

Year 2000 Compliance

The Year 2000 issue affects installed computer systems, software applications and other business systems that have date sensitive programs that may not properly reflect or recognise the Year 2000. This could result in miscalculation or system failures.

In 1997, Rank surveyed those areas where its systems and applications might be affected by the Year 2000 problem. As a result of significant capital investment made, starting in 1996, on improving and replacing systems to support the way Rank now operates within its divisions, few problem areas were identified. As the new systems replace fully depreciated older systems or represent a considerable enhancement to them, expenditure on them has been capitalised in fixed assets in the normal way. Revenue expenditure on addressing Year 2000 problems outside major system replacements has not been, nor is expected to be, material.

Good progress has been made in overcoming the remaining identified Year 2000 issues. The conversion of the majority of Deluxe's financial and business systems to the SAP platform will resolve the main issues in this division and this is on track for completion by June. Hard Rock core systems are new and Year 2000 compliant. The main outstanding issue for Holidays is the reservation systems where full compliance is planned to be achieved by the third quarter of 1999. At Leisure, all divisional systems are new and Year 2000 compliant, as are most site level systems.

With the exception of Holidays reservation systems, materially all systems should be Year 2000 compliant by the end of the second quarter of 1999. Progression on Year 2000 projects is regularly reviewed by senior management and the Audit Committee.

There is a risk to the Group, as with all companies, that its suppliers and customers may experience Year 2000 failures. Contingency plans are being drawn up to address these eventualities and will be finalised by the end of the third quarter of 1999.