

RANK OVERSEAS HOLDINGS LIMITED
Registered No. 412917

DIRECTORS' REPORT

AND

ACCOUNTS

31 DECEMBER 1999



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RANK OVERSEAS HOLDINGS LIMITED

DIRECTORS

Mr C B A Cormick
Mr I Dyson
Mr M E Smith

DIRECTORS' REPORT

The Directors present their Report and Statement of Accounts for the year ended 31 December 1999.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The Company is an investment holding company. Details of principal subsidiary undertakings are given in note 8 on page 13 in the notes to the accounts.

SUBSEQUENT EVENTS

Universal City Florida Partners and Universal City Development Partners, indirect investments of the company, were sold on 27 July 2000.

RESULTS AND DIVIDEND

The results of the Company for the year are set out on page 6. The Directors do not recommend the payment of a dividend.

FIXED ASSET INVESTMENTS

Details of fixed asset investments are shown in notes 7, 8 and 9 to the accounts on pages 12, 13 and 14.

DIRECTORS

The following were Directors of the Company during the year:-

Mr C B A Cormick
Mr I Dyson (appointed 1 November 1999)
Mr M E Smith (appointed 1 April 1999)
Mr N V Turnbull (resigned 1 November 1999)
Mr D M Yates (resigned 1 November 1999)

RANK OVERSEAS HOLDINGS LIMITED

DIRECTORS' REPORT

(Continued)

DIRECTORS' INTERESTS

The Directors' interests in shares or stocks of The Rank Group Plc, including options to purchase Ordinary shares under the terms of the Group's Executive Share Option Schemes ("ESOS") and Share Savings Schemes ("SAYE") were as follows:-

| | 31 December 1999 | | | | 1 January 1999 (or date of appointment if later) | | |
|---------------|--------------------|-------------------|-------|-------------------------------|---|---------|-------|
| | Ordinary Shares | ESOS | SAYE | Exercise Price (p) | Ordinary Shares | ESOS | SAYE |
| C B A Cormick | 3,500 | 123,341 62,867 | 5,412 | 372.92p 222.75p 179.00p | - | 123,341 | 2,789 |
| I Dyson | 15,000 | 278,225 | - | 248.00p | 15,000 | 278,225 | - |
| M E Smith | 30,000 | 795,580 | - | 226.25p | - | - | - |

Note: In addition to the above, C B A Cormick holds an option over 10,658 Ordinary shares granted under the terms of The Rank Group Plc Long Term Incentive Plan.

Options to subscribe for Ordinary shares of The Rank Group Plc granted to and exercised by Directors in the year ended 31 December 1999 are set out below. Except as stated, no options lapsed during the year.

| | Granted | | Lapsed | | Exercised | | | |
|---------------|---------|-------|--------|-------|-----------|------|-------------------------------|--|
| | ESOS | SAYE | ESOS | SAYE | ESOS | SAYE | Price per Option (p) | Market Price at date of exercise (p) |
| C B A Cormick | 62,867 | 5,412 | - | 2,789 | - | - | 222.75p 349.46p 179.00p | |
| M E Smith | 795,580 | - | - | - | - | - | 226.25p | |

RANK OVERSEAS HOLDINGS LIMITED

DIRECTORS' REPORT

(Continued)

In addition to the above interests, pursuant to the requirements of the Companies Act 1985, each Director is deemed to be interested in the Ordinary shares of The Rank Group Plc held by The Rank Group Plc Employee Benefit Trust. At 1 January 1999 and 31 December 1999 the interest was in a total of 390,000 Ordinary shares.

The Company's Register of Directors' interests (which is open to inspection) contains full details of Directors' shareholdings and options to subscribe.

Except as stated above, none of the Directors had any interest in the shares, share options, stocks or debentures of the Company, its ultimate parent undertaking or any subsidiary of that Company at 1 January 1999 or at 31 December 1999.


YEAR 2000

The Company experienced little no disruption or malfunctions since the turn of the year arising from its own computer systems or equipment with embedded date-reliant computer chips.

AUDITORS

In accordance with s386(2) of the Companies Act 1985, PricewaterhouseCoopers will continue as auditors of the Company under the terms of an elective resolution passed by the Company.

By order of the Board


S A Watkins
Secretary

Registered Office:
6 Connaught Place
London
W2 2EZ

13 September 2000

RANK OVERSEAS HOLDINGS LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the Directors to prepare accounts for each financial period which give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing those accounts, the Directors are required to:

- select suitable accounting policies and apply them consistently;
- make reasonable and prudent judgements and estimates;
- state that all applicable accounting standards have been followed, save as disclosed in the notes to the accounts;
- prepare the accounts on the going concern basis unless it is inappropriate to do so.

The Directors are responsible for ensuring that the Company keeps accounting records which disclose with reasonable accuracy at any time the financial position of the Company and which enable them to ensure that the accounts comply with the Companies Act 1985. They are also responsible for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

AUDITORS' REPORT TO THE MEMBERS OF RANK OVERSEAS HOLDINGS LIMITED

We have audited the accounts on pages 6 to 16 which have been prepared under the historical cost convention and the accounting policies set out on page 8.

Respective responsibilities of Directors and Auditors

The directors are responsible for preparing the financial statements as described on page 4. Our responsibilities, as independent auditors, are established by statute, the Auditing Practices Board and our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view are properly prepared in accordance with the Companies Act. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions is not disclosed.

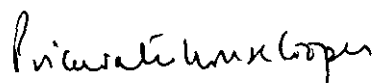
Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgements made by the Directors in the preparation of the accounts, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the accounts are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the accounts.

Opinion

In our opinion the accounts give a true and fair view of the state of the Company's affairs as at 31 December 1999 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



13 September 2000

PricewaterhouseCoopers, London
Chartered Accountants
Registered Auditors

1 Embankment Place
London
WC2N 6NN

RANK OVERSEAS HOLDINGS LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 1999

| | <u>Note</u> | <u>1999</u> <u>12 months</u> <u>£'000</u> | <u>1998</u> <u>12 months</u> <u>£'000</u> |
|--|-------------|---|---|
| Continuing operations | | | |
| Operating (loss)/profit | 2 | (355,007) | 239 |
| Interest receivable and similar income ^a | 3 | 15,784 | 21,722 |
| Interest payable to fellow subsidiary undertakings | 4 | (17,325) | (18,996) |
| | | <hr/> | <hr/> |
| (Loss)/profit on ordinary activities before taxation | | (356,548) | 2,965 |
| Tax on profit/(loss) on ordinary activities | 5 | 353 | (2,385) |
| | | <hr/> | <hr/> |
| | | (356,195) | 580 |
| Dividends payable | | - | (6,000) |
| | | <hr/> | <hr/> |
| Loss for the year | | (356,195) | (5,420) |
| Retained profit brought forward | | 78,858 | 84,278 |
| | | <hr/> | <hr/> |
| Retained profit carried forward | | (277,337) | 78,858 |
| | | <hr/> | <hr/> |

There are no recognised gains or losses other than the loss for the financial year.

The notes to the accounts are on pages 8 to 17.

RANK OVERSEAS HOLDINGS LIMITED


BALANCE SHEET AT 31 DECEMBER 1999

| | <u>Note</u> | <u>1999</u> <u>31 December</u> <u>£'000</u> | <u>1998</u> <u>31 December</u> <u>£'000</u> |
|--|-------------|---|---|
| FIXED ASSETS | | | |
| Investments in subsidiary undertakings | 6 & 7 | 210,781 | 553,549 |
| Other investments | 8 | 1,413 | 1,399 |
| | | <hr/> 212,194 | <hr/> 554,948 |
| CURRENT ASSETS | | | |
| Debtors: Amounts falling due within one year | 9 | 249,196 | 316,634 |
| CREDITORS: Amounts falling due within one year | 10 | (433,124) | (486,959) |
| NET CURRENT LIABILITIES | | <hr/> (183,928) | <hr/> (170,325) |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | 28,266 | 384,623 |
| PROVISIONS FOR LIABILITIES AND CHARGES | | | |
| Other provisions | 11 | (5,603) | (5,765) |
| NET ASSETS | | <hr/> 22,663 | <hr/> 378,858 |
| CAPITAL AND RESERVES | | | |
| Called up share capital | 14 | 300,000 | 300,000 |
| Profit and loss account | 15 | (277,337) | 78,858 |
| SHAREHOLDERS' FUNDS | 13 | <hr/> 22,663 | <hr/> 378,858 |

All shareholders' funds are attributable to equity interests.

These accounts were approved by the Board of Directors on

I. Dyson)
C. B. A. Cormick) Directors

 13 September 2000

The notes to the accounts are on pages 8 to 17.

RANK OVERSEAS HOLDINGS LIMITED

NOTES TO THE ACCOUNTS AT 31 DECEMBER 1999

1. Accounting policies

(i) Basis of preparation

The accounts are prepared under the historical cost convention and comply with applicable accounting standards on a basis consistent with the previous year.

(ii) Group accounts exemption

The information in these financial statements is presented about the Company as an individual undertaking and not about its group.

Under the provisions of Section 228 of the Companies Act 1985, the Company is exempt from the obligation to prepare and deliver group accounts. The Company is a wholly owned subsidiary of The Rank Group Plc, a company incorporated in Great Britain and registered in England and Wales.

(iii) Exchange rates

Revenues and costs arising from transactions denominated in foreign currencies are included in the profit and loss account at average rates of exchange.

Assets and liabilities denominated in foreign currencies are translated into Sterling at rates of exchange ruling at the balance sheet date except where a forward exchange contract has been arranged when the contracted rate used.

Non-monetary assets are maintained at their historical sterling equivalent except in the case of the investment referred to in note 1(iv). Exchange differences on the re-translation of this investment are dealt with net of differences on related foreign currency borrowings.

All exchange gains or losses arising from foreign currency transactions are dealt with in the profit and loss account as part of the result from ordinary activities.

(iv) Fixed asset investments

Investments are stated at the lower of cost or Directors' valuation.

The accounting policy has changed in order to conform with the policy adopted by the ultimate parent undertaking, The Rank Group Plc.

Under the previous policy investments were carried at cost or at Directors' valuation.

The change has been treated as a prior year adjustment and prior year's figures have been restated accordingly.

In the opinion of the Directors, the value of the Company's investments in its subsidiary undertakings is not less than the amount at which they are stated in the balance sheet.

RANK OVERSEAS HOLDINGS LIMITED

NOTES TO THE ACCOUNTS AT 31 DECEMBER 1999

(Continued)

1. Accounting policies (Continued)

(v) Deferred taxation

Deferred taxation, computed under the liability method, is provided in respect of timing differences to the extent that it is probable that a liability will arise in the foreseeable future. No provision is made for taxation payable in the event of the profits of certain overseas subsidiary undertakings being distributed. The amounts of deferred taxation provided are set out in note 12 on page 15.

(vi) Cash flow statement

Under Financial Reporting Standard 1, the Company is exempt from the requirement to include a cash flow statement within its accounts since it is a wholly owned subsidiary undertaking.

2. Operating profit

| | <u>1999</u> <u>12 months</u> <u>£'000</u> | <u>1998</u> <u>12 months</u> <u>£'000</u> |
|--|--|--|
| Administrative expenses | (55) | (54) |
| Provision for diminution in value of investments | (355,380) | (157) |
| Guarantee Fee Income | 428 | 450 |
| | <hr/> | <hr/> |
| | (355,007) | 239 |
| | <hr/> | <hr/> |
| Operating profit is stated after charging the following items: | | |
| | <u>1999</u> <u>12 months</u> <u>£'000</u> | <u>1998</u> <u>12 months</u> <u>£'000</u> |
| Auditors' remuneration for audit work | 5 | 4 |
| | <hr/> | <hr/> |

RANK OVERSEAS HOLDINGS LIMITED

NOTES TO THE ACCOUNTS AT 31 DECEMBER 1999

(Continued)

3. Interest receivable and similar income

| | <u>1999</u> <u>12 months</u> <u>£'000</u> | <u>1998</u> <u>12 months</u> <u>£'000</u> |
|-------------------------|---|---|
| Subsidiary undertakings | 15,784 | 21,722 |

4. Interest payable

| | <u>1999</u> <u>12 months</u> <u>£'000</u> | <u>1998</u> <u>12 months</u> <u>£'000</u> |
|-------------------------------|---|---|
| Parent undertaking | 14,041 | 9,494 |
| Fellow subsidiary undertaking | 15 | 9,502 |
| Subsidiary undertakings | 3,269 | - |
| | <u>17,325</u> | <u>18,996</u> |

RANK OVERSEAS HOLDINGS LIMITED

NOTES TO THE ACCOUNTS AT 31 DECEMBER 1999

(Continued)

5. Tax charge / (credit) on profit on ordinary activities

| | <u>1999</u> <u>12 months</u> <u>£'000</u> | <u>1998</u> <u>12 months</u> <u>£'000</u> |
|--------------------------------|---|---|
| U.K. Corporation tax: | | |
| Prior year adjustment | - | 353 |
| Current year charge / (credit) | (353) | 2,032 |
| | <hr/> | <hr/> |
| | (353) | 2,385 |
| | <hr/> | <hr/> |

The charge / (credit) for taxation is based on profits from ordinary activities excluding profits on disposal of or provisions against investments in subsidiary undertakings.

United Kingdom corporation tax is provided at 30.25% (1998: 31%).

RANK OVERSEAS HOLDINGS LIMITED

NOTES TO THE ACCOUNTS AT 31 DECEMBER 1999

(Continued)

6. Investments in subsidiary undertakings

| | <u>Shares at cost or valuation £'000</u> | <u>Provisions for diminution in value £'000</u> | <u>Total £'000</u> |
|--|--|---|------------------------|
| As reported at 31 December 1998 | 587,036 | (15,656) | 571,380 |
| Adjustment to carrying value | (17,831) | - | (17,831) |
| At 31 December 1998 – restated | 569,205 | (15,656) | 553,549 |
| Currency translation adjustment | 12,612 | - | 12,612 |
| Charge to Profit & Loss account during the year | - | (355,380) | (355,380) |
| At 31 December 1999 | 581,817 | (371,036) | 210,781 |
| Shares at cost | 581,817 | (371,036) | 210,781 |
| Shares at directors' valuation | - | - | - |
| | 581,817 | (371,036) | 210,781 |

The historical cost of shares included at Directors' valuation at 31 December 1999 was £NIL (1998 restated : £NIL, as reported : £25,774,000). The shares were valued by the Directors on the basis of the book amount of the underlying net assets.

The adjustment to the carrying values at 31 December 1998 arose because of the change in accounting policy. Shares are now shown at the lower of cost or Directors' valuation.

The Company is exempt from the obligation to prepare and deliver group accounts under S228 of the Companies Act 1985. The Company is included in the consolidated accounts of The Rank Group Plc, a company incorporated in Great Britain.

RANK OVERSEAS HOLDINGS LIMITED

NOTES TO THE ACCOUNTS AT 31 DECEMBER 1999

(Continued)

7. Principal subsidiary undertakings

Except where otherwise stated, Rank Overseas Holdings Limited owns indirectly 100% of the ordinary share capital of the following companies. The country of registration or incorporation is indicated after the Company name. The principal operations are carried out in the country of registration.

Film and Entertainment Services

Deluxe Laboratories Inc (USA)
Deluxe Toronto Limited (Canada)
Deluxe Video Services Inc (USA)

Principal activities

Film processing laboratory
Film processing laboratory
Video duplication

Hard Rock

Hard Rock Cafe International (USA) Inc (USA)

Operates and franchises Hard Rock cafes in certain territories

Holidays

Resorts USA Inc (USA)

'Outdoor World' holiday memberships at caravan park resorts, the sale of time-shares, second homes and land

Holding and other companies

Rank America Inc (USA)

Owns the Group's investments in the USA

Rank Holding España SA (Spain)

Owns the Group's investments in Spain

Rank Holdings (France) SA (France)

Owns the Group's investments in France

Rank Holdings (Germany) GmbH (Germany)

Owns the Group's investments in Germany

Rank Holdings (Netherlands) BV (Netherlands)
[Rank Overseas Holdings Limited owns directly 100% of the ordinary shares]

Owns the Group's investments in Rank America Inc and other overseas subsidiary undertakings

Rank Orlando Inc (USA)

Owns the Group's investments in Universal City Florida Partners

Rank Orlando II Inc (USA)

Owns the Group's investments in Universal City Development Partners

RANK OVERSEAS HOLDINGS LIMITED

NOTES TO THE ACCOUNTS AT 31 DECEMBER 1999

(Continued)

8. Other Investments

During the year the Company incurred capital expenditure in the indirect purchase of shares in Universal Studios Japan acquired by Rank Holdings (Netherlands) B.V.

9. Debtors - amounts falling due within one year

| | <u>1999</u> <u>31 December</u> <u>£'000</u> | <u>1998</u> <u>31 December</u> <u>£'000</u> |
|---|--|--|
| Amounts owed by subsidiary undertakings | 248,157 | 315,949 |
| UK Corporation Tax | 354 | - |
| Overseas tax | 685 | 685 |
| | <hr/> | <hr/> |
| | 249,196 | 316,634 |
| | <hr/> | <hr/> |

10. Creditors - amounts falling due within one year

| | <u>1999</u> <u>31 December</u> <u>£'000</u> | <u>1998</u> <u>31 December</u> <u>£'000</u> |
|---|--|--|
| Amount owed to parent undertaking | 312,116 | 458,443 |
| Amount owed to fellow subsidiary undertakings | 1,054 | 1,881 |
| Amount owed to subsidiary undertakings | 119,954 | 26,635 |
| | <hr/> | <hr/> |
| | 433,124 | 486,959 |
| | <hr/> | <hr/> |

RANK OVERSEAS HOLDINGS LIMITED

NOTES TO THE ACCOUNTS AT 31 DECEMBER 1999

(Continued)

11. Provisions for liabilities and charges

| | <u>Other provisions £'000</u> |
|-----------------------------|--|
| Balance at 31 December 1998 | 5,765 |
| Utilised in year | (162) |
| | <hr/> |
| Balance at 31 December 1999 | 5,603 |
| | <hr/> |

Other provisions represent contingent consideration arising as a result of a subsidiary of the Company being involved in a dispute with Serena Holdings Limited over the purchase consideration of an acquisition which has been referred to an expert for determination. The dispute centres upon the parties' contentions in relation to the accounts and the profits of the businesses based upon which an additional purchase consideration may be payable. The Directors of The Rank Group Plc are strongly resisting the payment of any further sum. At the present time the outcome to the Company cannot be determined and the potential liability cannot be quantified. However, it is the opinion of the Directors that it is unlikely that the outcome of this dispute will have a material effect on the Company's financial position.

12. Deferred taxation

Timing differences:

| <u>As provided</u> | | <u>Not provided</u> | |
|--|--|--|--|
| <u>1999 31 December £'000</u> | <u>1998 31 December £'000</u> | <u>1999 31 December £'000</u> | <u>1998 31 December £'000</u> |
| - | - | - | - |
| <hr/> | <hr/> | <hr/> | <hr/> |

RANK OVERSEAS HOLDINGS LIMITED

NOTES TO THE ACCOUNTS AT 31 DECEMBER 1999

(Continued)

13. Reconciliation of movements in shareholders' funds

| | £'000 |
|---|--------------|
| As reported at 31 December 1998 | 396,689 |
| Prior year adjustment for change in accounting policy | (17,831) |
| | <hr/> |
| Balance at 31 December 1998 – restated | 378,858 |
| Loss for the year | (356,195) |
| | <hr/> |
| Balance at 31 December 1999 | 22,663 |
| | <hr/> |

14. Share capital

| | £'000 |
|---|--------------|
| Authorised, allotted, called up, issued and fully paid: | |
| 300,000,000 Ordinary shares of £1 each | |
| At 31 December 1998 and 31 December 1999 | 300,000 |
| | <hr/> |

15. Reserves

| Profit and Loss Account | £'000 |
|----------------------------------|--------------|
| At 31 December 1998 | 78,858 |
| Increase/(Decrease) for the year | (356,195) |
| | <hr/> |
| At 31 December 1999 | (277,337) |
| | <hr/> |

RANK OVERSEAS HOLDINGS LIMITED

NOTES TO THE ACCOUNTS AT 31 DECEMBER 1999

(Continued)

16. Contingent liabilities

There are contingent liabilities amounting to £3.2m (1998: £3.4m) in respect of guarantees.

17. Directors and employees

The Directors received no remuneration in the year (1998: £nil). There were no employees of the Company during the year (1998: nil).

Information relating to the Directors' shareholdings and share options is given in the Directors' Report on pages 1, 2 and 3.

18. Ultimate parent undertaking

The ultimate parent undertaking and controlling party is The Rank Group Plc, which is the parent undertaking of the smallest and largest group to consolidate these financial statements. Copies of The Rank Group Plc consolidated financial statements can be obtained from the Company Secretary at 6 Connaught Place, London, W2 2EZ.