



Hyatt Holdings (UK) Limited

Accounts for the period from 11 May 1998 to 31 December 1998
together with directors' and auditors' reports

Registered number: 3564855



Director's report

For the period ended 31 December 1998

The director presents his report on the affairs of the company, together with the accounts and auditors' report, for the period ended 31 December 1998.

Incorporation

The company was incorporated on 11 May 1998.

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 then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the accounts comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Principal activity

The company is a holding company and owns the following entities: RC (Spain) Limited, Hyatt Investments Limited and London Hotel Management Limited. The company is not required to produce consolidated accounts for the group by virtue of its size.

Going concern

The accounts have been prepared on a going concern basis, despite the company's loss during the period and net liabilities at 31 December 1998. The company is reliant on support from its parent companies but no guarantee of continuing financial support has been provided and the ability of the company to continue as a going concern is therefore uncertain.

Director's report (continued)

Subsequent events

On 31 August 1999, the company sold its investments in Hyatt Investments Limited and London Hotel Management Limited to Hyatt International Corporation. It is the intention of the directors to make the company dormant in due course.

Results and dividends

The company made a loss of £2,271,521 for the period from incorporation to 31 December 1998.

No dividend payment is proposed.

Directors and their interests

The directors who served during the period from incorporation were:

Instant Companies Limited	(appointed 11 May 1998, resigned 11 May 1998)
L. Stoga - US citizen	(appointed 11 May 1998)

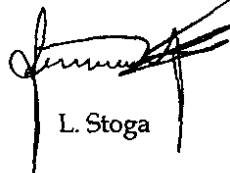
During the period the directors had no beneficial interests in the shares of the company.

Auditors

Arthur Andersen were appointed as auditors during the period and the director will place a resolution before the annual general meeting to reappoint Arthur Andersen as auditors for the ensuing year.

2 Cadogan Place
London
SW1X 9PY

By order of the Board,



L. Stoga

Director

18 October 1999

Auditors' report

London

To the Shareholders of Hyatt Holdings (UK) Limited:

We have audited the accounts on pages 5 to 10 which have been prepared under the historical cost convention and the accounting policies set out on page 7.

Respective responsibilities of directors and auditors

As described on page 1 the company's directors are responsible for the preparation of the accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you.

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 judgments 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.

Going concern basis

The accounts have been prepared on a going concern basis. However, as explained in note 1 (a) to the accounts, the company incurred a loss of £2,271,521 during the period ended 31 December 1998 and, at that date, the company's liabilities exceeded its assets by £896,221. The company is therefore reliant on support from its parent companies but no guarantee of continuing financial support has been provided by the parent companies and the ability of the company to continue as a going concern is therefore uncertain.

In view of the significance of this matter we consider that it should be drawn to your attention, but our opinion is not qualified in this respect.

Auditors' report

Opinion

In our opinion the accounts give a true and fair view of the state of the company's affairs as at 31 December 1998 and of its loss for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

A handwritten signature in black ink that reads "Arthur Andersen". The signature is written in a cursive, flowing style.

Arthur Andersen
Chartered Accountants and Registered Auditors

1 Surrey Street
London
WC2R 2PS

18 October 1999

Profit and loss account

For the period from incorporation to 31 December 1998

	Notes	1998 £
Write off investment in RC (Spain) Limited	3	(2,254,200)
Operating expenses	2	(17,460)
Operating loss		<u>(2,271,660)</u>
Interest receivable		139
Loss on ordinary activities before taxation		<u>(2,271,521)</u>
Tax on loss on ordinary activities		-
Loss for the financial period	6	<u>(2,271,521)</u>
Accumulated deficit, at 31 December		<u>(2,271,521)</u>

The results have been derived wholly from acquisitions during the period. The operations of RC (Spain) Limited have been discontinued.

There are no recognised gains or losses other than the losses attributable to the shareholders of the company during the period ended 31 December 1998. Accordingly no statement of total recognised gains and losses has been prepared.

The accompanying notes are an integral part of these financial statements.

Balance sheet


As at 31 December 1998

	Notes	1998 £
Fixed assets: Investments		<u>102</u>
Current assets: Cash at bank and in hand		122
Creditors: Amounts falling due within one year	4	<u>(894,887)</u>
Net current liabilities		<u>(894,765)</u>
Total assets less current liabilities		<u>(894,663)</u>
Creditors: Amounts falling due after one year	4	<u>(1,558)</u>
Net liabilities		<u>(896,221)</u>
Equity capital and reserves		
Called-up share capital	5	1,375,300
Profit and loss account		<u>(2,271,521)</u>
Equity shareholders' deficit	6	<u>(896,221)</u>

Signed on behalf of the Board

L. Stoga

Director



18 October 1999

The accompanying notes are an integral part of this balance sheet.

Notes to accounts

31 December 1998

1 Accounting policies

A summary of the principal accounting policies, all of which have been applied consistently throughout the period, is set out below.

a) Going concern

The accounts have been prepared on a going concern basis. However, the company incurred a loss of £2,271,521 during the period ended 31 December 1998 and at that date its liabilities exceeded its assets by £896,221 and therefore the ability of the company to continue as a going concern is uncertain. The company is therefore reliant on support from its parent companies but no guarantee of continuing financial support has been provided.

Having considered these factors, the directors of the company consider that the going concern basis is appropriate.

b) Basis of accounting

The accounts are prepared under the historical cost convention and in accordance with applicable accounting standards.

The company has not prepared consolidated accounts in accordance with the exemptions allowed under the Companies Act 1985 for small companies.

c) Investments

Investments in the subsidiary undertakings are stated at cost. Provisions are made for permanent impairments in value.

d) Taxation

Corporation tax payable is provided on taxable profits at the current rate.

Deferred taxation is provided using the liability method on all timing differences only to the extent that they are expected to reverse in the future without being replaced.

e) Cash flow

The company has not prepared a cash flow statement in accordance with the exemptions provided to small companies in Financial Reporting Standard No. 1 (Revised).

f) Related party transactions

The nature of related party transactions and any balances outstanding at year end are disclosed in the relevant note to the accounts.

Notes to accounts (continued)

2 Operating expenses

	1998 £
Auditors' remuneration	
- audit fees	2,476
- non-audit fees	8,544
Administrative expenses	6,440
	<u>17,460</u>

The director received no remuneration as a result of services to the company.

3 Fixed assets: Investments

	1998 £
Cost	
Additions:	
Hyatt Investments Limited	100
London Hotel Management Limited	2
RC (Spain) Limited	1,375,300
Cost at 31 December 1998	<u>1,375,402</u>
Provision for permanent impairment in value	
RC (Spain) Limited	<u>(1,375,300)</u>
Net book value at 31 December 1998	<u>102</u>

The companies listed above, which are all 100% owned companies incorporated in the UK, were acquired during the period.

On 25 September 1998, RC (Spain) Limited signed a Joint Venture Agreement with Innogolf S.A. ("Innogolf") to acquire 80% of the share capital of La Manga Club Casino S.A. ("LMCC") and signed a Casino Management Agreement with LMCC. On 31 December 1998, the directors of RC (Spain) Limited terminated the Joint Venture Agreement with Innogolf and the Casino Management Agreement. Consequently the directors have elected to write off the carrying value investment in RC (Spain) Limited, and accrue for the required cash contribution to RC (Spain) Limited as a result of terminating the two agreements which amounts to £878,900 (note 4).

Notes to accounts (continued)

4 Creditors:

	1998 £
Amounts falling due within one year:	
Amounts due to group undertakings	15,987
Accruals	878,900
	<u>894,887</u>
Amounts falling due after more than one year:	
Amounts due to group undertakings	<u>1,558</u>

5 Called-up share capital

	1998 Number	1998 £
Ordinary shares of £100 each		
Authorised	1,000,000	100,000,000
Issued and fully-paid	<u>13,753</u>	<u>1,375,300</u>

6 Reconciliation of movement in equity shareholders' deficit

	1998 £
Shareholders' deficit at 11 May 1998	-
Issue of share capital during the period	1,375,300
Loss for the period	<u>(2,271,521)</u>
Shareholders' deficit at 31 December 1998	<u>(896,221)</u>

7 Subsequent events

On 31 August 1999, the company sold its investments in Hyatt Investments Limited and London Hotel Management Limited to Hyatt International Corporation at book value.

It is the intention of the directors to liquidate its remaining subsidiary undertaking RC (Spain) Limited and cease all activities of the company in the future.

Notes to accounts (continued)

8 Ultimate parent company and controlling party

The company's ultimate parent company and controlling party is Marmon Holdings Inc., incorporated in the United States of America.

The largest group in which the results of Hyatt Holdings (UK) Ltd are consolidated is that headed by Marmon Holdings Inc., and the smallest group in which they are consolidated is that headed by its immediate parent company, Hyatt International Corporation, incorporated in the United States of America. The consolidated accounts of these groups are not available to the public.