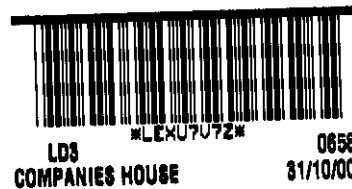


Tussauds Holdings Limited
(formerly DMWSL 239 Limited)

Report

**for the period from 27th August 1998
to 31st December 1999**

Registered number: 03622835



Tussauds Holdings Limited
(formerly DMWSL 239 Limited)

Report
for the period from 27th August 1998 to 31st December 1999

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Directors and advisors

Directors

M G Jolly
Chairman

J Britton

S M Drury

A R Hollingsworth

M Offord

R Roger

P A Tansley

P B Taylor

P R Wells

Secretary and registered office

S J Coote
York Court
Allsop Place
London
NW1 5LR

Auditors

Deloitte & Touche
Hill House
1 Little New Street
London
EC4A 3TR

Bankers

HSBC Bank plc
27 - 32 Poultry
London
EC2P 2BX

Deutsche Bank AG London
Winchester House
1 Great Winchester Street
London
EC2N 2DB

Directors' report
for the period from 27th August 1998 to 31st December 1999

The directors present their report and the audited consolidated financial statements for the period from 27th August 1998 to 31st December 1999. The company was incorporated on 27th August 1998 as DMWSL 239 Limited and changed its name to Tussauds Holdings Limited on 28th October 1998.

Profit and dividends

The group's loss before taxation amounted to £18,574,000. Details are contained in the profit and loss account on page 6.

No final dividend is proposed.

Principal activity

From 19th October 1998, the company has been the direct holding company for Tussauds Limited (formerly The Tussauds Group Limited) and the indirect holding company for Tussauds Finance Limited, Tussauds Theme Parks Limited (formerly Chessington World of Adventures Limited), Madame Tussaud Scenerama BV, Tussauds Attractions Limited (formerly Warwick Castle Limited) and The Tussauds Group Inc.

Review of the business and future developments

The directors are satisfied that the financial statements give a fair review of the development of the business of the company during the period and of its position at the period end.

The company acquired Tussauds Limited (formerly The Tussauds Group Limited) and The Tussauds Group Inc from Pearson plc for £272.6m on 19th October 1998.

The company continues to look for opportunities to extend its activities in the field of daytime family entertainment in the United Kingdom and abroad.

Share capital and status of company

On 16th October 1998, the company acquired Tussauds Limited (formerly The Tussauds Group Limited) and The Tussauds Group Inc from Pearson plc for £272.6 million, with completion on 19th October 1998. The company was renamed Tussauds Holdings Limited on 28th October 1998.

Directors

25 Nominees Limited, appointed on incorporation, resigned on 11th October 1998; M Offord and S M Drury were appointed on 11th October 1998, M G Jolly and R Roger on 6th November 1998 and the remaining directors on 13th November 1998.

The present directors of the company are listed on page 1.

Directors' report (continued)

Directors' interests

The interests of the directors, who are also directors of the ultimate holding company, The Tussauds Group Limited, and their families in ordinary shares of 10 pence each of The Tussauds Group Limited are shown in the report and accounts of The Tussauds Group Limited.

Auditors

In accordance with Section 386 of The Companies Acts 1985-1989, an elective resolution, dated 30th August 2000, was made to dispense with the obligation to appoint auditors annually.

PricewaterhouseCoopers resigned as auditors on 13th July 1999. The casual vacancy thus arising was filled by the appointment of Deloitte & Touche.

Accounts and reports

In accordance with Section 252 of The Companies Acts 1985-1989, an elective resolution, dated 30th August 2000, was made to dispense with the laying of accounts and reports before the company in general meeting.

Annual general meetings

In accordance with Section 366A of The Companies Acts 1985-1989, an elective resolution, dated 30th August 2000, was made to dispense with the holding of annual general meetings.

By Order of the Board.



S J Coote
Secretary

31 October 2000

Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company as at the end of the period and of the profit or loss of the group for that period. In preparing those financial statements, the directors are required to select suitable accounting policies and apply them consistently and make judgements and estimates that are reasonable and prudent.

The directors must also state whether applicable accounting standards have been followed and disclose and explain any material departures in the financial statements which must be prepared on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for the maintenance of adequate accounting records in compliance with the Companies Act 1985, for safeguarding the assets of the group, and for preventing and detecting fraud and other irregularities.

**Report of the auditors to the members of
Tussauds Holdings Limited**

We have audited the financial statements on pages 6 to 12, which have been prepared under the historical cost convention and the accounting policies set out on page 9.

Respective responsibilities of directors and auditors

As described on page 4 the company's directors are responsible for the preparation of the financial statements, which are required to be prepared in accordance with United Kingdom law and accounting standards. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

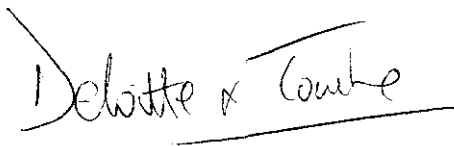
Basis of opinion

We conducted our audit in accordance with United Kingdom 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 financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's and the group'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 financial statements 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 financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the company as at 31st December 1999 and of the loss of the company for the period from 27th August 1998 to 31st December 1999 and have been properly prepared in accordance with the Companies Act 1985.

A handwritten signature in dark ink, appearing to read 'Deloitte & Touche', is written over a horizontal line.

Deloitte & Touche
Chartered Accountants and Registered Auditors
Hill House
1 Little New Street
London
EC4A 3TR

31 October 2000

Profit and loss account
for the period from 27th August 1998 to 31st December 1999

	Note	Period from 27th August 1998 to 31st December 1999 £'000
Administrative expenses		(7,344)
Operating loss	3	(7,344)
Interest receivable and similar income	4	394
Interest payable and similar charges	5	(11,624)
Loss on ordinary activities before taxation		(18,574)
Taxation		-
Loss on ordinary activities after taxation, loss for the financial period and retained loss for the period	11	(18,574)

There is no material difference between the loss on ordinary activities before taxation and the retained loss for the period stated above and their historical cost equivalents.

There were no recognised gains or losses in the period other than the loss for the period.

All activities derive from an acquisition in the period.

**Reconciliation of movements in shareholders' funds
for the period 27th August 1998 to 31st December 1999**

	Period from 27 th August 1998 to 31 st December 1999 £'000
Loss for the financial period	(18,574)
Shares issued	50,000
Net increase in shareholders' funds	<u>31,426</u>
Opening shareholders' funds	-
Closing shareholders' funds	<u><u>31,426</u></u>

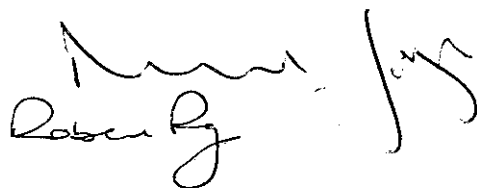
Balance sheet at 31st December 1999

	Notes	31 st December 1999 £'000
Fixed assets		
Investments in subsidiary undertakings	6	282,742
Current assets		
Debtors	7	9,008
Cash at bank and in hand		951
		<hr/> 9,959
Creditors: amounts falling due within one year	8	(92,617)
Net current liabilities		<hr/> (82,658)
Total assets less current liabilities		<hr/> 200,084
Creditors: amounts falling due after more than one year	9	(168,658)
Net assets		<hr/> 31,426
Capital and reserves		
Called up share capital	10	50,000
Profit and loss account	11	(18,574)
Equity shareholders' funds		<hr/> 31,426

The financial statements on pages 6 to 12 were approved by the board of directors on 31 October 2000 and were signed on its behalf by:

M G Jolly

R Roger



)
)
)

Directors

Notes to the financial statements
for the period from 27th August 1998 to 31st December 1999

1. Principal accounting policies

The financial statements have been prepared in accordance with applicable accounting standards in the United Kingdom. A summary of the significant group accounting policies, which have been applied consistently, is set out below.

Basis of accounting

The financial statements of the group are prepared in accordance with the historical cost convention.

Consolidation

The company is exempt under section 228 of the Companies Act 1985 from the obligation to prepare and deliver group accounts as the company is itself a wholly owned subsidiary of Tussauds Group Limited (see note 14), a company registered in England and Wales.

Investments in subsidiary undertakings

Investments are stated at cost. Provision is made for any permanent diminution in value.

Cash flow statement

The cash flows of the company are included in the consolidated group cash flow statement of The Tussauds Group Limited, the immediate holding company. Consequently, the company is exempt under the terms of Financial Reporting Standard No 1 from publishing a cash flow statement.

2. Geographical analysis:

	Operating loss 1998/1999 £'000	Net assets 1998/1999 £'000
United Kingdom	(18,574)	1,426
United States of America	-	30,000
	(18,574)	31,426

All activities were within the entertainment sector.

3. Operating loss

After charging:	1998/1999 £'000
Financing and other fees in connection with the acquisition of Tussauds Limited and The Tussauds Group Inc	6,344
Abortive acquisition costs	1,000

Notes to the financial statements (continued)

4. Interest receivable and similar income

	1998/1999 £'000
On bank deposits	394
	<u> </u>

5. Interest payable and similar charges

	1998/1999 £'000
Loans	11,624
	<u> </u>

6. Investments in subsidiary undertakings

	1998/1999 £'000
Cost	
Acquired in period	282,742
At 31st December 1999	<u>282,742</u>

Interests in principal group undertakings:

	Country of incorporation or registration	Class and percentage of shares held by company
DMWSL 266 Limited	England and Wales	Ordinary 100
Madame Tussaud's Touring Exhibition Limited	England and Wales	Ordinary 100
The Tussauds Group Inc	USA	Ordinary 100
Tussauds Limited	England and Wales	Ordinary 100

7. Debtors

	31 st December 1999 £'000
Amounts falling due within one year	
Amounts owed by subsidiary undertakings	9,008
	<u> </u>

8. Creditors: amounts falling due within one year

	31 st December 1999 £'000
Amounts owed to holding company	91,913
Accruals	704
	<u>92,617</u>

Notes to the financial statements (continued)

9. Creditors: amounts falling due after more than one year

**31st December
1999
£'000**

Amounts owed to subsidiary undertakings 168,658

10. Share capital

**Number
000's £'000**

Ordinary shares of £1 each:

Authorised

At 31st December 1999 50,000 50,000

Allotted, called up and fully paid

Issued during the period 50,000 50,000

At 31st December 1999 50,000 50,000

The shares were issued in the period to capitalise the company.

11. Profit and loss account

**1998/1999
£'000**

Retained loss for the period (18,574)

At 31st December 1999 (18,574)

12. Transactions with directors

No director had a material interest in any contract or arrangement with the group during the period.

13. Related parties

The company is a wholly owned subsidiary within The Tussauds Group Limited and utilises the exemption contained in FRS 8 Related Party Disclosures not to disclose any transactions with entities that are part of the group.

There were no transactions with directors and officers of the company.

Notes to the financial statements (continued)

14. Holding company and ultimate controlling party

The parent and ultimate holding company is The Tussauds Group Limited and the ultimate controlling party is Charterhouse General Partners (VI) Limited. The consolidated financial accounts of The Tussauds Group Limited may be obtained on request from Companies House, Crown Way, Maindy, Cardiff, CF4 3UZ.