

Company Number
1503621

LIBERTY INTERNATIONAL HOLDINGS PLC
REPORT AND FINANCIAL STATEMENTS
For the year ended 31 December 2002



LIBERTY INTERNATIONAL HOLDINGS PLC

REPORT OF THE DIRECTORS **FOR THE YEAR ENDED 31 DECEMBER 2002**

The directors have pleasure in presenting their annual report and the audited financial statements for the year ended 31 December 2002.

Directors' Responsibilities

The directors are required by United Kingdom company law 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 financial year and of the profit or loss and total recognised gains and losses of the company for that period.

The directors confirm that suitable accounting policies have been used and, other than where disclosed, applied consistently, and reasonable and prudent judgements and estimates have been made, in the preparation of the financial statements for the year ended 31 December 2002. The directors also confirm that applicable accounting standards have been followed and that the financial statements have been prepared on the going concern basis.

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

Principal Activities

The company is an investment holding company. The principal operating subsidiary is Capital and Counties plc, a company engaged in property investment and development.

Review of Developments

The company continued to perform satisfactorily and recorded a profit before tax and exceptional items of £44.2 million (2001 - £656.3 million).

Results and Financial Position

Information on the company's results and financial position can be seen from the profit and loss account on page 4, the balance sheet on page 5 and the notes relating thereto.

Dividends

The directors recommend the payment of a final dividend of 10.6p per ordinary share (2001 - 159.1p).

Future Prospects

The directors consider the future prospects of the company to be good.

LIBERTY INTERNATIONAL HOLDINGS PLC

REPORT OF THE DIRECTORS

FOR THE YEAR ENDED 31 DECEMBER 2002 (continued)

Directors and Directors' Interests

During the year the following persons were directors of the company:

D. A. Fischel

F. B. Sher

A. C. Smith

During the period under review no directors held shares in the Company. The interests of the directors in the share capital of the ultimate holding company, Liberty International PLC, are shown in the financial statements of that company.

Creditor Payment Policy

The company's current policy concerning the payment of the majority of its trade creditors is to follow the CBI's Prompt Payers Code (copies are available from the CBI, Centre Point, 103 New Oxford Street, London WC1A 1DU). For other suppliers, the company's policy is to:

- (a) settle the terms of payment with those suppliers when agreeing the terms of each transaction;
- (b) ensure that those suppliers are made aware of the terms of payment by inclusion of the relevant terms in contracts; and
- (c) pay in accordance with its contractual and other legal obligations.

The payment policy applies to all payments to creditors for revenue and capital supplies of goods and services without exception. Wherever possible UK subsidiaries follow the same policy.

Auditors

Following the decision of our Auditors, PricewaterhouseCoopers, to conduct their business as a Limited Liability Partnership (LLP), PricewaterhouseCoopers resigned on 20 January 2003 and the directors appointed its successor, PricewaterhouseCoopers LLP as auditors to fill the vacancy thus arising. A resolution to reappoint PricewaterhouseCoopers LLP will be proposed at the Annual General Meeting to be held in 2003.

By order of the Board



S Folger *Secretary*
12 February 2003

Report of the Independent Auditors to the members of LIBERTY INTERNATIONAL HOLDINGS PLC

We have audited the financial statements which comprise the profit and loss account, the balance sheet, the reconciliation of movement in shareholders' funds and the related notes.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and accounting standards are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom auditing standards issued by the Auditing Practices board. This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. 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.

We read the information contained in the annual report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. The other information comprises only the directors' report.

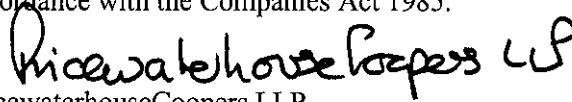
Basis of audit opinion

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 of 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 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 the company's affairs at 31 December 2002 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.


PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors, London
12 February 2003

LIBERTY INTERNATIONAL HOLDINGS PLC

Profit and loss account for the year ended 31 December 2002

	Notes	2002 £m	2001 £m
Income from fixed asset investments		24.8	638.6
Exceptional diminution in value of subsidiaries		—	(27.2)
Profit before interest and taxation		24.8	611.4
Interest receivable	2	19.4	17.7
Profit on ordinary activities before taxation	3	44.2	629.1
Tax on profit on ordinary activities	4	(5.8)	(5.6)
Profit on ordinary activities after taxation		38.4	623.5
Preference dividends	5	—	(1.3)
Profit attributable to ordinary shareholders		38.4	622.2
Ordinary dividends	5	(37.7)	(622.2)
Transfer to retained profits	10	0.7	—

The results of the year are from continuing operations.

The company has no recognised gains and losses other than those included in the profit and loss account above and therefore no separate statement of total recognised gains and losses has been presented.

There is no difference between profit on ordinary activities before taxation and retained profit for the year as stated above and their historical cost equivalents.

LIBERTY INTERNATIONAL HOLDINGS PLC

Balance sheet - 31 December 2002

	Notes	2002 £m	2001 Restated £m
Fixed assets			
Investment in subsidiary undertakings	6, 11	831.4	831.4
Current assets			
Debtors	7	331.1	853.6
Creditors: amounts falling due within one year	8	<u>(219.0)</u>	<u>(742.2)</u>
Net current assets		<u>112.1</u>	<u>111.4</u>
Net assets		<u>943.5</u>	<u>942.8</u>
Capital and reserves			
<i>Equity interests</i>			
Called up ordinary share capital	9	178.1	178.1
Share premium	10	745.4	745.4
Revaluation reserve	10	—	—
Capital redemption reserve	10	20.0	20.0
Profit and loss account	10	<u>—</u>	<u>(0.7)</u>
Shareholders' funds		<u>943.5</u>	<u>942.8</u>

Approved by the Board on 12 February 2003


D. A. Fischel
Director


A.C. Smith
Director

LIBERTY INTERNATIONAL HOLDINGS PLC**Reconciliation of movements in shareholders' funds
for the year ended 31 December 2002**

	2002 £m	2001 Restated £m
Opening shareholders' funds - as previously stated	1,208.8	1,737.8
Prior year adjustment (see Note 6)	<u>(266.0)</u>	<u>(795.0)</u>
Opening shareholders' funds - restated	942.8	942.8
Profit attributable to shareholders	38.4	623.5
Preference dividends	—	(1.3)
Ordinary dividends	<u>(37.7)</u>	<u>(622.2)</u>
Closing shareholders' funds	<u>943.5</u>	<u>942.8</u>

LIBERTY INTERNATIONAL HOLDINGS PLC

Notes to the accounts - 31 December 2002

1. Accounting policies

(a) Preparation of accounts

The financial statements are prepared in accordance with applicable accounting standards in the United Kingdom under the historical cost convention. In prior years the accounts were prepared under the historical cost convention as modified by the revaluation of subsidiary and associated undertakings. The policy has been changed as, in the opinion of the Directors, it is more appropriate to record investments in subsidiaries and associates at cost less provision for permanent diminution in value. The effect of this change of accounting policy is set out in Note 6.

(b) Income

Income from short-term investments is included in the profit and loss account of the accounting period during which it accrues.

(c) Subsidiary undertakings

Subsidiary undertakings are carried in the balance sheet at cost less provision for permanent diminution in value.

(d) Cash flow statement

The company is ultimately wholly owned by Liberty International PLC and the cash flows of the company are included in the consolidated group cash flow statement of Liberty International PLC. Consequently, the company is exempt under the terms of Financial Reporting Standard 1 from publishing a cash flow statement.

(e) Related party transactions

The company is ultimately wholly owned by Liberty International PLC. Consequently, the company is exempt under the terms of Financial Reporting Standard 8 from disclosing details of transactions with related parties who are members of the group.

(f) Group accounts

The company is ultimately wholly owned by Liberty International PLC. Consequently, the company is exempt from preparing group accounts.

2. Interest receivable

	2002	2001
	£m	£m
Interest receivable from group companies	<u>19.4</u>	<u>17.7</u>

LIBERTY INTERNATIONAL HOLDINGS PLC

Notes to the accounts - 31 December 2002 (continued)

3. Profit on ordinary activities before taxation

	2002	2001
	£'000	£'000
This is stated after charging:		
Auditors' remuneration	<u>3</u>	<u>7</u>

The company had no employees during the year (2001 - none). Directors' emoluments have been disclosed in the accounts of Liberty International PLC.

4. Taxation

	2002	2001
	£m	£m
Profit on ordinary activities before taxation	<u>44.2</u>	<u>629.1</u>
Profit on ordinary activities multiplied by the standard rate of tax in the UK (30%)	13.2	188.7
Elimination of tax on non-taxable dividends	(7.4)	(191.6)
Elimination of tax on non-taxable capital deductions	-	8.2
Under provision in respect of prior years	-	0.3
	<u>5.8</u>	<u>5.6</u>

The full amount of corporation tax charged was offset by group relief for which a payment of £5.8 million (2001 - £5.6 million) will be made.

5. Dividends

	2002	2001
	£m	£m
'B' preference dividend accrued or paid	—	0.5
'C' preference dividend accrued or paid	<u>—</u>	<u>0.8</u>
	—	1.3
Final dividend of 10.6p per share (2001 – 159.1p)	37.7	566.7
First interim 2001 dividend of 9.7p per share	—	33.4
Second interim 2001 dividend of 6.2p per share	<u>—</u>	<u>22.1</u>
	<u>37.7</u>	<u>623.5</u>

LIBERTY INTERNATIONAL HOLDINGS PLC

Notes to the accounts - 31 December 2002 (continued)

6. Investment in subsidiary undertakings

	2002 £m	2001 Restated £m
At 1 January - as previously stated	1,097.4	1,653.6
Prior year adjustment	(266.0)	(795.0)
At 1 January - restated	831.4	858.6
Provision for diminution in value	—	(27.2)
At 31 December	831.4	831.4
Historic cost	859.3	859.3

Investment in subsidiary undertakings represents 100% interests in the following principal group companies:

Capital & Counties PLC	Property investment and development
Liberty International Financial Services PLC	Investment holding company
Liberty International Group Treasury Limited	Treasury management

All of the above companies are incorporated and registered in England and Wales.

Change in accounting policy

As a result of the change in accounting policy (see Note 1a), investment in subsidiaries for the year ended 31 December 2001 have been adjusted as follows:

	£m
As previously reported	1,097.4
Effect of the change in accounting policy	(266.0)
As restated	831.4

7. Debtors

	2002 £m	2001 £m
Amounts due from group undertakings	306.3	767.4
Dividends receivable from subsidiary undertakings	24.8	86.2
	331.1	853.6

LIBERTY INTERNATIONAL HOLDINGS PLC

Notes to the accounts - 31 December 2002 (continued)

8. Creditors: amounts falling due within one year

	2002 £m	2001 £m
Amounts due to group companies	175.4	170.1
Corporation tax	5.9	5.4
Dividends payable	37.7	566.7
	<u>219.0</u>	<u>742.2</u>

9. Called up share capital

	2002 £m	2001 £m
Authorised		
620,000,000 ordinary shares of 50p each (2001-620,000,000)	<u>310.0</u>	<u>310.0</u>
Issued, allotted and fully paid		
356,170,839 ordinary shares of 50p each (2001-356,170,839)	<u>178.1</u>	<u>178.1</u>

10. Reserves

	Share Capital £m	Share Premium £m	Capital Redemption Reserve £m	Revaluation Reserve £m	Profit and Loss £m	Total £m
At 31 December 2001						
- As previously reported	178.1	745.4	20.0	265.3	-	1,208.8
- Prior year adjustment (Note 6)	-	-	-	(265.3)	(0.7)	(266.0)
At 31 December 2001 - restated	178.1	745.4	20.0	-	(0.7)	942.8
Retained profit for the year	-	-	-	-	0.7	0.7
Issue of shares	-	-	-	-	-	-
At 31 December 2002	<u>178.1</u>	<u>745.4</u>	<u>20.0</u>	<u>-</u>	<u>-</u>	<u>943.5</u>

11. Ultimate holding company

The directors regard Liberty International PLC, a company registered in England and Wales, as the ultimate parent company. Copies of the parent company's consolidated financial statements may be obtained from the Secretary, Liberty International PLC, 40 Broadway, London SW1H 0BT.