



RANK REPORT

for employees of The Rank Organisation

Spread of activities can give

Future Expansion

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Against "growing public awareness of the importance of profitability" The Rank Organisation has reported an improvement on its own figures and its associated companies. The pre-tax profit of £124m against last year's figure means that the Company has maintained its growth pattern in order to provide for future investment.

In presenting his first report as Chairman of The Rank Organisation, Mr. Harry Smith said: "We are fortunate in having a wide spread of activities covering both service and leisure as well as the manufacture and marketing of industrial and consumer products. From these varied activities we will find important opportunities for successful expansion in the future."

He continued: "Currently, management's primary effort is directed towards continued improvement in the general level of profitability throughout the operations of The Rank Organisation."

Awareness

"There is, I think, a growing public awareness of profitability which remains the most effective long term measurement of management competence. It is also true that a satisfactory profit performance in real terms is not only important to investors and lenders but is also the only worthwhile guarantee of job security and career prospects for the employees concerned."

Mr. Smith said that the existing subsidiary company structure enabled us to identify clearly the performance of our various activities. Some of the subsidiary companies were already achieving a satisfactory trend of profitability relative to the resources they used.

"I believe we must persist with the efforts being made to improve those activities which are not currently producing adequate profits until we have achieved the level of profitability



Mr. Harry Smith with Mr. Ken Kift in the Print Room at ENM, Enfield.

required or, alternatively, are convinced that for fundamental reasons beyond our control we are unable to do so.

"In such an event we would not, in my view, be justified in subsidising such operations indefinitely through the overall profitability of the Group.

"I believe, however, that the considerable efforts being made by all concerned to improve the performance of our various activities can succeed and we shall be able to demonstrate this through a rising trend in profitability for those activities directly controlled by The Rank Organisation."

Copies of the 1977 Annual Report and Accounts are available on request from your Personnel Manager.

Complex Result of Pay Restraint

"It is a matter for great concern that the biggest reduction in living standards should fall on those in industry with the highest levels of skill and experience and on those carrying the greatest responsibility for performance."

Describing the important relationship between the Company and its U.K. employees, Mr. Smith said: "We have, together with other employers, been passing through a difficult phase.

"The establishment of fair and readily acceptable differentials covering the great varieties of work in society is immensely difficult and complex.

"Government controls and guidelines have been introduced to deal with national problems and, in the short term, may be justified to overcome the recent financial crisis.

"In the long term they may lead to possible tension and discord, as the distortion of differentials they inevitably produce becomes more apparent.

"It is, in my view, a matter for great concern that the biggest reduction in living standards should fall on those in industry with the highest levels of skill and experience and on those carrying the greatest responsibility for performance."

(continued on back page)

Worldwide sales of our products and services

	£m
Film Exhibition	63
Dancing & Bingo	28
Motorports	18
Film Studios & Distrib.	8
Hotels	32
Audio Visual	70
Film Laboratories	15
Radio and TV (Europe)	39
Precision Instruments	39
TV and other Products (Australia)	60
Holiday Centres	48
Property	15
Others	8
	443

The Rank Organisation's sales of goods and services totalled £443 million last year.

The sales of the different activities within the Organisation and how they contributed to this overall total are shown at left.

On the right you can see how our operations in Britain and around the world contributed to this total sales figure. The British figure includes direct exports to customers throughout the world, other than to our own subsidiaries. The figures for other countries represent sales originating there.

	£m
UK	295
Australia	60
Canada	34
Germany	10
Holland	10
USA	9
Other	25
	443

How our work contributed to those products and services

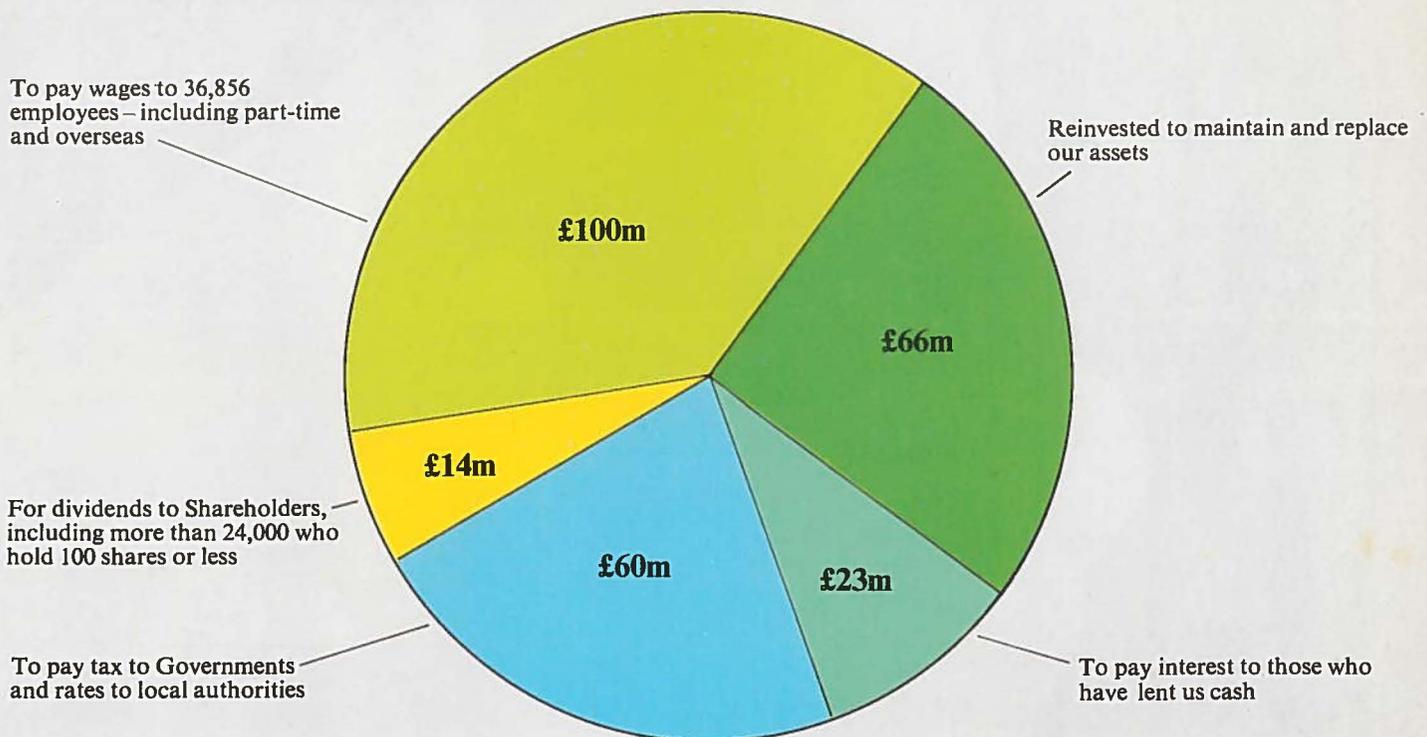
Although The Rank Organisation received £443 million for its goods and services, it had to pay £289 million for the materials etc. to make or provide them.

The difference between what we bought and what we sold was the value we added, or the wealth we created, through our own skill and effort: £154 million.

To this we need to add our share of profits from associated companies (mainly Rank Xerox) amounting to £109 million. This gave a total of £263 million.

Materials and Services bought in		
	£289m	
Value Added by Our Efforts	£154m	£154m
Total Sales	£443m	
		Profits from Associated Companies
		£109m
		Total
		£263m

...and how we used this £263m



How 1977 affected our operations

Rank Hotels

For the first time since 1972 the Company made a profit, a large percentage of this coming from the five London hotels, all of which operated very successfully. Weekend breaks helped provincial and European hotels. The Merrion Hotel, Leeds, was sold.



English Numbering Machines

Although unable to sustain profit achieved in 1976 new management has succeeded in resolving a number of longstanding problems and established a sounder base for the future.

Rank Film Distributors

An agreement was signed with Twentieth Century-Fox to distribute their product in Britain – including "Star Wars" which has grossed more money in the United States than any other picture in history. This very much strengthens the Company's operations.

Rank Film Productions

Newly formed to pursue an increased production programme. At the year end two pictures "The Shout" and "Wombling Free" were nearing completion and a further four international pictures will be started this year.

Rank Leisure Services

Film Exhibition

Whilst national cinema audiences in the U.K. have declined over the last few years, we achieved an increase in admissions compared with the previous year. This was due to the attractive films we were able to offer. We now have 271 screens on 137 sites. In Holland and Portugal the results are better and in Ireland the return of tourism has helped.

Bingo

The popularity of bingo is maintained and clubs which were acquired last year have been doing well. During the year new Clubs at Weymouth and Halifax were opened. Launceston and Torquay were closed and Possill Road, Glasgow, and Northampton Clubs were sold. There are 68 Top Rank Clubs throughout Britain.

Motorports and Airport Catering

Despite lack of traffic growth on motorways, development of shops and outside selling points has been successful. At Terminal 1, Heathrow Airport the catering staff coped well with the problems caused by the long running strike of Air Traffic Control Assistants.

Entertainment and Catering

Ten extra night spots were added from Kirby House Investments. In addition new sites were opened at Birmingham and Scarborough.

Rank Advertising Films

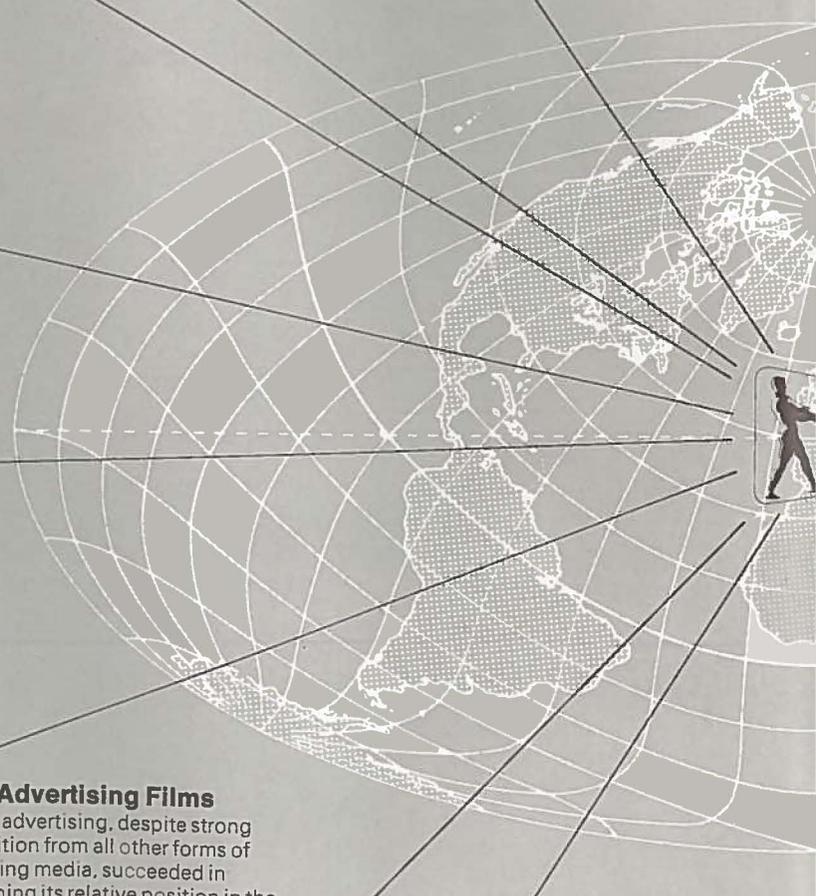
Cinema advertising, despite strong competition from all other forms of advertising media, succeeded in maintaining its relative position in the market and the results were better than a year ago.

Rank Audio Visual

Despite difficult market conditions and further rationalisation of Hi-Fi overseas companies inherited from RRI the company has had a good year, maintaining its strong Hi-Fi market position with Akai, Rotel, Wharfedale and Leak brands, and leadership in the quality photographic market with the Pentax, Nikon, Mamiya and Sanyo products. In the theatre, auditorium and TV studio markets, the company strengthened its position at home and overseas, particularly in Strand and laniro lighting products.

Rank Film Laboratories

1977 saw record sales and profits with an important increase in turnover from overseas. New high speed processing plant has been successfully installed. The Video Centre had its first profitable year and gives the Company a sound investment in future technology.



Pinewood Studios

A much better year. Ten feature films and two television series were produced there during the year. This included the very successful "The Spy Who Loved Me" which used the new 007 stage—the largest of its type in the world.

Butlins

Another successful year with total bookings similar to the previous year. About £3 million is being spent improving facilities at all sites. Improvements at small sites have given this Division a boost. A new centre in Sussex will be opened in 1978, and the Company will commence operations in France with camping and caravan holidays and the acquisition of a pleasure boat fleet.

Rank Radio International

Progress has been made in reducing losses, improving the standard of management, and introducing new TV and stereo product ranges. As a result, UK market share has increased significantly and in its Teletext receivers the company has a market lead. Industry problems of excess capacity and poor results continue worldwide, however, and it is difficult to see a return to satisfactory profits without a much more buoyant U.K. market.

Rank Marine International

Profits have improved and the Company has re-entered the boat building market, concentrating on a 31-foot sailing boat known as the Dolphin 31.

Rank Precision Industries

Rank Cintel

1977 produced record orders, sales and profits, and the Division's most important product, the Mark III Telecine, strengthened its world market position.

Rank Hilger

This Division achieved a much stronger position for its metallurgical analysis instruments, particularly overseas. New products under development, and increased marketing support should ensure that this improvement is maintained, although there are problems in the Division's other product fields.

Rank Optics

Following poor results in 1976, profits were achieved in both the Leeds and Leicester factories. Though they were modest in the latter case, the outlook is rather more promising, and the business has good products in its film and TV camera lenses and in infra-red lenses. The prospects for the Leeds factory depend strongly on the development of new products, since the market for volume optical manufacture is increasingly dominated by the output of factories in very low labour cost countries.

Rank Pullin Controls

The Brentford factory improved on the previous year's results. The Debden factory had another good year and, although results were below 1976, they were very satisfactory.

Rank Taylor Hobson

Record orders, sales and profits were achieved and a strong position of leadership has been established, virtually world-wide, in high quality precision measuring equipment. Over 70% of sales are made overseas, and the U.S.A., Japan and Germany are amongst the Division's larger markets.

Rank Industries Australia and Rank NEC

The substantial growth which has taken place over four years of operation has been consolidated by broadening the product base to make up for lower colour TV sales. With the Rank Arena name RIA is the number one brand in colour television. A range of refrigerators and freezers was introduced under the Rank Arena name during the year. Agreements have been concluded to take RIA into microwave ovens, air-conditioning units and a range of electronic security systems. In addition business benefits from the sale of Rank Mk III Telecines, Rank Strand Memory Systems and metal detection products manufactured by Rank companies in the U.K.

Rank City Wall

No new projects started, but the current development programme is being completed. Sales of properties worth £34m were completed or agreed, the proceeds of which were substantially in excess of book values. Construction work on Sheppard Centre, Toronto, has been completed and all Canadian leasing is progressing well.

International Goals

Group M.D. reports on new opportunities abroad

Over the past year The Rank Organisation has been taking an increasing interest in international markets – in both leisure and industrial activities.

This was borne out by the Group Managing Director's review of the operating companies. Mr. Russell Evans indicated that this expansion was being carried out by companies within the Organisation based overseas and also by UK based Divisions.

In Australia for example Rank Industries Australia has already established its Rank Arena product as the leading brand in the colour television market and has recently added to it the HMV range of television and audio products. It has also introduced a new range of Rank Arena refrigerators and freezers, which are selling well. In addition R.I.A. are now marketing gas and electric cooking ranges.



Mr. Russell Evans

An important agreement has been signed with the German manufacturer G. Bauknecht which will enable R.I.A. to extend its range of refrigeration products.

Other products which are being, or will be, marketed by R.I.A. include microwave ovens, by agreement with the U.S. company Litton Industries, the world's leading manufacturer of these ovens; and air-conditioners manufactured under agreement with a Japanese company Daikin Kogyo.

R.I.A. is also entering the field of electronic intruder alarm and detection systems in co-operation with Securitas International (Products).

All these developments indicate an exciting future for R.I.A., which within the space of 4 years has become a major contributor to Group profits.

In Singapore, the acquisition of H. A. O'Connor and Company in 1976 is enabling the Group to expand sales of Rank products in this important Far East region.

Rank Precision Industries is a significant exporter with its wide range of products, many of which are world leaders in their field. Rank Cintel has had continued success with the Mark III Telecine. Fibre Optics are to be used in airport lighting systems and international food firms have come to depend on the detection equipment of Rank Pullin Controls.

Sales of theatre lighting and controls in the industrial product side have also been outstanding and new markets are being opened up for the HiFi loudspeaker products of Rank Audio Visual particularly in North America.

The marketing activity of Rank Hotels in attracting overseas visitors to our London hotels in the year of the Queen's Silver Jubilee, was also highly successful.

All this means that Rank's sales to foreign buyers – both by our overseas and U.K. Companies – are playing an increasingly important part in building our overall business.

The Rank Organisation is an international Company represented in all major markets of the world. It is well positioned to increase its trading activities overseas in the year ahead.

Butlin's in France

Butlin's and its subsidiary operation Richardsons cross the Channel this year with their entry into camping, caravanning and boating holidays in France. Six holiday sites will be offered in three locations in Northern France – Normandy, Brittany and Picardy. Motor cruising on the Canal du Midi in Southern France will also be available in 1978. Boats will operate from Agen and Port Cassafieres.

The name of the holiday operation is FreshFields, which reflects the company's move into smaller, self-catering units. FreshFields centres in Cornwall and Devon have already proved very popular.

In France the luxurious caravans will offer every facility and are fully connected to all main services – an unusual feature in continental Europe. Besides caravans, the camping holidays will naturally include tents. These will have been erected and fully equipped, right down to the provision of sleeping bags.

These holidays are being sold as "packages" to include the cost of Channel crossing, transport and accommodation.

Leisure centre for Middle East

Odeon cinemas and Top Rank Clubs are perhaps the best known aspects of Rank Leisure Services which also counts discos, airport catering and motorway service areas among its activities.

But 1978 takes Rank Leisure into the Middle East with the opening of the Al Nasr Club in Dubai. Rank has agreed to provide operating management for a £7 million leisure centre.

The complex will contain an ice rink, squash courts, tenpin bowl, shooting range, shops and catering facilities. Open air amenities will include swimming pools and a "Magical Fruit Garden" – a themed playpark for children.

During the planning and building stages, which have been going on over the past year, Rank Leisure Services has acted as consultants.

Teletext – Rank gives Britain another World First

A new type of television set has been introduced to Britain by Rank Radio International. It is a Teletext set which gives viewers instant information on sports results, world news, weather, road conditions and many more subjects at the press of a button. This is in addition to normal BBC and ITV programmes.

Rank became the first company in the world to manufacture and market completely integrated Teletext sets. The sets are also fully remote controlled.

Development of Teletext started in Britain during the early seventies when both the BBC and IBA were working on ideas to provide deaf viewers with sub-titles on ordinary television programmes. Both authorities developed their own systems then realised that they were capable of more than was first envisaged.

Electronics

Rank Radio International have been actively involved in the development of Teletext receivers since 1973 and have supplied laboratory made models to both broadcasting authorities. These early models contained a mass of electronics, including 180 integrated circuits, which were housed in a large 'box' underneath the cabinet. The new set is no larger and looks no different from an ordinary colour television set.

Whilst speaking at the introduction of Teletext in February 1977, this was the way Rank Radio's managing director Mr. Angus Crichton-Miller described it.

"We believe this to be one of the most exciting innovations in television so far. Not only does this mark the beginning of a new era of television, but also the creation of a different media form. Teletext offers the consumer a means of obtaining news, facts and figures on business and everyday life almost as it happens."

Considerable interest has been expressed in the system by a number of countries and already Rank has sold sets in Holland and Belgium.

New pension plan for all

A new pension plan for all full-time permanent U.K. employees, aged 25 or over, throughout The Rank Organisation is to be implemented on 6th April. This follows consultation with employee representatives.

The new plan will replace the existing pension schemes for both monthly and hourly-paid employees and gives a choice of two different rates of contribution. More benefit goes to those who choose to pay more in contribution.

Among the improved features of the new pension plan are higher rates of pension for widows, new pensions for widowers and also children's and orphans' allowances.

Further details about the plan or information on how it affects you may be obtained from your Personnel Department.

Safety Gold

For three years the 312 workers at Rank Cintel have avoided accidents and to mark this achievement they have been presented with a Gold Hand Safety Award from the Engineering Employers' Federation.

In addition to the Gold Hand Award the Engineering Employers' Federation presented Rank Cintel, Sidcup with a Three Star Award and Rank Pullin Controls at Brentford with a Two Star Award.

RALLY WIN FOR RANK

Thousands of Australians, on the steps of the Sydney Opera House, welcomed the survivors of the longest motor rally ever staged – nearly 20,000 miles from London, through Europe, the Middle East, India, Malaysia, Singapore and finally across Australia. The winning car was entered by The Rank Organisation and crewed by Andrew Cowan, Colin Malkin and Mike Broad.

Besides the company name and the Gongman logo the car carried the names of Rank's operating Divisions and brand names appropriate to the countries through which it passed.



The Gongman, worn prominently by the crew, appeared on television in three continents and in hundreds of newspapers. The car was mobbed in India and Australia, feted in Singapore and is currently being used by Mercedes in Motor Shows throughout Europe and North America.

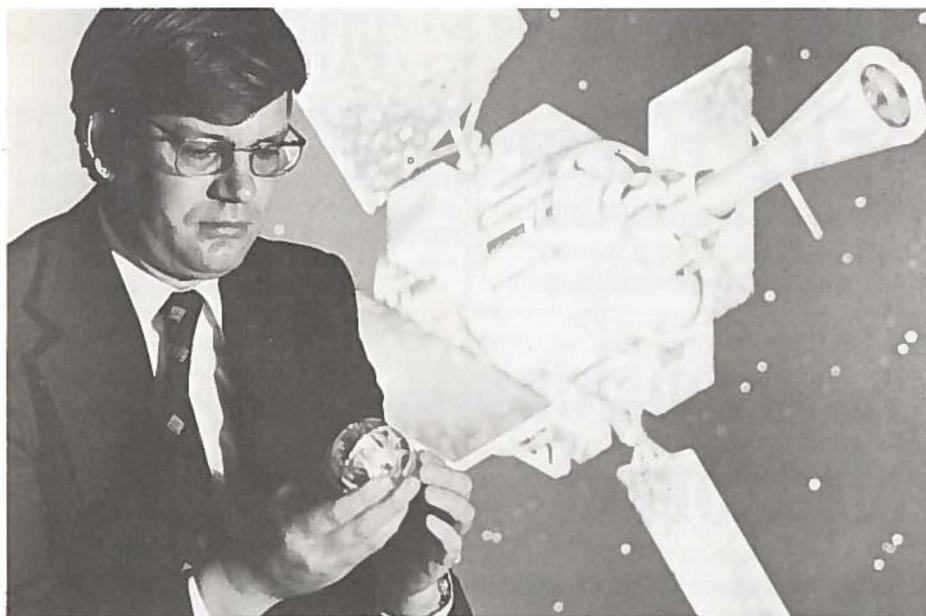
Andrew Cowan, who for this success was named Driver of the Year, says that the assistance he received and enthusiasm he encountered from Rank people across the world was without equal in all his years of rallying.

During the past year the Organisation has won a considerable number of other awards for factory safety.

Eight British Safety Council awards have been won. Rank Radio International received three for locations at Plymouth, Redruth and Ware and English Numbering Machines, Cintel (Ware), Rank Film Laboratories, Rank Hilger and Rank Audio Visual (Kirkcaldy) have each won one.

RAV Kirkcaldy has also received the Elgin Award for the best safety record in the district.

OUT OF THIS WORLD



Dr. Graham Siddall in front of an artist's impression of NASA's Gyro Relativity Satellite.

Or how Rank helped NASA in Space

Rank Taylor Hobson has an international reputation for precise measurement equipment. With the help of Dr. Graham Siddall, a research engineer from Leicester now working in the United States, that reputation is truly out of this world.

Dr. Siddall is working on a NASA project which is scheduled to be launched into space from Shuttle 10 in 1980.

He is seen holding a full size laboratory model of a gyroscope. Four of these, together with a star-tracking telescope, will be mounted in the satellite and launched from the Space Shuttle.

Accuracy

The aim of the experiment is to test Einstein's General Theory of Relativity by taking measurements over one year to an accuracy of one thousandth of an arc second.

The extraordinary accuracy can only be achieved by using virtually perfect gyroscope components. This is where Rank Taylor Hobson instruments come in.

NASA use the Leicester-made equipment to give the incredibly high standards of precision for this billion dollar project.

The key piece of equipment is known as a Talyrond with its associated processor. Its accuracy is within one-fifth of a micron - one thousandth of a millimetre.

Rank Taylor Hobson is the only company in the world to achieve this precision and sets the world's standards.

DISCO BOOST

Rank Leisure Services boosted its interests in the disco operation business with the acquisition of Kirby House Investments.

As a result a further ten discotheques and clubs joined the Company and are now operated by the Entertainment and Catering Division which until then had 27 sites throughout Britain.

The new properties are situated mainly in the north of England and include the popular Fiesta Club in Sheffield.

Rank Leisure Services also include Odeon and Gaumont theatre operations, Top Rank Clubs, Top Rank Suites, motorway service areas, airport catering and ice skating.

Tubes

During the year Rank purchased the special cathode ray tube interest of EMI Electron Tube Division which has been incorporated into Rank Electronic Tubes at Sidcup, Kent. This will enable the company to increase its specialisation in scanning tubes for Telecines - the internationally acclaimed television broadcasting equipment.

Baron Instruments has transferred its head office and operations from the Isle of Wight to Brentford, Middlesex. This enables Baron, which manufactures and markets a range of marine instruments, to make better use of Rank's research and development facilities located there.

Pay Restraint

(continued from front page)

"It is on the endeavours and enthusiasm of these same people which so much depends for the future."

Mr. Smith said that in The Rank Organisation we had maintained our record of good industrial relations due to understanding and common sense, whilst, at the same time, having regard to the Government's latest guidelines.

He added: "The resolution of the outstanding problems of differentials will require time, patience and understanding by all concerned. I believe however that this transitional period, as we move away from Government controls, will be made less difficult if the rate of inflation continues to fall and if we cease to discourage hard work by very excessive levels of taxation."

HIFI WINNERS

For collaboration in increasing social and economic relations with under-developed countries Rank HiFi has been given the Gold Mercury Award by the Yugoslavian Chamber of Economy. Rank HiFi recently introduced its HiFi range to Yugoslavia and is still the only U.K. manufacturer and distributor to have an agent in Yugoslavia.

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