



Interim Results 2004

3 September 2004

Alun Cathcart

Chairman



Mike Smith

Chief Executive



Ian Dyson

Finance Director



Profit before exceptional items

£m	2004	2003
Turnover	<u>931.4</u>	<u>879.9</u>
Operating profit*	80.2	94.4
Associates	0.2	0.1
Interest	<u>(16.5)</u>	<u>(14.3)</u>
Profit before tax*	<u><u>63.9</u></u>	<u><u>80.2</u></u>
Effective tax rate	28.1%	30.3%
Earnings per share*	7.8p	7.7p

* Stated before goodwill amortisation of £3.7m (2003 - £2.8m)

Gaming

£m	2004	2003	% growth
Turnover			
Mecca	146.9	130.9	+12.2
Grosvenor	94.4	88.5	+6.7
Blue Square	198.2	179.2	+10.6
	<u>439.5</u>	<u>398.6</u>	<u>+10.3</u>
Operating profit			
Mecca	38.8	39.8	-2.5
Grosvenor	14.7	15.3	-3.9
Blue Square	1.3	0.9	+44.4
	<u>54.8</u>	<u>56.0</u>	<u>-2.1</u>

Mecca Bingo

£m	2004	2003	% growth
Turnover			
UK	133.9	119.2	+12.3
Spain	13.0	11.7	+11.1
	<u>146.9</u>	<u>130.9</u>	<u>+12.2</u>
Operating profit			
UK	35.4	36.7	-3.5
Spain	3.4	3.1	+9.7
	<u>38.8</u>	<u>39.8</u>	<u>-2.5</u>
UK Statistics			
Admissions (000s)	10,710	10,901	-1.8
Spend per head	£11.32	£10.93	+3.6

Grosvenor Casinos UK

£m	2004	2003	% growth
Turnover			
London - upper	11.6	8.1	+43.2
London - other	25.9	26.2	-1.1
Provincial	45.8	45.6	+0.1
Hard Rock	5.1	4.4	+15.9
	<u>88.4</u>	<u>84.3</u>	<u>+4.9</u>
Operating profit			
London - upper	1.9	1.8	+5.6
London - other	4.4	4.6	-4.3
Provinces	11.5	13.7	-16.1
Hard Rock	(0.5)	(0.8)	+37.5
Divisional costs	(3.6)	(3.9)	+7.7
	<u>13.7</u>	<u>15.4</u>	<u>-11.0</u>

Blue Square H1 2004

£m	Pro forma 2004	Pro forma* 2003	% growth
Stakes			
Internet	73.8	93.1	-20.7
Telebet	30.0	41.8	-28.2
Games	94.4	62.0	+52.3
	<u>198.2</u>	<u>196.9</u>	<u>+0.7</u>
Gross Win			
Internet	6.5	6.4	+1.6
Telebet	2.4	2.5	-4.0
Games	4.3	3.8	+13.2
	<u>13.2</u>	<u>12.7</u>	<u>+3.9</u>

* Figures assuming Rank Group owned the business for the full six months of the year

Hard Rock

Operating profit

£m	2004	2003
Owned cafes	11.3	12.5
Franchise and other income		
Cafes	2.2	2.8
Hotels	3.1	4.5
Gaming Franchise	1.4	-
Territory sales	0.3	1.0
Advertising and promotion	(0.8)	(0.4)
Overheads	(5.9)	(7.1)
Operating profit	<u>11.6</u>	<u>13.3</u>

Deluxe

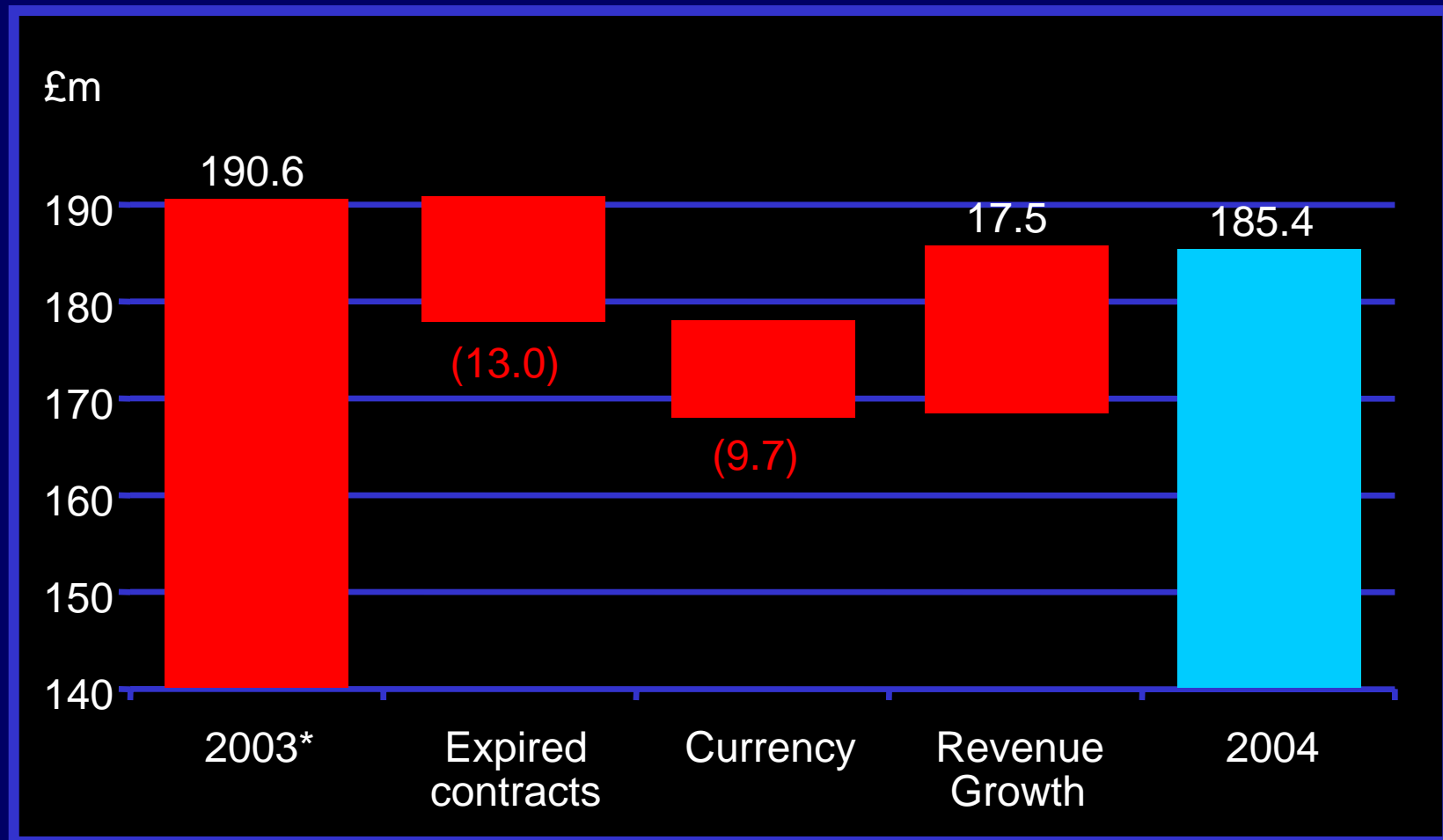
£m	2004	2003**
Turnover		
Film services	185.4	190.6
Media services	173.7	133.7
	359.1	324.3
Operating profit*		
Film services	27.6	32.3
Media services	(10.7)	(5.9)
	16.9	26.4
Associate Investments	0.2	0.1
	17.1	26.5

* Before exceptional items

** As restated for the transfer of digital services businesses from Deluxe Media to Deluxe Film

Deluxe Film

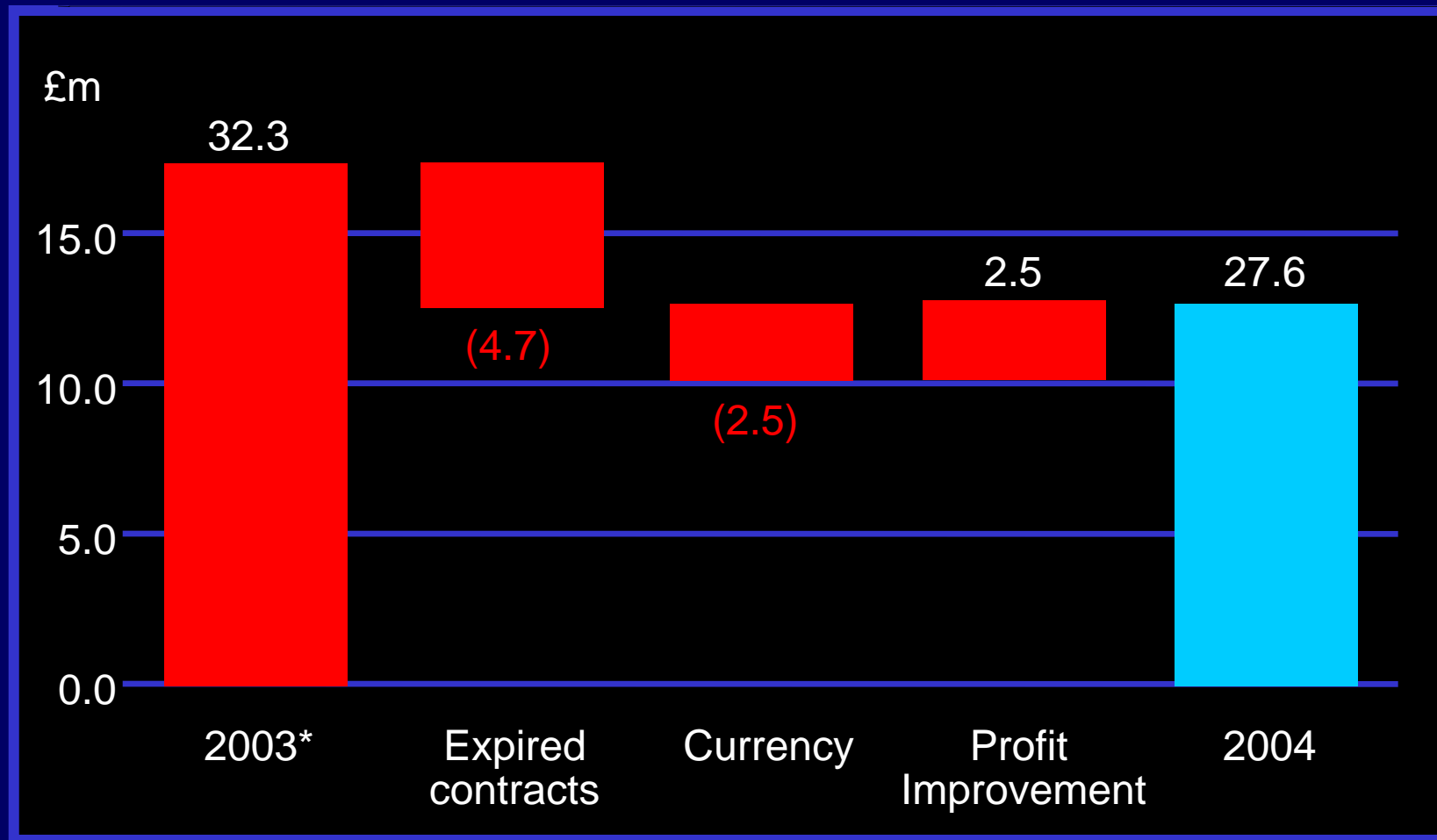
Turnover analysis



**As restated*

Deluxe Film

Operating profit analysis



**As restated*

Deluxe Film

Contract status



* Percentages represent proportion of 2003 contracted footage of 4.1 billion feet

Deluxe Media Services

£m	Turnover		Operating Profit*	
	2004	2003**	2004	2003**
Video duplication	30.5	55.1	(5.1)	(3.2)
DVD/CD replication	83.6	33.9	(6.2)	(5.2)
Distribution services	59.6	44.7	0.6	2.5
	<u>173.7</u>	<u>133.7</u>	<u>(10.7)</u>	<u>(5.9)</u>

* Before exceptional items

** As restated for the transfer of digital services businesses from Deluxe Media to Deluxe Film

2004 H1 exceptional charges

£m	2004
Deluxe Media Services	
VHS plant closure	4.0
Impact of lost DVD contract	23.1
Non-operating exceptional item	
Loss on disposal of continuing operations	4.1
	<u>31.2</u>

* Before tax and minority interest

Group cash flow

£m	2004	2003
Operating activities	90.4	132.7
Deluxe contract advances	17.9	(54.2)
Capital expenditure	(55.3)	(48.2)
Fixed asset disposals	0.6	1.3
Operating cash flow	<u>53.6</u>	<u>31.6</u>
Interest, tax and dividends	<u>(56.2)</u>	<u>(85.8)</u>
Free cash flow	(2.6)	(54.2)
Acquisitions & investments*	(14.9)	(87.3)
Disposals	29.9	-
Net cash flow	<u>12.4</u>	<u>(141.5)</u>

**Includes £65m Blue Square debt*

Capital expenditure

£m	H1 2004	H1 2003	FY 2004 estimate
Gaming	29.6	24.1	65 - 75
Hard Rock	5.8	6.2	12 - 15
Deluxe	19.0	17.3	35 - 40
Other	0.9	0.6	1 - 2
	<u>55.3</u>	<u>48.2</u>	<u>113 - 132</u>

Note: Since 30 June 2004 the Group has made acquisitions totalling £35m

Mike Smith

Chief Executive



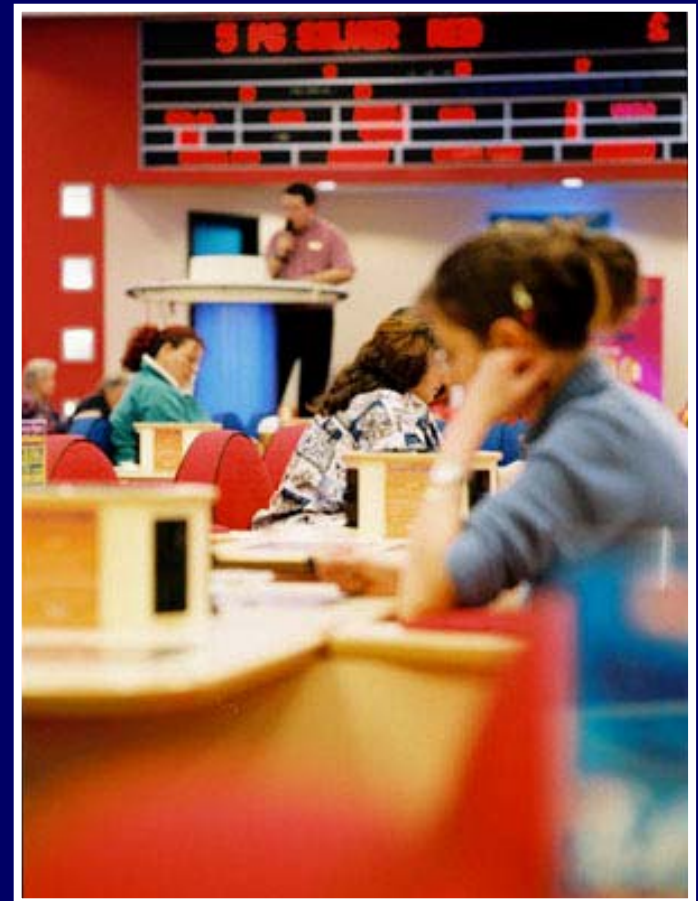
The Group in context

- The Group structure has been stable since 2000
- Total shareholder return +85%
- Each of the divisions has changed fundamentally . . .
- The Group is increasingly focussed on Gaming and Hard Rock . . .
- Now is an opportune time to consider the separation of the two Deluxe businesses

Gaming

Mecca Bingo - 2003 vs 2000

- 3 less clubs but profits 36% higher*
- Operating margin up from 25% to 31%
- Market share up from 28% to 29%
- Spanish operations have almost doubled in scale



**Full year 2003 vs 2000*

Gaming

Bingo - 2004 and beyond

- 121 properties
- 38 over 30k sq ft
- 2.8m sq ft in total
- Excellent geographic coverage
- New areas of opportunity:
 - UK deregulation
 - new technology
 - organisation
 - international



The relocated Mecca in Easterhouse, Glasgow

Gaming

Casinos - 2003 vs 2000

- Operating profits up by 49%
- Operating margin up from 14% to 18%
- 4 more casinos - now 36
- Market share steady at 21%
- 10 relocations completed
- 5 new licences in progress



Park Tower Casino - 2000

Gaming

Casinos - 2004 and beyond

- Gaming deregulation
 - more slots
 - 24 hour rule
 - advertising
 - non-permitted areas
- More definitive on timing
- New formats
- Taxation and duty



Park Tower Casino - 2004

Gaming

Betting* - 2003 vs 2000

- Operating profit of £0.9m vs loss of £7m
- Stakes of £390m vs £31m
- 59k active customers vs 21k
- Full suite of games and betting products
- Single customer account



**Blue Square was acquired in January 2003*

Gaming

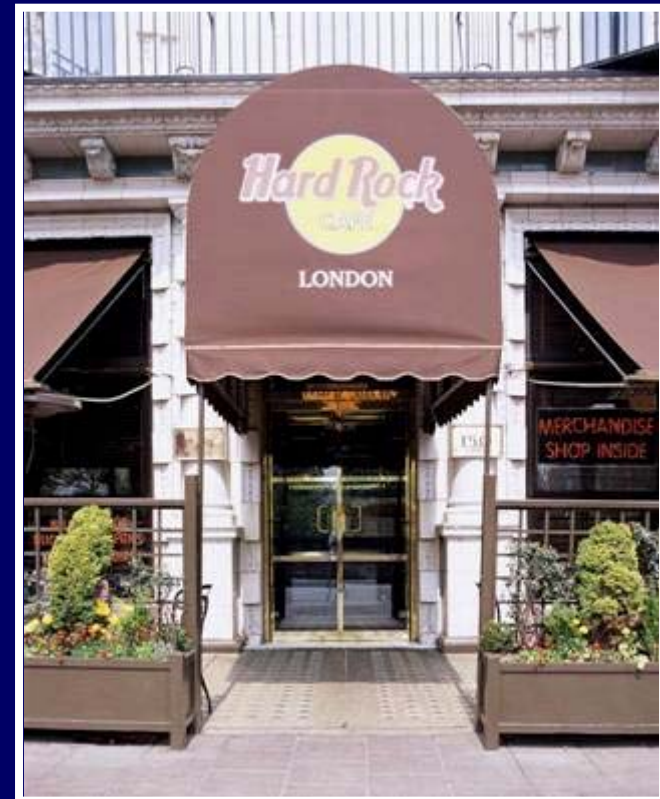
Betting - 2004 and beyond

- Product development
 - new games
 - FTSE
 - poker room
 - Blue Square casino
- Blue Square shop
- Introduction into casinos



Hard Rock - 2003 vs 2000

- Profits down at the cafes by 50%
 - post 9/11 impact
 - merchandise sales
- Development of low-cost model
- 65 vs 55 owned cafes
- Hotels and Casinos
 - 4 hotels
 - 3 casinos



The Hard Rock Cafe, London

Hard Rock - 2004 and beyond

Franchise and brand extensions

- More cafes
 - mostly franchised
 - 6 to be added in '04
- Hotels
 - Orlando, Chicago
 - New York, San Diego
- Hotel/casinos
 - Hollywood, Tampa
 - Biloxi
- Casinos



The franchised cafe in Melbourne, Australia

Deluxe Film - 2003 vs 2000

- Profits up by 49%*
- Footage up by 30%*
- New labs in Toronto, Rome, Spain and Australia
- Added Services
 - ETS
 - Capital FX
 - Digital Asset Management



**Full year 2003 vs 2000*

Deluxe Film - 2004 and beyond

- Build on market leadership
- New geographic markets
- Expansion of digital services
 - EFILM - market leader
 - CE&A - market leader
- Further opportunities in digital



The screening room at EFILM, Hollywood

Deluxe Media - 2003 vs 2000

- Total transformation from VHS to DVD
- Consolidated facilities
- Geographic expansion
- 162m DVD produced vs 3.3m*
- Distribution is key
 - 523m vs 420m units*



**Full year 2003 vs 2000*

Deluxe Media - 2004 and beyond

- Focus on manufacturing and distribution
- First class facilities in N America and Europe
- Gaining new contract business is key



*Sortation in Deluxe Media's
Pleasant Prairie facility*

Review of Group Structure

- Each of the businesses well positioned
- Now is the right time to separate Deluxe Film and Deluxe Media from the Group
- Full engagement with key stakeholders
 - major studio customers
 - employees
- Update in Q1 2005

Group

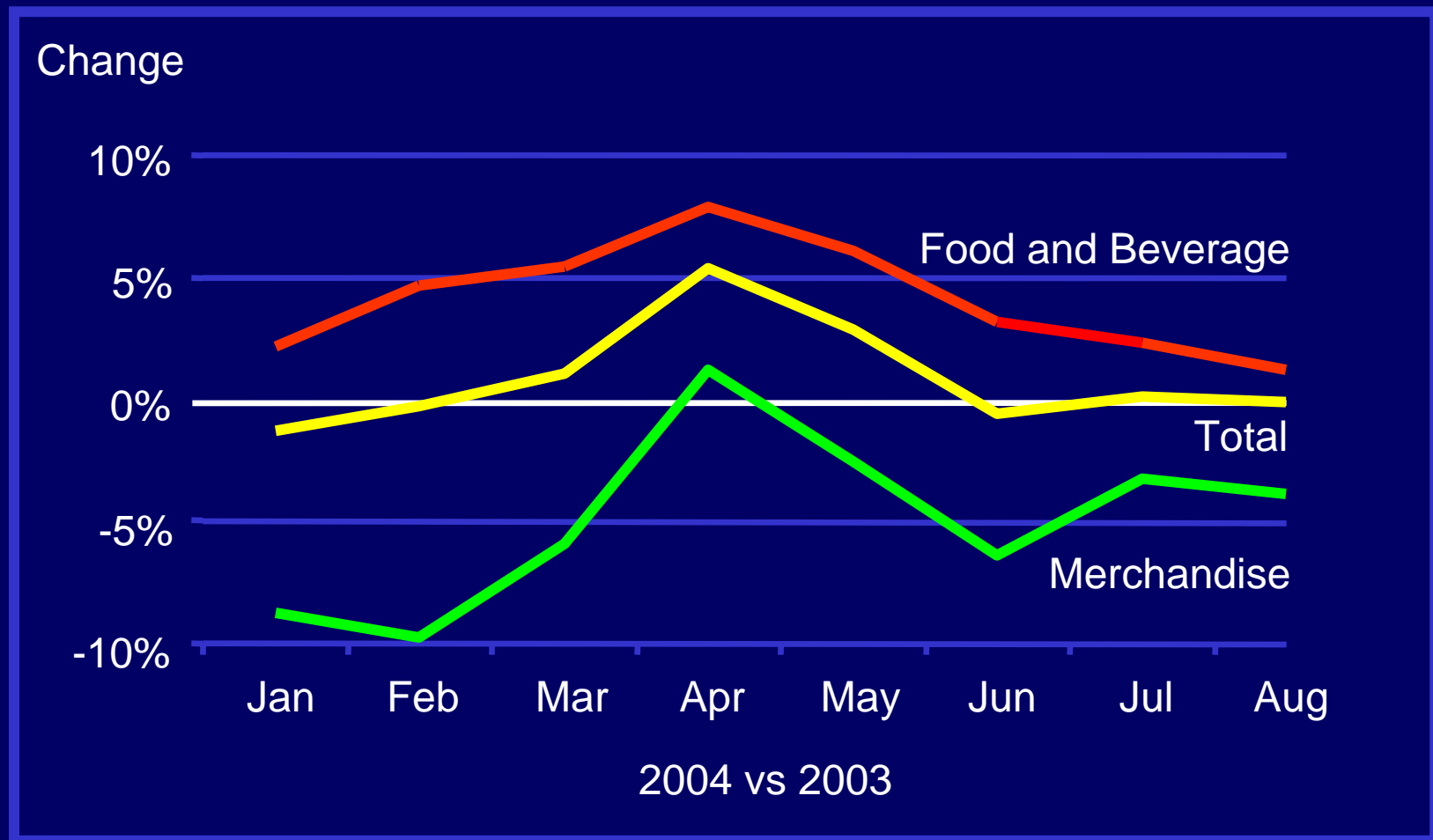
12 month outlook

- Gaming
 - UK: improved trading and prospects for deregulation
 - Europe: Belgium and Spain
- Hard Rock
 - further recovery?
 - focus on franchising and brand extensions
- Deluxe
 - Film - further development of added services
 - Media - focus on manufacturing and distribution

Supplementary Slides

Hard Rock

Like for like sales



Contract advances

2004 H1 summary

£m	Film	Media	2004 Total	2003 Total
New advances	(6.2)	(12.5)	(18.7)	(98.7)
Amortisation	28.1	8.5	36.6	44.5
Net cashflow	<u>21.9</u>	<u>(4.0)</u>	<u>17.9</u>	<u>(54.2)</u>
Net receivable	<u>184.4</u>	<u>25.3</u>	<u>209.7</u>	<u>283.4</u>
Creditors	<u>100.1</u>	<u>17.6</u>	<u>117.7</u>	<u>22.7</u>

Group capital structure

£m	30 Jun 2004	31 Dec 2003	30 Jun 2003
Net debt	(668.1)	(700.5)	(529.6)
Deluxe net contract advances receivable	209.7	229.1	283.4
Preference shares	-	-	(227.5)