Rank Group

News Release

3 September 2004

The Rank Group Plc

Interim Results for the six months ended 30 June 2004

- *Earnings per share* of 7.8p (2003 – 7.7p); 2.2p after goodwill amortisation and exceptional items (2003 – 3.8p)*
- *Group operating profit* of £80.2m (2003 - £94.4m); £49.4m after goodwill amortisation and exceptional items (2003 - £64.0m)*
- *Profit before tax* of £63.9m (2003 - £80.2m); £29.0m after exceptional items and goodwill amortisation (2003 - £53.8m)*
- *Gaming operating profit* down 4% to £54.7m (2003 – £57.1m), reflecting more challenging short-term trading conditions in casinos*
- *Hard Rock operating profit of £11.6m (2003 - £13.3m), with improved like for like sales in restaurants but a lower distribution from hotels*
- *Deluxe operating profit* of £19.2m (2003 - £27.8m), with Film in-line with expectations but larger seasonal losses in Media*
- *Net debt decreased to £668.1m (2003 year end - £700.5m)*
- *Interim dividend increased to 4.8p (2003 – 4.6p)*
- *Board to investigate separation of Deluxe Film and Deluxe Media from the rest of the Group*

** before goodwill amortisation and exceptional items*

Commenting on the results, Mike Smith, Chief Executive, said:

"This has been a challenging first half for Rank. Trading conditions in Gaming resulted in a more modest performance and, as expected, Deluxe Media had a more difficult half year. Film performed in line with expectations. Current trading trends in Hard Rock and Deluxe Film are similar to the first half whilst Gaming is showing signs of improvement. The outcome for the full year will be influenced by these trends and by the seasonal performance of Deluxe Media.

Recent investments have continued to improve the long-term prospects for each of the Group's businesses. Gaming is well positioned for the now anticipated deregulation of the UK industry; Hard Rock has returned to positive top line growth with further opportunities for the brand in hotels and casinos; and while Deluxe Media faces some short term challenges, Deluxe Film has an excellent contract position and is now increasingly oriented towards additional, high value digital services. In order to take full advantage of the scale and scope of opportunities now facing each of the Group's businesses, the Board believes that, in

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principle, and subject to a detailed review of the implications, now would be an opportune time to separate both Deluxe Film and Deluxe Media from the rest of the Group."

Enquiries:

The Rank Group Tel: 020 7706 1111
Mike Smith, Chief Executive
Ian Dyson, Finance Director
Peter Reynolds, Director of Investor Relations

Press Enquiries:

The Maitland Consultancy Tel: 020 7379 5151
Angus Maitland
Suzanne Bartch

RG/15/04

Analyst Meeting, webcast and conference call details:

Friday 3 September 2004
There will be an analyst meeting at Deutsche Bank, 1, Great Winchester Street, London, EC2N 2DB, starting at 9.30am. There will be a simultaneous webcast and conference call of the meeting. To register for the live webcast, please pre-register for access by visiting the Group website, (www.rank.com). Details for the conference call are given below. A copy of the webcast and slide presentation given at the meeting will be available on the Group's web-site later today.

An interview with Mike Smith, Chief Executive, in video/audio and text will also be available from 7.00am GMT on 3 September 2004 on: http:// www.rank.com and on http://www.cantos.com.

Conference call details:

Friday 3 September 2004

9.20am	Please call 0800 387771 (UK) or +44 (0) 1296 317500 (International). Please quote Passcode : C089208
9.30 am	Meeting starts

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 Company's financial position, business strategy, plans and objectives of management for future operations (including development plans and objectives relating to the Company'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 Company 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 Company's operating performance, present and future business strategies and the environment in which the Company 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 UK Listing Authority, the Company 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 Company'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

Results

This has been a challenging first half for Rank. Trading conditions in Gaming resulted in a more modest performance and, as expected, Deluxe Media had a more difficult half year. Film performed broadly in-line with expectations. Current trends in Hard Rock and Deluxe Film are similar to the first half whilst Gaming is showing signs of improvement. The outcome for the full year will be influenced by these trends and by the seasonal performance of Deluxe Media.

Gaming experienced more difficult trading conditions in the first half. The removal of box office fees in Mecca UK had a positive effect on admissions but reduced margins. In casinos, increased competition and the introduction of new EU legislation, requiring immediate guest identification, impacted the performance of Grosvenor's provincial casinos in particular. An unusually low win percentage at the Clermont also held back performance. Hard Rock enjoyed an encouraging first half with like for like sales growth in owned cafes, although this was at a lower margin. There was also a first contribution from the two Seminole hotel/casinos, which mitigated a lower distribution from the Orlando hotels joint venture. Deluxe Film's performance was robust despite the loss of the Universal and Fox International contracts in 2003, and currency movements. Increased losses at Deluxe Media reflected a further decline in VHS volumes and the seasonal impact of including Disctronics for the first time.

Development

There have been a number of developments across the Group during the first half of 2004 which have further strengthened the position of each of the Group's businesses for long-term growth.

Gaming

The development of our Gaming division has continued during 2004 with a number of relocations as well as new licences coming on-stream. Bingo relocations were completed in Burton, Ellesmere Port and Easterhouse in Glasgow. A property in Stoke-on-Trent, containing a new Grosvenor casino and an existing Mecca bingo, opened last month and another combined casino and bingo site in Bolton is on track to open later this year.

We have continued to make solid progress in Spain where our ten bingo clubs have continued to deliver good growth, and we continue to look for additional sites in that market. In Belgium, the introduction of slot machines at the end of 2003 and temporary closure of a competitor have both had a positive impact on performance.

Blue Square has continued to develop new games and products for its expanding customer base. The latest development has been the launch of a Blue Square Casino, which went live last month. The first Blue Square betting shop, located next to our Victoria Casino just off the Edgware Road in London, is expected to open next year.

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Draft Gambling Bill

Since the Group's preliminary results in February 2004, there have been a number of developments regarding the proposed modernisation of the UK's gaming laws. The Joint Committee on the Draft Gambling Bill ("JCDGB") published its initial report on 7 April 2004 and the Government responded on 14 June 2004. The JCDGB was then invited by the Government to undertake a further review of its proposals for regional casinos and the JCDGB published its report on 22 July 2004.

Rank believes that the proposals contained in the latest JCDGB report are a sensible balance and hopes that the Government will take these recommendations into account before publishing a final version of the Gambling Bill later this year.

Whilst some of the finer points of detail have yet to be finalised, the core elements of the Gambling Bill, including the introduction of more slot machines and sports betting into casinos, removal of non-permitted areas, abolition of the 24-hour rule for casinos and bingo clubs, and relaxation of certain advertising restrictions for casinos, remain intact. Each of these measures is expected to be positive for the UK industry.

Hard Rock

Within Hard Rock, two new owned cafes opened during the first half – one in Louisville, Kentucky and one in Bristol. The Fort Lauderdale cafe was relocated to within the larger of the two Seminole Hard Rock hotel/casinos, in Hollywood, Florida and opened in May 2004. Both of the new cafes are smaller footprints than many of the traditional cafes, with more flexible customer facilities and a lower capital cost. New franchised cafes opened in Catania, Italy, in January, and Dublin in June. Since the period end, new owned cafes have opened in Destin, Florida and the Foxwoods casino, Connecticut. New franchised cafes are scheduled to open in Athens, Hurghada, Kuwait City and Panama by the end of the year.

The extension of the Hard Rock brand into non-restaurant activities took a major step forward during the first half of 2004 with the opening of two major hotel/casino developments in Florida. The first, just outside Tampa, opened in March and has a 250 room hotel and a 90,000 square feet gaming floor. The second, in Hollywood, near Fort Lauderdale, opened in May and has a 500 room hotel and 130,000 square feet of casino gaming. A plan to open a new Hard Rock Hotel in New York was announced in July and work is expected to start on the refurbishment of the former Paramount Hotel in early 2005, following which it will be rebranded the Hard Rock Hotel, New York. The development of the new Hard Rock hotel/casino in Biloxi, Mississippi, is well underway and on track to open in the second half of 2005.

Deluxe

In Deluxe Film, we have completed our contract renewal programme with all major studio contracts now secure until at least the end of 2007, and the vast majority until 2008 or beyond. Contractually, Deluxe Film is better placed for the future than ever before. In the expanding area of digital services, we acquired the remaining 80% of EFILM that we did not already own in August 2004. Through EFILM, Deluxe has been a major pioneer in the use of digital intermediates, helping to produce the industry's first all 4K digital intermediate of a full feature production with "Spider-Man 2" this summer. EFILM was established in 1993 and is now Hollywood's leading manufacturer of digital intermediates and represents an exciting addition to the service offering for Deluxe Film's studio customers.

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Also in August 2004, Deluxe completed the acquisition of Digital Video Compression Centre and Softitler, both of which have further strengthened Deluxe's presence in the important content production and authoring market.

Following the completion of these digital-related acquisitions, the Group has today announced a proposed internal reorganisation within Deluxe involving, *inter alia*, the transfer of the profitable and growing digital services business from Media to Film, leaving the Media business focused on manufacturing and distribution. The reorganisation has been driven by the similarity between the post-production activities within Deluxe Film and the Digital Services business in Deluxe Media. It is believed that by having these businesses under a single management team, the opportunities to cross-sell more of Deluxe's value-added services to studio customers will be increased. The enlarged Film business, which accounted for over 80% of Deluxe's operating profit in 2003, is the world's market leader: it has a track record of strong growth, a well-balanced, secure contract position, and a strong position in the hi-tech, post-production market.

In Deluxe Media, we announced the loss of a major international DVD contract in May 2004. While the Group has been actively pursuing a number of replacement contracts, and discussions are continuing with a number of studio customers, no new contracts have yet been signed and therefore an associated exceptional charge of £23.1m relating to the impairment of certain assets, onerous lease provisions and other costs has been made in the period.

The decision to focus Deluxe Media on pure manufacturing and distribution has prompted a change to the senior management structure. Peter Pacitti, President and CEO of Deluxe Media will be leaving the Group and will be replaced by Tom Vale, the current CFO of Deluxe Media. We wish to thank Peter for all of his efforts in successfully transforming the Media business away from VHS and into DVD and CD and wish him every success for the future. In addition, Greg Van Howe has been appointed as Executive Vice President, Europe. Greg was formerly head of client services based in the US.

Cash flow and financing

Operating cash flow grew to £53.6m (2003 - £31.6m) and net debt at 30 June 2004 has fallen since the year end to £668.1m.

Contingent liability

As disclosed in the Group's annual report and accounts, Rank has for some years been involved in a dispute with Serena Holdings Limited over the purchase consideration of an acquisition which has been referred to an expert for determination. We have been informed that the expert will make a determination during the course of the next few weeks. The Board continues to believe that any associated liability will not be material in the context of the Group. Any liability that could arise will be accounted for as an adjustment to the purchase price of the acquisition concerned with no impact on the profit and loss account.

Current trading and outlook

Overall, in the nine weeks to 29 August 2004, trading has been satisfactory. In Gaming, Mecca UK's admissions are up 1% and turnover is up 6% while Grosvenor has also seen an improvement in admissions (up 20%) and handle (up 8%). Like for like sales at Hard Rock are in line with last year and volumes in Deluxe Film continue to be in line with expectations. While Media remains ahead of last year in volume terms, the peak season, between October and Christmas, is key to determining its full year performance.

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Dividend

We are pleased to announce an increase in the interim dividend to 4.8p, reflecting the strength of the Group's long-term prospects.

Group structure

At the time of the restructuring of the Group in 1999/2000, Rank acknowledged that Deluxe was the "least best fit" of the businesses comprising the Group, but decided that it was in the best interests of shareholders that the business be retained. Since then, the Group has been focussed on developing its three core divisions through a combination of product development and carefully planned investment. Deluxe has prospered with operating profit growing from £73m in 2000 to £94m in 2003. Film has a strong contract position and has increased profits from £49m to £72m, a compound growth rate of almost 15%, whilst Media has broadly held its profits flat during a period of major transition from VHS to DVD manufacturing and distribution.

Against this background, and given the anticipated deregulation of UK Gaming and further opportunities for the Hard Rock brand, the Board considers that, in principle, now would be an opportune time to separate both Deluxe Film and Deluxe Media from the rest of the Group. The Board has therefore commenced a thorough investigation of the technical and commercial implications of separation, which will include discussions with key stakeholders, including customers and employees.

It is expected that an update on progress will be made during the first quarter of 2005.

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SUMMARY OF RESULTS

	Turnover		Profit before exceptional items*	
	2004 £m	**2003 £m**	**2004 £m**	**2003 £m**
Gaming	**443.9**	422.6	**54.7**	57.1
Hard Rock	**112.9**	115.1	**11.6**	13.3
Deluxe	**359.1**	324.3	**19.2**	27.8
US Holidays	**15.5**	17.9	**1.5**	3.4
Central costs and other	**-**	-	**(6.8)**	(7.2)
	931.4	879.9	**80.2**	94.4
Net income from associates and joint ventures			**0.2**	0.1
Managed businesses' interest			**(16.5)**	(14.3)
Profit before tax, exceptional items and goodwill amortisation			**63.9**	80.2
Amortisation of goodwill			**(3.7)**	(2.8)
Profit before tax and exceptional items			**60.2**	77.4
Exceptional items			**(31.2)**	(23.6)
Profit before tax			**29.0**	53.8
Basic earnings per share before goodwill amortisation and exceptional items			**7.8p**	7.7p
Basic earnings per share before exceptional items			**7.3p**	7.3p
Basic earnings per share			**2.2p**	3.8p
Dividend per share			**4.8p**	4.6p

* before goodwill amortisation and exceptional items

Group turnover, as reported, was up 6%. This growth was influenced by three specific factors: the full year effect of acquisitions made in 2003; the change to a gross profits tax regime in UK bingo which added £12.6m to reported turnover; and the effect of movements in exchange rates which reduced turnover by £30.6m. After adjusting for these factors, like for like turnover was up by 3%.

Group operating profit before goodwill and exceptional items was 15% below 2003. After adjusting for the impact of movements in exchange rates, operating profit was down 12%. Gaming experienced more difficult trading conditions in Grosvenor casinos; Hard Rock profits were affected by higher operating costs and a lower distribution from the Orlando

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hotels joint venture; Deluxe Film was in line with expectations, but Deluxe Media results were affected by the continued decline in VHS and the acquisition of Disctronics which added to the traditional seasonal losses of this business.

The interest charge was £2.2m higher than 2003 due to an increase in average net debt following the redemption of the convertible preference shares in December 2003.

Group profit before tax, goodwill amortisation and exceptional items was £63.9m, 20% below last year. Earnings per share, before goodwill amortisation and exceptional items, was 7.8p (2003 – 7.7p).

The Group has recorded an exceptional charge before tax in the first half of £31.2m including restructuring costs in Deluxe Media of £27.1m comprising costs associated with the loss of a major DVD replication and distribution contract and further costs associated with the VHS restructuring in Europe that we announced in February 2004. The balance of £4.1m principally relates to a loss on the disposal of Rank Leisure Machine Services.

The following table sets out the divisional results and profit before tax after exceptional items and goodwill amortisation.

	Profit before tax	
	2004	**2003**
	£m	**£m**
Gaming	**53.3**	49.7
Hard Rock	**11.6**	13.3
Deluxe	**(10.2)**	14.2
US Holidays	**1.5**	3.4
Central costs and other	**(6.8)**	(16.6)
Continuing operations including acquisitions	**49.4**	64.0
Net income from associates and joint ventures	**0.2**	0.1
Non-operating items	**(4.1)**	4.0
Managed businesses' interest	**(16.5)**	(14.3)
Profit before tax	**29.0**	53.8

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GAMING

	Turnover		Operating profit*	
	2004	**2003**	**2004**	**2003**
	£m	**£m**	**£m**	**£m**
Mecca Bingo				
UK#	**133.9**	119.2	**35.4**	36.7
Spain	**13.0**	11.7	**3.4**	3.1
	146.9	130.9	**38.8**	39.8
Grosvenor Casinos				
UK	**88.4**	84.3	**13.7**	15.4
Belgium	**6.0**	4.2	**1.0**	(0.1)
	94.4	88.5	**14.7**	15.3
Blue Square	**198.2**	179.2	**1.3**	0.9
	439.5	398.6	**54.8**	56.0
Goodwill amortisation	**-**	-	**(1.4)**	(1.4)
	439.5	398.6	**53.4**	54.6
Rank Leisure Machine Services	**4.4**	24.0	**(0.1)**	1.1
	443.9	422.6	**53.3**	55.7

* before goodwill amortisation and exceptional items
\# 2004 turnover includes £12.6m attributable to the introduction of a gross profits tax (2003 – nil)

Mecca Bingo

	2004	**2003**	**Change %**
UK Bingo statistics			
Admissions ('000s)	**10,710**	10,901	(1.8)
Spend per head (£)	**11.32**	10.93	3.6

On a comparable basis (i.e. after removing the effect of the introduction of a gross profits tax), turnover at Mecca UK was up 2%. The introduction of a gross profits tax, and the consequent increase in bingo prizes being offered on main stage bingo, was a factor in improving the trend in admissions, which were down only 1.8% in the first half. At the same time, Mecca took the decision to remove box office fees, which further supported the admissions performance, albeit at the expense of a £4.1m reduction in turnover versus 2003. It is encouraging that the lost box office fees appear to be being recycled into other spend within the clubs, principally main stage bingo, resulting in continued growth in spend per head of 3.6%. Since the half year, the key indicators have continued to improve and in

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the 9 weeks to the end of August, admissions are ahead by 1% and spend per head is 4% ahead of last year.

The split of revenue by activity is shown below.

Analysis of UK bingo turnover	**2004 £m**	**2003 £m**	**Change %**
Main stage bingo	**23.7**	19.8	19.7
Interval games	**54.9**	54.1	1.5
Gaming machines	**30.1**	28.8	4.5
Food, beverage & other	**12.6**	12.4	1.6
Box office	**-**	4.1	-
	121.3	119.2	1.8
Impact of gross profits tax	**12.6**	-	-
	133.9	119.2	12.3

In Spain, the Group's ten bingo clubs continued to perform well with the benefit of one additional club versus last year resulting in operating profit of £3.4m (2003 - £3.1m).

Grosvenor Casinos

	Turnover		**Operating profit**	
	2004 £m	**2003 £m**	**2004 £m**	**2003 £m**
UK				
London – upper	**11.6**	8.1	**1.9**	1.8
London – other	**25.9**	26.2	**4.4**	4.6
Provincial	**45.8**	45.6	**11.5**	13.7
Hard Rock	**5.1**	4.4	**(0.5)**	(0.8)
Overheads	**-**	-	**(3.6)**	(3.9)
	88.4	84.3	**13.7**	15.4

Grosvenor Casinos in the UK had a weaker first half. While overall revenues were up 5%, operating profit was 11% below last year reflecting a movement in bad debts of £1.8m, and a weaker performance from provincial casinos which were affected by increased competition and the impact of new EU legislation on guest identification.

	Admissions ('000s)		**Handle per head (£)**		**Win %**	
	2004	**2003**	**2004**	**2003**	**2004**	**2003**
UK						
London – upper	**25**	21	**2,377**	2,017	**18.8**	19.2
London – other	**299**	300	**465**	487	**17.0**	16.9
Provincial	**1,298**	1,374	**178**	182	**16.7**	15.9
Hard Rock	**180**	167	**141**	125	**16.6**	18.2

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At the Group's two London-upper casinos, handle was up 40%, reflecting strong business levels at both the Clermont and the recently refurbished Park Tower. However, a lower win percentage at the Clermont of just 14.5%, compared with 24.9% last year, together with an adverse variance on bad debts, resulted in only a modest profit increase. Attendance at the three London-other casinos, the Victoria, the Gloucester and the Connoisseur, was in line with last year, having been held back by the introduction of new EU legislation on guest identification in March 2004. This, together with a small reduction in spend per head, resulted in turnover being flat at £25.9m (2003 - £26.2m) and operating profit slightly below last year at £4.4m (2003 - £4.6m).

The slowdown in growth in provincial casinos during the second half of 2003, continued in the first half. Attendance was down 6% with guest attendance being particularly affected by the new EU rules. However, this provided an opportunity to convert more guests into members and as a result overall membership was up 11%. New competition in seven key locations and the increasing availability of roulette on the high street through fixed odds betting terminals were also factors affecting first half performance. Overall in the provinces turnover was flat at £45.8m, but operating profit was down 16% to £11.5m, reflecting increased labour costs and depreciation resulting from relocations in 2003. Since the half year, the key metrics of attendance and handle have been encouraging with attendance in the provinces up by 25% and handle up by 11% versus 2003.

The two Hard Rock casinos continue to make progress. London is enjoying strong attendance, is now the Group's second busiest casino, and is already profitable on a monthly basis. While Manchester continues to be impacted by neighbouring building work, it has seen good growth in handle and revenue in the first half.

Rank Leisure Machine Services

The sale of Rank Leisure Machine Services was completed on 10 February 2004. There was a loss on disposal which represented the majority of the £4.1m charge recorded as a non-operating exceptional item.

Blue Square

	Turnover		**Gross win**	
	2004	**2003***	**2004**	**2003***
	£m	**£m**	**£m**	**£m**
Internet	**73.8**	93.1	**6.5**	6.4
Telebet	**30.0**	41.8	**2.4**	2.5
Games	**94.4**	62.0	**4.3**	3.8
	198.2	196.9	**13.2**	12.7

* restated to show Blue Square as if Rank had owned the business for the full year in 2003

Blue Square has continued to perform in line with expectations following its acquisition in January 2003. In sportsbook (both internet and telebet) the quality of earnings has improved with a shift towards more frequent lower-stakes players (there has been a 9% increase in the number of active customers since the year end). Whilst this has affected turnover, gross win has been sustained as margins have improved to 8.6% (2003 – 6.6%). The Games business experienced strong growth in stakes but a lower gross win margin, reflecting an increased contribution from HardRockCasino.com. Overall, the business operating profit of £1.3m before goodwill amortisation was up 44% compared with 2003.

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HARD ROCK

	Turnover		Operating profit	
	2004	**2003**	**2004**	**2003**
	£m	**£m**	**£m**	**£m**
Owned cafes	**105.7**	109.1	**11.3**	12.5
Cafe franchise and other income	**2.9**	3.0	**2.2**	2.8
Hotel franchise and other income	**4.0**	2.0	**3.1**	4.5
Gaming franchise income	**-**	-	**1.4**	-
Territory sales	**0.3**	1.0	**0.3**	1.0
Advertising and promotion	**-**	-	**(0.8)**	(0.4)
Overheads	**-**	-	**(5.9)**	(7.1)
	112.9	115.1	**11.6**	13.3

After a long period of uncertainty in the international travel and tourism markets, there are signs that market conditions may be improving. Excluding the impact of adverse currency movements of over £10m, revenues in Hard Rock increased by 7% during the first half.

Hard Rock like for like cafe sales %

	Food and Beverage	Merchandise	Total
To 30 June 2004			
North America	4.4%	(5.5)%	0.7%
Europe	7.1%	(2.0)%	3.8%
Total	**5.0%**	**(4.7)%**	**1.5%**
Nine weeks to 29 August 2004	**2.0%**	**(3.4)%**	**(0.1)%**

Like for like sales in the owned cafes were up 1.5% during the period. Europe has seen a marked improvement with a 3.8% like for like increase while North America was more modest at just 0.7% positive increase. Overall, both markets experienced good growth in food and beverage sales offset by negative, albeit much improved, merchandise sales. A reduced contribution from merchandise together with the impact of adverse currency movements, resulted in operating profit of £11.3m (2003 - £12.5m).

Hotel franchise and other income benefited from another good performance from the three hotels in Orlando, although the distribution from the joint venture was £2.2m below 2003. Gaming franchise income reflects the first time contribution from the two Seminole hotel casinos which opened in March and May 2004.

New owned cafes opened in Louisville and Bristol during the first half, taking the number of owned outlets as at the end of June 2004 to 67. The Fort Lauderdale cafe was relocated to inside the new Seminole hotel/casino in Hollywood and since the period end, new owned cafes have opened in Destin, Florida and the Foxwoods casino, Connecticut. New franchised cafes have opened in Catania, Italy and Dublin.

The hotel joint venture with Sol Meliá has announced plans to open a Hard Rock Hotel in New York City in late 2005. The former Paramount Hotel will be the second urban hotel to

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operate under the Hard Rock Hotel brand and will become the third hotel within the joint venture – Chicago opened in January 2004 and San Diego, a franchised hotel, is expected to open in 2006. The Paramount will undergo a major refurbishment which is expected to commence at the beginning of 2005, following which it will be rebranded Hard Rock. The Hard Rock hotel/casino in Biloxi, Mississippi is scheduled to open in 2005.

DELUXE

	Turnover		Operating profit*	
	2004	**2003#**	**2004**	**2003#**
	£m	**£m**	**£m**	**£m**
Film Services	**185.4**	190.6	**28.5**	32.9
Media Services	**173.7**	133.7	**(9.3)**	(5.1)
	359.1	324.3	**19.2**	27.8
Goodwill amortisation			**(2.3)**	(1.4)
			16.9	26.4
Associate investments / joint ventures			**0.2**	0.1
			17.1	26.5

* before goodwill amortisation and exceptional items
# as restated for the transfer of digital services businesses from Deluxe Media to Deluxe Film

Film Services

	Turnover		Operating profit*	
	2004	**2003#**	**2004**	**2003#**
	£m	**£m**	**£m**	**£m**
Film Laboratories	**159.7**	168.9	**22.0**	26.0
Digital & Other Services	**25.7**	21.7	**6.5**	6.9
	185.4	190.6	**28.5**	32.9
Goodwill amortisation			**(0.9)**	(0.6)
			27.6	32.3
Associates			**0.2**	0.1
			27.8	32.4

* before goodwill amortisation
# as restated for the transfer of digital services businesses from Deluxe Media to Deluxe Film

Volumes at the Film Laboratories business continued to be strong with footage up by 8%, despite having no contribution from either the Universal or Fox International contracts which were lost during 2003. Major titles produced during the first half included Spider-Man 2, The Day After Tomorrow, 50 First Dates and Kill Bill Volume 2. After adjusting for currency, turnover was up 2.5%. The operational gearing inherent in the business, together with currency impact, resulted in operating profit being down 15%. Since the half year, volumes have been robust with a number of major titles being produced including I-Robot, The Manchurian Candidate and Alien versus Predator. The schedule for the remainder of the

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year is also looking good with titles such as Finding Neverland, Flight of the Phoenix and Lemony Snicket.

During the year to-date Deluxe Film has successfully extended the two film contracts that were due to expire in 2005 and 2006 so that as at 31 July 2004, only 18% of 2003 contracted footage is due for renewal before the end of 2007 and 74% is now secure until at least 2008.

Digital and Other Services comprise ETS (physical film distribution), Capital FX (titles and special effects) and the digital services businesses previously managed by Deluxe Media (principally the compression, encoding and authoring business).

Since the half year, Deluxe has completed the acquisition of Digital Video Compression Centre and Softitler, both of which have further strengthened Deluxe's presence in the important authoring and sub-titling market. Also since the half year, Deluxe has acquired the remaining 80% of the equity in EFILM that it did not already own. Going forward the results from EFILM will be consolidated as part of Deluxe Film.

Media Services

	Turnover		**Operating profit***	
	2004	**2003#**	**2004**	**2003#**
	£m	**£m**	**£m**	**£m**
Video duplication	**30.5**	55.1	**(5.1)**	(3.2)
DVD\CD replication	**83.6**	33.9	**(4.8)**	(4.4)
Distribution services	**59.6**	44.7	**0.6**	2.5
	173.7	133.7	**(9.3)**	(5.1)
Goodwill amortisation			**(1.4)**	(0.8)
			(10.7)	(5.9)

*before goodwill amortisation and exceptional items
as restated for the transfer of digital services businesses from Deluxe Media to Deluxe Film

As expected, the decline of VHS continued with volumes down to 49m units (2003 – 77m), resulting in a loss of £5.1m (2003 - £3.2m loss). DVD volumes benefited from the acquisition of Disctronics in July 2003, with a total of 92m units produced in the half (2003 – 48m). Disctronics also produced 116m CDs during the first half (2003 – nil). However, the seasonal nature of the replication business and its high fixed cost base resulted in an operating loss of £4.8m (2003 - £4.4m) before goodwill amortisation.

The distribution business enjoyed strong volume growth with an increase in total units handled to 341m (2003 – 257m), and turnover increased by 33% to £59.6m (2003 - £44.7m). However, increased set up costs associated with a new customer account impacted margins and reduced operating profit to £0.6m (2003 – £2.5m).

In May 2004, the Group announced that Deluxe Media had lost a major European DVD manufacturing and distribution contract. This has given rise to an exceptional charge in the first half of £23.1m. Further details are given below.

6 Connaught Place, London W2 2EZ. T: 020 7706 1111. F: 020 7706 1092

US Holidays

US Holidays' operating profit was £1.5m (2003 - £3.4m). The business generated net cash of £5.7m (2003 - £6.9m).

Central costs and other

	2004 £m	2003 £m
Central costs*	**(7.3)**	(7.3)
Other income	**0.5**	0.1
	(6.8)	(7.2)

*before exceptional items

Associates and joint ventures

	2004 £m	2003 £m
Deluxe associate investments and joint venture	**0.2**	0.1

Associate investments comprise the 20% interest in EFILM and the 50% joint venture with Atlab in Australia. Since the half year, the Group has acquired the 80% interest in EFILM that it did not already own.

Managed businesses' interest

	2004 £m	2003 £m
Interest payable and other charges	**23.6**	19.2
Interest receivable	**(7.1)**	(4.9)
	16.5	14.3
Average interest rate	**4.9%**	5.1%

Managed businesses' interest and other charges was £16.5m, an increase of £2.2m from the prior year. This reflects higher net debt levels following the redemption of the outstanding convertible preference shares.

6 Connaught Place, London W2 2EZ. T: 020 7706 1111. F: 020 7706 1092

Taxation

The effective tax rate, before exceptional items, is 28.1% (2003 full year – 28.9%).

Dividend

An interim dividend of 4.8p per Ordinary share (2003 – 4.6p) will be paid on 15 October 2004 to those shareholders on the register on 17 September 2004.

Exchange rates

The net translation effect of changes in average exchange rates between 2003 and 2004 was to decrease turnover by £30.6m, operating profit before goodwill amortisation by £2.6m, and profit before tax and exceptional items by £1.0m. The average rates and the impact on divisional results are shown below.

	Average exchange rate		Impact on H1 2004	
	2004	**2003**	**Turnover**	**Operating profit**
			£m	**£m**
US dollar	**1.82**	1.61	**(31.4)**	**(2.4)**
Canadian dollar	**2.36**	2.39	**0.8**	**-**
Euro	**1.46**	1.46	**-**	**-**
			(30.6)	**(2.4)**
Gaming			**-**	**-**
Hard Rock			**(10.5)**	**(0.6)**
Deluxe			**(18.1)**	**(1.8)**
US Holidays			**(2.0)**	**(0.2)**
Other			**-**	**-**
			(30.6)	**(2.6)**
Deluxe goodwill amortisation				**0.2**
Interest				**1.4**
Net impact on profit before tax				**(1.0)**

6 Connaught Place, London W2 2EZ. T: 020 7706 1111. F: 020 7706 1092

Exceptional items

	£m
Exceptional items within operating profit	
Deluxe Media Services restructuring	
Impact of loss of major studio DVD contract	(23.1)
Restructuring of VHS facilities in Europe	(4.0)
	(27.1)
Non-operating exceptional items	
Loss on disposal of continuing operations	(4.1)
Exceptional items before tax	(31.2)

In May 2004, Deluxe Media Services was informed by a major studio that it would be transferring its business to another supplier on a staged basis over the period to July 2005. This contract relates primarily to European DVD manufacturing and distribution. Although negotiations for replacement contracts are ongoing, no major contracts have yet been secured and accordingly an exceptional charge of £23.1m, comprising an impairment charge of £18.0m, onerous lease provisions of £3.8m and other costs of £1.3m, has been recorded.

Deluxe Media Services also incurred an exceptional charge of £4.0m in respect of the VHS restructuring announced at the time of the 2003 year end results in February 2004. These charges relate to the closure of VHS manufacturing facilities in Germany, Italy and Portugal.

Cash flow

	2004	**2003 (as restated)**
	£m	**£m**
Cash flow from operating activities		
Before Deluxe contract advances	**90.4**	132.7
Deluxe contract advances, net of repayments	**17.9**	(54.2)
	108.3	78.5
Capital expenditure	**(55.3)**	(48.2)
Fixed asset disposals	**0.6**	1.3
Operating cash flow	**53.6**	31.6
Acquisitions and investments*	**(14.9)**	(87.3)
Disposals (including cash disposed)	**29.9**	-
	68.6	(55.7)
Interest, tax and dividend payments	**(56.2)**	(85.8)
	12.4	(141.5)
Issue of Blue Square convertible loan stock	**-**	65.0
Cash inflow (outflow)	**12.4**	(76.5)

* including £65m of Blue Square debt in 2003

Cash inflow from operating activities was £29.8m higher than 2003. This is largely due to a net inflow of £17.9m in respect of contract advances in Deluxe which more than offset lower profits and working capital movements.

6 Connaught Place, London W2 2EZ. T: 020 7706 1111. F: 020 7706 1092

Capital expenditure was £55.3m and is analysed below:

	2004 £m	2003 £m
Gaming	**29.6**	24.1
Hard Rock	**5.8**	6.2
Deluxe	**19.0**	17.3
US Holidays	**0.9**	0.6
	55.3	48.2

Increased spend in Gaming included the acquisition of a new 62,000 square foot freehold facility in Bolton which will open later this year as a new Grosvenor casino and a relocated Mecca Bingo.

Acquisitions and investments principally relate to cash paid as deferred consideration on the prior period acquisitions of Ritek, ETS, Disctronics and Capital FX. Disposals relates to the sale of Rank Leisure Machine Services.

Interest, tax and dividends is £29.6m lower than 2003, largely reflecting a net tax inflow of £17.4m compared with a net tax payment in 2003 of £16.2m.

Net debt

Net debt at 30 June 2004 was £668.1m compared to £529.6m last year and £700.5m as at 31 December 2003. Net debt as a percentage of shareholders' funds was 127% (30 June 2003 – 71%, 31 December 2003 – 133%).

6 Connaught Place, London W2 2EZ. T: 020 7706 1111. F: 020 7706 1092

GROUP PROFIT AND LOSS ACCOUNT (unaudited)

	2004			2003		
	Before Exceptional Items £m	Exceptional Items £m	Total £m	Before Exceptional Items £m	Exceptional Items £m	Total £m
Turnover (Note 2)						
Continuing operations	**931.4**	**-**	**931.4**	879.9	-	879.9
Operating profit (loss) before goodwill amortisation	**80.2**	**(27.1)**	**53.1**	94.4	(27.6)	66.8
Goodwill amortisation	**(3.7)**	**-**	**(3.7)**	(2.8)	-	(2.8)
Operating profit (loss) (Note 2)	**76.5**	**(27.1)**	**49.4**	91.6	(27.6)	64.0
Share of operating profit in associates and joint ventures	**0.5**	**-**	**0.5**	0.3	-	0.3
	77.0	**(27.1)**	**49.9**	91.9	(27.6)	64.3
Non-operating items (Note 3)	**-**	**(4.1)**	**(4.1)**	-	4.0	4.0
Profit (loss) before interest	**77.0**	**(31.2)**	**45.8**	91.9	(23.6)	68.3
Interest:						
Managed businesses	**(16.5)**	**-**	**(16.5)**	(14.3)	-	(14.3)
Associates and joint ventures	**(0.3)**	**-**	**(0.3)**	(0.2)	-	(0.2)
	(16.8)	**-**	**(16.8)**	(14.5)	-	(14.5)
Profit (loss) before tax	**60.2**	**(31.2)**	**29.0**	77.4	(23.6)	53.8
Tax (Note 4)	**(16.9)**	**0.4**	**(16.5)**	(23.4)	0.7	(22.7)
Profit (loss) after tax	**43.3**	**(30.8)**	**12.5**	54.0	(22.9)	31.1
Equity minority interests	**(0.1)**	**0.5**	**0.4**	(0.1)	1.8	1.7
Preference dividends	**-**	**-**	**-**	(10.5)	-	(10.5)
Earnings (loss)	**43.2**	**(30.3)**	**12.9**	43.4	(21.1)	22.3
Basic earnings (loss) per Ordinary share (Note 5)	**7.3p**	**(5.1)p**	**2.2p**	7.3p	(3.5)p	3.8p
Diluted earnings (loss) per Ordinary share (Note 5)	**7.2p**	**(5.1)p**	**2.1p**	7.3p	(3.6)p	3.7p
Basic earnings (loss) per Ordinary share before goodwill amortisation	**7.8p**	**(5.1)p**	**2.7p**	7.7p	(3.5)p	4.2p
Net dividend per Ordinary share			**4.8p**			4.6p

6 Connaught Place, London W2 2EZ. T: 020 7706 1111. F: 020 7706 1092

GROUP PROFIT AND LOSS ACCOUNT (unaudited)

	6 months to 30.6.04 £m	6 months to 30.6.03 £m	Year to 31.12.03 £m
Turnover (Note 2)	**931.4**	879.9	1,925.9
Operating profit before goodwill amortisation	**80.2**	94.4	223.0
Goodwill amortisation	**(3.7)**	(2.8)	(6.4)
Operating profit (Note 2)	**76.5**	91.6	216.6
Exceptional items within operating profit	**(27.1)**	(27.6)	(51.1)
Non-operating items (Note 3)	**(4.1)**	4.0	4.6
Share of operating profit in associates and joint ventures	**0.5**	0.3	0.8
Profit before interest	**45.8**	68.3	170.9
Interest:			
Managed businesses	**(16.5)**	(14.3)	(29.7)
Associates and joint ventures	**(0.3)**	(0.2)	(0.4)
Exceptional interest charge	**-**	-	(11.5)
Profit before tax	**29.0**	53.8	129.3
Profit before tax and exceptional items	**60.2**	77.4	187.3
Tax (Note 4):			
Tax on ordinary activities	**(16.9)**	(23.4)	(54.2)
Exceptional tax credit	**0.4**	0.7	26.1
Profit after tax	**12.5**	31.1	101.2
Equity minority interests	**0.4**	1.7	0.5
Preference dividends	**-**	(10.5)	(17.1)
Earnings	**12.9**	22.3	84.6
Earnings before exceptional items	**43.2**	43.4	113.7
Basic earnings per Ordinary share	**2.2p**	3.8p	14.3p
- before exceptional items (Note 5)	**7.3p**	7.3p	19.2p
Diluted earnings per Ordinary share	**2.1p**	3.7p	13.8p
- before exceptional items (Note 5)	**7.2p**	7.3p	18.5p
Basic earnings per Ordinary share before goodwill amortisation	**2.7p**	4.2p	15.2p
- before exceptional items (Note 5)	**7.8p**	7.7p	20.1p

6 Connaught Place, London W2 2EZ. T: 020 7706 1111. F: 020 7706 1092

GROUP BALANCE SHEET (unaudited)

	30.6.04	30.6.03 (as restated)	31.12.03 (as restated)
	£m	£m	£m
Fixed assets			
Intangible assets	**115.2**	116.0	123.9
Tangible assets	**770.4**	789.0	803.2
Investments (Note 1)	**55.0**	58.7	56.5
	940.6	963.7	983.6
Current assets			
Stocks	**62.4**	83.6	70.2
Debtors (including amounts falling due after one year)	**722.5**	683.0	776.4
Investments	**13.0**	28.2	4.2
Cash and deposits	**104.0**	162.8	167.9
	901.9	957.6	1,018.7
Creditors (amounts falling due within one year)			
Loan capital and borrowings	**(243.5)**	(70.8)	(292.1)
Other	**(421.5)**	(351.3)	(441.7)
	(665.0)	(422.1)	(733.8)
Net current assets	**236.9**	535.5	284.9
Total assets, less current liabilities	**1,177.5**	1,499.2	1,268.5
Creditors (amounts falling due after more than one year)			
Loan capital and borrowings	**(541.6)**	(649.8)	(580.5)
Other creditors and provisions (Note 1)	**(94.9)**	(88.0)	(144.9)
	541.0	761.4	543.1
Capital and reserves			
Called up share capital	**60.1**	104.7	59.6
Share premium account	**25.9**	15.2	17.5
Other reserves	**440.0**	624.8	449.9
Shareholders' funds (Note 1)	**526.0**	744.7	527.0
Equity interests	**526.0**	517.2	527.0
Non-equity interests	**-**	227.5	-
Equity minority interests	**15.0**	16.7	16.1
	541.0	761.4	543.1

6 Connaught Place, London W2 2EZ. T: 020 7706 1111. F: 020 7706 1092

GROUP CASH FLOW (unaudited)

	6 months to 30.6.04	6 months to 30.6.03 (as restated)	Year to 31.12.03 (as restated)
	£m	£m	£m
Net cash inflow from operating activities (Note 6)	**108.3**	78.5	291.9
Returns on investment and servicing of finance			
Interest (net)	**(17.5)**	(7.0)	(38.6)
Dividends paid to Preference shareholders and minorities	**(0.6)**	(10.5)	(27.0)
	(18.1)	(17.5)	(65.6)
Tax received (paid) - net	**17.4**	(16.2)	(27.8)
Capital expenditure and financial investment			
Purchase of tangible fixed assets	**(55.3)**	(48.2)	(111.4)
Purchase of investments (Note 1)	**-**	-	(2.8)
Sale of fixed assets and assets held for disposal	**0.6**	1.3	9.8
	(54.7)	(46.9)	(104.4)
Acquisitions and disposals			
Purchase of businesses	**(14.7)**	(23.7)	(53.7)
Net cash (disposed) acquired	**(0.4)**	1.4	1.6
Sale of businesses and investments	**30.3**	-	-
Investments in associates and joint ventures	**(0.2)**	-	-
	15.0	(22.3)	(52.1)
Ordinary dividends paid	**(55.5)**	(52.1)	(79.4)
Cash inflow (outflow) before use of liquid resources and financing	**12.4**	(76.5)	(37.4)
Movements in net debt			
Cash inflow (outflow) before use of liquid resources and financing	**12.4**	(76.5)	(37.4)
Borrowing and lease obligations disposed (acquired) with subsidiaries	**1.3**	-	(11.8)
Issue of Ordinary share capital	**6.9**	1.6	3.9
Redemption of share capital	**(5.0)**	-	(214.9)
Increase in finance leases	**-**	(0.5)	-
Blue Square convertible loan stock	**-**	(65.0)	(65.0)
Conversion of loan stock (Blue Square)	**2.1**	-	-
Purchase of own shares	**-**	(2.4)	(3.7)
Foreign exchange differences	**14.7**	12.3	27.5
Decrease (Increase) in net debt	**32.4**	(130.5)	(301.4)
Net debt at beginning of period	**(700.5)**	(399.1)	(399.1)
Net debt at end of period	**(668.1)**	(529.6)	(700.5)

6 Connaught Place, London W2 2EZ. T: 020 7706 1111. F: 020 7706 1092

GROUP RECOGNISED GAINS AND LOSSES

	6 months to 30.6.04 £m	6 months to 30.6.03 £m	Year to 31.12.03 £m
Profit for the financial period	**12.9**	32.8	101.7
Currency translation differences on foreign currency net investments	**5.1**	(0.3)	(10.2)
Tax on exchange adjustments offset in reserves	**-**	-	8.8
Total recognised gains and losses for period	**18.0**	32.5	100.3

MOVEMENTS IN GROUP SHAREHOLDERS' FUNDS

	6 months to 30.6.04 £m	6 months to 30.6.03 (as restated) £m	Year to 31.12.03 (as restated) £m
Profit for the financial period	**12.9**	32.8	101.7
Dividends payable	**(29.0)**	(36.6)	(99.9)
Redemption of convertible preference shares	**-**	-	(226.1)
Credit in respect of employee share schemes	**1.6**	1.6	4.2
Other recognised gains and losses (net)	**5.1**	(0.3)	(1.4)
New share capital subscribed	**9.0**	1.6	4.1
Net movement in shareholders' funds	**(0.4)**	(0.9)	(217.4)
Opening shareholders' funds as previously stated	**527.0**	748.6	748.6
Prior year adjustment			
Investment in own shares – UITF 38	**(0.6)**	(3.0)	(4.2)
Opening shareholders' funds as restated	**526.4**	745.6	744.4
Closing shareholders' funds	**526.0**	744.7	527.0

6 Connaught Place, London W2 2EZ. T: 020 7706 1111. F: 020 7706 1092

NOTES TO THE INTERIM FINANCIAL STATEMENTS (unaudited)

1. Accounting policies

The interim financial statements have been prepared on the basis of the accounting policies set out in the Group's statutory financial statements for the year ended 31 December 2003, with the exception of the change detailed below.

The Group has adopted Urgent Issues Task Force ("UITF") abstract 38 "Accounting for ESOP trusts" and abstract 17 (2003) "Employee share schemes" in 2004. UITF 38 requires investments in own shares to be deducted from equity and not disclosed as an investment. In addition, in the Cash Flow Statement, amounts paid to purchase own shares are disclosed as financing and not capital expenditure and financial investment. This change in accounting policy has been accounted for as a prior period adjustment and accordingly the results reported in 2003 have been restated. The change reduces shareholders' funds for the six months ended 30 June 2003 by £1.4m and by £nil for the year ended 31 December 2003 and reduces cash outflow before use of liquid resources and financing for the six months ended 30 June 2003 by £2.4m and by £3.7m for the year ended 31 December 2003. UITF 17 (2003) requires the cost of the shares awarded to be equal to the fair value of the shares at the grant date. There has been no restatement of the Group's profit and loss account as this change is not significant.

2. Segmental analysis by geographical area of origin

	6 months to 30.6.04 £m	**6 months to 30.6.03 £m**	**Year to 31.12.03 £m**
Turnover			
United Kingdom	**504.2**	462.4	1,064.3
North America	**299.2**	329.5	665.6
Rest of the world	**128.0**	88.0	196.0
	931.4	879.9	1,925.9
Operating profit before exceptional items			
United Kingdom	**41.2**	41.4	98.1
North America	**23.0**	38.7	87.7
Rest of the world	**12.3**	11.5	30.8
	76.5	91.6	216.6

6 Connaught Place, London W2 2EZ. T: 020 7706 1111. F: 020 7706 1092

3. Non-operating items

Non-operating items comprise:

	6 months to 30.6.04 £m	6 months to 30.6.03 £m	Year to 31.12.03 £m
Profit on disposal of discontinued operations	**-**	4.0	4.6
Loss on disposal of continuing operations	**(4.1)**	-	-
Non-operating items before interest and tax	**(4.1)**	4.0	4.6

4. Tax charge

The tax charge may be analysed as follows:

	6 months to 30.6.04 £m	6 months to 30.6.03 £m	Year to 31.12.03 £m
Rank subsidiaries	**16.8**	23.3	54.0
Associates and joint ventures	**0.1**	0.1	0.2
	16.9	23.4	54.2
Exceptional tax credit	**(0.4)**	(0.7)	(26.1)

Taxation has been provided at an estimated effective rate of 28.1% (2003 full year – 28.9%), before exceptional items.

5. Weighted average number of shares

The weighted average number of shares used in the calculation of basic earnings per share is 596.8m (2003 first half: 592.4m, full year: 592.3m). For diluted earnings per share the weighted average number of shares used in the calculation is 600.4m (2003 first half: 595.3m, full year: 618.5m)

6 Connaught Place, London W2 2EZ. T: 020 7706 1111. F: 020 7706 1092

6. Reconciliation of operating profit to cash flow

	6 months to 30.6.04 £m	6 months to 30.6.03 £m	Year to 31.12.03 £m
Operating profit	**49.4**	64.0	165.5
Exceptional operating costs charged	**27.1**	27.6	51.1
Cash payments in respect of exceptional costs and provisions	**(14.4)**	(12.7)	(34.8)
Depreciation and amortisation	**39.5**	45.0	94.9
Contract advance payments, net of repayments	**17.9**	(54.2)	(17.3)
(Increase) decrease in working capital	**(15.6)**	4.8	30.6
Other items	**4.4**	4.0	1.9
Net cash inflow from operating activities	**108.3**	78.5	291.9

7. Exchange rates

The US$/£ exchange rates for the relevant accounting periods are:

	6 months to 30.6.04	6 months to 30.6.03	Year to 31.12.03
US$/£			
Average	**1.82**	1.61	1.63
Period-end	**1.81**	1.66	1.79

6 Connaught Place, London W2 2EZ. T: 020 7706 1111. F: 020 7706 1092

Independent review report to The Rank Group Plc

Introduction

We have been instructed by the Company to review the financial information which comprises the profit and loss account, the balance sheet, the cash flow statement, the statement of recognised gains and losses, the statement of movements in shareholders' funds and the related notes. We have read the other information contained in the interim report and considered whether it contains any apparent misstatements or material inconsistencies with the financial information.

Directors' responsibilities

The interim report, including the financial information contained therein, is the responsibility of, and has been approved by, the Directors. The Directors are responsible for preparing the interim report in accordance with the Listing Rules of the Financial Services Authority which require that the accounting policies and presentation applied to the interim figures should be consistent with those applied in preparing the preceding annual accounts except where any changes, and the reasons for them, are disclosed.

Review work performed

We conducted our review in accordance with guidance contained in Bulletin 1999/4 issued by the Auditing Practices Board for use in the United Kingdom. A review consists principally of making enquiries of group management and applying analytical procedures to the financial information and underlying financial data and, based thereon, assessing whether the accounting policies and presentation have been consistently applied unless otherwise disclosed. A review excludes audit procedures such as tests of controls and verification of assets, liabilities and transactions. It is substantially less in scope than an audit performed in accordance with United Kingdom Auditing Standards and therefore provides a lower level of assurance than an audit. Accordingly we do not express an audit opinion on the financial information. This report, including the conclusion, has been prepared for, and only for, the Company for the purpose of the Listing Rules of the Financial Services Authority and for no other purpose. We do not, in producing this report, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Review conclusion

On the basis of our review we are not aware of any material modifications that should be made to the financial information as presented for the six months ended 30 June 2004.

PricewaterhouseCoopers LLP
Chartered Accountants
London
3 September 2004

6 Connaught Place, London W2 2EZ. T: 020 7706 1111. F: 020 7706 1092