Hard Rock cafe has just opened, the Cardiff and Lisbon cafes are in build and the Hard Rock branded Choctaw beach club will open in June. The planned developments which extend the Hard Rock brand beyond pure restaurant operations, are progressing well. Both the Chicago hotel and the two casino and hotel developments on Seminole reservation land in Florida are proceeding on schedule.

Deluxe

Deluxe Film has had a good trading period, despite minimal volume from the Universal contract which ended in March 2003. The business has also benefited from positive contributions from the recent acquisitions of ETS, Image and Capital FX. One of the two outstanding film contracts yet to be renewed at the 2002 year end, representing 8% of total 2002 contracted footage, has now been secured until 2008. The renewal of the final outstanding contract is expected by the half year.

In Deluxe Media, much stronger DVD volumes have off-set the expected lower VHS volumes, to give an overall net increase in revenue, albeit at lower margins. The one outstanding North American VHS contract has been renewed and Deluxe Media has also gained the European portion of that business. Additional DVD business has been secured and DVD production is now

in the process of being transferred from California to the lower cost plant in Arkansas. As a consequence, the Carson DVD facility in California will be closed, resulting in an exceptional charge of approximately £10m.

Outlook

Despite uncertain political and economic conditions, the strength and spread of the Group's activities, combined with the continued drive for operational efficiency, means that we are confident of achieving satisfactory results for the year. The longer term prospects remain very good, and we believe that the liberalisation of the UK Gaming market will take place as recommended within the Budd Report and on the timetable suggested by the UK Government last year.

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