

3458317

**REGISTRAR OF
COMPANIES**

London International Exhibition Centre Plc

Report and Financial Statements

Year Ended

30 November 2000



IBDO

BDO Stoy Hayward
Chartered Accountants

LONDON INTERNATIONAL EXHIBITION CENTRE PLC

Report and financial statements for the year ended 30 November 2000

Contents

Directors

Page:

1	Chairman's statement
2	Corporate governance
4	Report of the directors
7	Report of the auditors
8	Profit and loss account
9	Statement of total recognised gains and losses
10	Balance sheet
11	Cash flow statement
12	Notes forming part of the financial statements

Directors

The Rt Hon Tom King CH
Iain Lawrie Shearer
Tan Sri Lee Kim Yew (alternate director)
Derek Cheng Mooi Soong
Gen (Rtd) Tan Sri Dato' Paduka Mohamed Hashim Bin Mohd Ali
Robert Christopher Rees
Chan Chee Beng
Mohamed Shahrin Merican
Christopher Hunt
Derek Ernest Arthur Budden
Timothy Guy Collier

Secretary and registered office

John Damian Barber, 115 Park Street, London, W1Y 4DY.

Company number

3458317

Auditors

BDO Stoy Hayward, 8 Baker Street, London, W1U 3LL.

LONDON INTERNATIONAL EXHIBITION CENTRE PLC

Chairman's statement

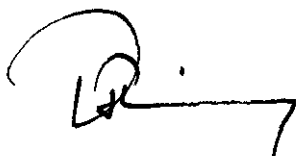
The year covered by these accounts has seen the successful building and opening of the first part of ExCeL. Since the year end, on January 24th the second half of the venue was completed and is now in use as well. Although still early days, it is clear that London and the UK now has a first-class modern exhibition centre to rank with any in the world. The response of organisers, exhibitors and visitors is most encouraging in their recognition of the quality and effectiveness of ExCeL, as a purpose-built Exhibition and Conference Centre for the 21st century.

The launch of ExCeL has involved not only the physical construction of the building, but also the creation of the team to promote and manage it. It is a major undertaking and has involved enormous commitment and effort. I pay tribute to the whole ExCeL team under the leadership of the Chief Executive, Iain Shearer, for what they have achieved. I pay tribute also to Sir Robert McAlpine for delivering an excellent building to budget and on time. During this period and in the continuing development of the whole site, we are grateful for the positive and constructive support of The London Development Agency and The London Borough of Newham.

All this has been achieved during a period of quite exceptional difficulty, with the virtual paralysis of the national railway system, appalling weather and substantial flooding in many parts of the country, and, most recently, the foot and mouth crisis with its consequential impact on tourism.

Through it all we are achieving an increasing and impressive list of bookings in the years ahead, while we further enhance the attractions of the site with new hotels and other facilities.

As is reported in the notes to the financial statements the shareholders have shown their confidence in ExCeL with a further injection of funds to reinforce the Company during this start up phase.



The Rt Hon Tom King CH
Chairman

3 May 2001

LONDON INTERNATIONAL EXHIBITION CENTRE PLC

Corporate governance

Although London International Exhibition Centre Plc is not listed on the London Stock Exchange its Board recognises its responsibilities to maintain high standards of corporate governance throughout the company. Consequently the company has decided to conform, in part, with the provisions set out in Section 1 of the Combined Code, which was issued on 25 June 1998.

The following areas represent the principal non-compliances with Section 1 of the Combined Code:

- i) Although the company has a Remuneration Committee which considers and agrees remuneration packages for directors, no Remuneration Report is included within these financial statements, nor are the guidelines in respect of the Remuneration Committee followed in their entirety.
- ii) There are informal procedures in place in respect of training new directors, and allowing Board members to obtain independent professional advice in respect of key business issues.
- iii) The appointment of directors follows the terms set out in the company's Articles of Association. The majority of directors are appointed, and have their re-election terms set by, specific shareholders. As a result there is no Nomination Committee or any formal process in place in respect of appointing independent non-executive directors

Directors and Board responsibilities

The Board is accountable to the company's shareholders for good governance and the principles identified in the Combined Code are applied by the company. The Board currently consists of two executive and ten non-executive directors. These directors possess an appropriate level and range of business experience that is essential to effectively manage a company of this size and complexity.

The non-executive directors are independent of management and free of any relationship which could materially interfere with the exercise of their independent judgement, save for their specific relationships with certain shareholders. They are not eligible to participate in the company share schemes or long term incentive plans. Their interests in the shares of the parent company are shown in its directors' report. The non-executive directors exercise independent judgement on the Board and they monitor the performance of the company and its executive management.

The Board is responsible to shareholders for the proper management of the company and meets at least six times each year. The Board's responsibilities cover key areas of the company's affairs and the formal schedule of matters reserved for the decision of the Board includes the definition of overall company strategy and approval of the financial statements, finance policy, budgets and major capital expenditure proposals. The requirement for Board approval on these matters is communicated to senior management.

To enable the Board to function effectively and directors to discharge their responsibilities, full access is given to all relevant information. In the case of Board meetings this consists of a comprehensive set of papers, including regular business progress reports and discussion documents regarding specific matters.

All directors may seek the advice of the company secretary and independent professional advice in the furtherance of their duties at the company's expense. The company secretary is charged by the Board with ensuring that Board procedures are followed.

LONDON INTERNATIONAL EXHIBITION CENTRE PLC

Corporate governance (*Continued*)

Remuneration committee and directors' remuneration

The remuneration committee, made up of The Rt Hon Tom King CH, Iain Lawrie Shearer, Derek Budden, Derek Cheng Mooi Soong and Shahrin Merican meets as required during the year to approve the total remuneration and reward packages of the executive directors.

Audit committee

The Audit Committee which comprises of all the non-executive directors intends to meet at least three times a year to review the adequacy of the company's risk management and internal control systems, accounting policies and compliance with applicable accounting standards and for considering the appointment of the external auditor and setting of audit fees. The Finance Director and external auditors will be invited to attend its meetings. In the past year the Audit Committee met only once.

The Committee is authorised by the Board to investigate any activity within its terms of reference and obtain outside legal or other independent professional advice as necessary. The external auditors and Board members are afforded the opportunity for separate meetings with the Audit Committee. The Audit Committee keeps the scope and cost effectiveness of the external auditor under review. The independence and objectivity of the external auditors is also considered on a regular basis.

Audit and internal control

The respective responsibilities of the directors and the auditors in connection with the accounts are explained in the directors' report.

The corporate governance disclosures in this report focuses solely on a review of the effectiveness of internal financial controls. The Board of directors has overall responsibility for ensuring that the Company maintains adequate systems of internal control (both financial and non-financial). To this end, the Board has, in accordance with Principle D.2 of the Combined Code and the guidance issued by the Turnbull Committee, established a process for identifying, evaluating and managing the significant risks the company faces, so that the company will be in a position to be able to report on its compliance with the recommendations of the Turnbull Committee in its next report.

The directors are responsible for the company's system of internal financial control, which is designed to provide reasonable but not absolute assurance against material misstatement or loss. Key procedures are as follows:

- (a) An organisation structure is in place which clearly defines responsibilities for accounting, taxation, treasury, legal and company secretarial functions.
- (b) A detailed formal budgeting process culminates in an annual budget which is approved by the Board. Results for the company are reported monthly against this budget to the Board and revised trading and cash flow forecasts for the year are prepared regularly.
- (c) The company has clearly defined guidelines for capital expenditure. These include annual budgets, detailed appraisal and review procedures and levels of authority.

The company intends to establish a Risk Committee in the next financial year.

The London Stock Exchange Listing Rule – The Model Code

The company's shares are not listed on any market and as such the directors dealings in these shares are restricted only by pre-emptive and other rights of the existing shareholders.

LONDON INTERNATIONAL EXHIBITION CENTRE PLC

Report of the directors for the year ended 30 November 2000

The directors present their report together with the audited financial statements for the year ended 30 November 2000.

Results and dividends

The profit and loss account is set out on page 8 and shows the result for the year.

The directors do not recommend the payment of a dividend.

Principal activities, trading review and future developments

The principal activity of the company is the development and operation of the ExCeL exhibition centre based at the Royal Docks in London. The focus of activity in the year to 30 November 2000 has been twofold. Firstly to progress the development of the venue itself, with 50% targeted to be available for occupation by 20 November 2000. This was achieved, and indeed slightly more than 50% was available at that date. In addition, although final accounts with the building contractor have yet to be finalised, it is clear that the overall project will be delivered under budget.

The second focus for the year was to build the business for 2001 and beyond. The success of this can be measured in the level of business booked or in negotiation and the building of a highly experienced and competent in house team of circa 100 employees. We have also implemented a number of critical management systems, the most important of which covers all aspects of sales, event management, venue management and finance. This enterprise wide management system will deliver significant operational benefits, providing a single source of key data and statistics on the operation of the business.

A significant number of pre eminent exhibitions have committed to ExCeL, including the London International Boat Show, World Travel Market, The International Food Exhibition and the Fashion shows from EMAP. In addition, it is clear that there is a strong demand from major corporate customers for the flexible meeting space at ExCeL.

Directors

The directors of the company during the year, none of whom had any interests in the ordinary share capital of the company were:

The Rt Hon Tom King CH	
Iain Lawrie Shearer	
Tan Sri Lee Kim Yew (alternate director)	
Derek Cheng Mooi Soong	
Gen (Rtd) Tan Sri Dato' Paduka Mohamed Hashim Bin Mohd Ali	
Tony Winterbottom	(resigned 12 April 2001)
Robert Christopher Rees	
Graham Elton	(resigned 8 February 2001)
Chan Chee Beng	
Mohamed Shahrin Merican	
Christopher Hunt	
Derek Ernest Arthur Budden	
Nick Read	(appointed 8 February 2001, resigned 12 April 2001)
Timothy Guy Collier	(appointed 12 April 2001)

Directors interests in the shares of the parent company, London International Exhibition Centre Holdings Limited, are shown in the financial statements of that company.

LONDON INTERNATIONAL EXHIBITION CENTRE PLC

Report of the directors for the year ended 30 November 2000 *(Continued)*

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 and of the profit or loss of the company for that year. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departure disclosed and explained in the financial statements; and
- prepare the financial statements 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 financial statements 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.

Employment of disabled persons

The company recognises its responsibility to employ disabled persons in suitable employment and gives full and fair consideration to applications for employment made by such persons, having regard to their particular aptitudes and abilities.

Any employee who becomes disabled is encouraged to remain in the company's employment, in the same job if this is practicable. If a change of job is necessary, such an employee is considered for any suitable alternative work which is available, and any necessary training is arranged.

Where practicable, disabled employees are treated equally with all other employees in respect of their eligibility for training, career development and promotion.

Employee involvement

The company has well established communication and consultation procedures with all employee groups. These continually evolve to meet the changing needs of the business and are considered valuable by both management and staff.

Creditor payment policy

The company's creditor policy is to fix terms of payment when agreeing the conditions of each business transaction, to ensure the supplier is aware of those terms and to abide by the agreed terms of payment. As at 30 November 2000 trade creditors represented 30 days of supplies.

LONDON INTERNATIONAL EXHIBITION CENTRE PLC

Report of the directors for the year ended 30 November 2000 (*Continued*)

Charitable donations

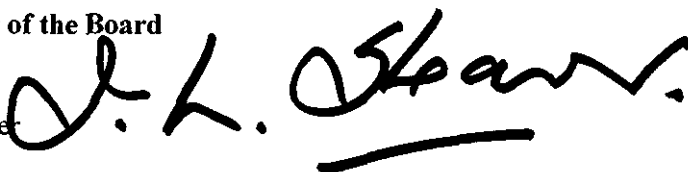
During the year the company made charitable donations of £4,037.

Auditors

BDO Stoy Hayward have expressed their willingness to continue in office and a resolution to re-appoint them will be proposed at the annual general meeting.

By order of the Board

I L Sheare

A handwritten signature in black ink, appearing to read 'I L Sheare', with a horizontal line underneath.

Director

3 May 2001

LONDON INTERNATIONAL EXHIBITION CENTRE PLC

Report of the auditors

To the shareholders of London International Exhibition Centre Plc

We have audited the financial statements on pages 8 to 22 which have been prepared under the accounting policies set out on pages 12 and 13.

Respective responsibilities of directors and auditors

As described on page 5 the company's directors are responsible for the preparation of the financial statements. 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 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 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 as at 30 November 2000 and of its result for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

BDO STOY HAYWARD
*Chartered Accountants
and Registered Auditors*
London

3 May 2001

LONDON INTERNATIONAL EXHIBITION CENTRE PLC**Profit and loss account for the year ended 30 November 2000**

	Note	Year ended 30 November 2000 £'000	7 month period ended 30 November 1999 £'000
Turnover		161	-
Administrative expenses		12,769	3,838
Operating loss		(12,608)	(3,838)
Net interest receivable	3	2,474	1,171
Loss on ordinary activities before and after taxation	4,14	(10,134)	(2,667)
Accumulated deficit brought forward		(5,613)	(2,946)
Accumulated deficit carried forward		(15,747)	(5,613)

All amounts relate to continuing activities.

The notes on pages 12 to 22 form part of these financial statements.

LONDON INTERNATIONAL EXHIBITION CENTRE PLC

Statement of total recognised gains and losses for the year ended 30 November 2000

	Year ended 30 November 2000 £'000	7 month period ended 30 November 1999 £'000
Loss for the year	(10,134)	(2,667)
Revaluation of fixed assets	6,163	-
Total recognised gains and losses	(3,971)	(2,667)

The notes on pages 12 to 22 form part of these financial statements.

LONDON INTERNATIONAL EXHIBITION CENTRE PLC

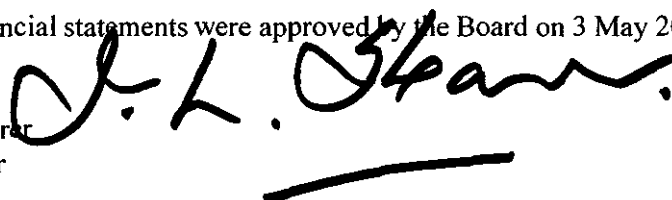
Balance sheet at 30 November 2000

	Note	2000 £'000	1999 £'000
Fixed assets			
Tangible assets	6	177,746	50,855
Current assets			
Debtors	7	9,241	7,892
Cash at bank		126	2
Bank deposits and bonds	8	32,145	149,684
		<u>41,512</u>	<u>157,578</u>
Creditors: amounts falling due within one year	9	<u>23,178</u>	<u>10,875</u>
Net current assets		<u>18,334</u>	<u>146,703</u>
Total assets less current liabilities		<u>196,080</u>	<u>197,558</u>
Creditors: amounts falling due after more than one year	10	<u>165,654</u>	<u>164,801</u>
		<u>30,426</u>	<u>32,757</u>
Capital and reserves			
Called up share capital	11	40,010	38,370
Revaluation reserve	12	6,163	-
Profit and loss account		(15,747)	(5,613)
Shareholders' funds		<u>30,426</u>	<u>32,757</u>

All shareholders' funds are equity.

The financial statements were approved by the Board on 3 May 2001

I L Shearer
Director



The notes on pages 12 to 22 form part of these financial statements.

LONDON INTERNATIONAL EXHIBITION CENTRE PLC

Cash flow statement for the year ended 30 November 2000

	Note	Year ended 30 November 2000 £'000	7 month period ended 30 November 1999 £'000
Net cash outflow from operating activities	16	(1,863)	(7,570)
Returns on investments and servicing of finance	17	(5,383)	(5,627)
Capital expenditure	17	(111,809)	(28,671)
Cash outflow before use of liquid resources and financing		(119,055)	(41,868)
Management of liquid resources	17	117,539	49,516
Financing	17	1,640	827
Increase in cash	18,19	<u>124</u>	<u>8,475</u>
Reconciliation between increase in cash and decrease in cash, bank deposits and bonds			
Increase in cash		124	8,475
Cash withdrawn from deposits		(117,539)	(49,516)
Decrease in cash, bank deposits and bonds		<u>(117,415)</u>	<u>(41,041)</u>

The notes on pages 12 to 22 form part of these financial statements.

LONDON INTERNATIONAL EXHIBITION CENTRE PLC

Notes forming part of the financial statements for the year ended 30 November 2000

1 Accounting policies

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain tangible fixed assets, and are in accordance with applicable accounting standards. The following principal accounting policies have been applied:

Turnover

Turnover represents sales to third parties, net of VAT. All turnover relates to the company's principal activity.

Deferred income

Deferred income represents monies paid to the company in respect of events to be held after the balance sheet date.

Bond issue expenses

Costs incurred on the issue of Bonds are netted off against the proceeds of the Bond issue and included within creditors.

These expenses along with any discount or premium on the issue of the Bonds, are amortised over the term of the debt so that the amount charged is at a constant rate on the carrying value. The amortisation charge is capitalised within assets in course of construction in the period up to completion of the exhibition centre.

Interest payable and receivable

Interest payable (net of interest receivable on the remaining bond proceeds) is capitalised within assets in the course of construction in the period up to completion of the exhibition centre. Interest earned on other monies (equity cash and operational cash) is taken directly to the profit and loss account.

Financial instruments

Short term debtors and creditors are not treated as financial assets and liabilities in relation to FRS 13 disclosure requirements.

Fixed assets

Costs in relation to the development of the exhibition centre are capitalised and included under the heading "Assets in course of construction". To the extent that areas of the exhibition centre became completed and became operational, depreciation is charged in respect of the completed element.

Depreciation is provided to write off the cost, less estimated residual values, of all other fixed assets over their expected useful lives. It is calculated at the following annual rates:

Motor vehicles	-	25% on cost
Fixtures and fittings	-	20% on cost
Computer equipment and software	-	between 50% and 20% on cost
Office equipment	-	25% on cost
Plant and machinery	-	4% on cost
Buildings	-	2% on cost

LONDON INTERNATIONAL EXHIBITION CENTRE PLC

Notes forming part of the financial statements for the year ended 30 November 2000 (Continued)

1 Accounting policies (Continued)

Leased assets

Where assets are financed by leasing agreements that give rights approximating to ownership ('finance leases'), the assets are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable during the lease term. The corresponding leasing commitments are shown as amounts payable to the lessor. Depreciation on the relevant assets is charged to the profit and loss account.

Lease payments are analysed between capital and interest components so that the interest element of the payment is charged to the profit and loss account over the period of the lease and represents a constant proportion of the balance of capital repayments outstanding. The capital part reduces the amounts payable to the lessor.

All other leases are treated as operating leases. Their annual rentals are charged to the profit and loss account on a straight-line basis over the term of the lease.

Pension costs

Contributions to the company's defined contribution pension scheme are charged to the profit and loss account in the year in which they become payable.

Deferred taxation

Provision is made for timing differences between the treatment of certain items for taxation and accounting purposes, to the extent that it is probable that a liability or asset will crystallise. The company has complied fully with the requirements of FRS19 in respect of deferred taxation.

2 Staff costs and directors' emoluments

	Year ended 30 November 2000 £'000	7 month period ended 30 November 1999 £'000
Staff costs consist of:		
Wages and salaries	2,940	582
Social security costs	330	65
Pension costs (defined contribution scheme)	145	15
	3,415	662
The average number of staff employed during the period were:	Number	Number
Full time	63	19

LONDON INTERNATIONAL EXHIBITION CENTRE PLC

Notes forming part of the financial statements for the year ended 30 November 2000 (Continued)

2 Staff costs and directors' emoluments (Continued)

	Year ended 30 November 2000 £'000	7 month period ended 30 November 1999 £'000
Directors emoluments		
Fees and other emoluments	453	138
Pension contributions (defined contribution scheme)	36	15
	<u>489</u>	<u>153</u>

During the year the highest paid director received emoluments of £317,499 and pension contributions of £27,110 paid on their behalf.

3 Net interest receivable

	Year ended 30 November 2000 £'000	7 month period ended 30 November 1999 £'000
Bank interest receivable	5,733	5,456
Bond interest payable	(13,694)	(7,950)
Amortisation of bond issue costs and discounts	(853)	-
Net interest capitalised	11,288	3,665
	<u>2,474</u>	<u>1,171</u>
Net interest receivable taken to profit and loss account		

4 Loss on ordinary activities before and after taxation

	Year ended 30 November 2000 £'000	7 month period ended 30 November 1999 £'000
This is arrived at after charging:		
Auditors' remuneration - audit services	30	10
- non-audit services	45	-
Depreciation on tangible fixed assets	245	36
Operating lease payments	433	-
	<u>753</u>	<u>46</u>

LONDON INTERNATIONAL EXHIBITION CENTRE PLC

Notes forming part of the financial statements for the year ended 30 November 2000 (*Continued*)

5 Taxation

	Year ended 30 November 2000 £'000	7 month period ended 30 November 1999 £'000
Factors effecting tax charge for the period:		
Loss on ordinary activities before taxation	(10,134)	(2,667)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 30%	(3,040)	(800)
Unrecognised tax losses carried forward	3,040	800
Current tax charge for the year	-	-

As at the year end corporation tax losses (net of tax computation timing differences) of £15.7 million (1999 - £5.6 million) were available for utilisation in future years.

6 Tangible assets

	Assets in course of construction £'000	Motor vehicles £'000	Fixtures, fittings and equipment £'000	Total £'000
<i>Cost</i>				
At beginning of year	50,575	42	274	50,891
Revaluation during the year	6,163	-	-	6,163
Additions	120,297	-	676	120,973
At end of year	177,035	42	950	178,027
<i>Depreciation</i>				
At beginning of year	-	5	31	36
Provided for the year	65	10	170	245
At end of year	65	15	201	281
<i>Net book value</i>				
At 30 November 2000	176,970	27	749	177,746
At 30 November 1999	50,575	37	243	50,855

LONDON INTERNATIONAL EXHIBITION CENTRE PLC

Notes forming part of the financial statements for the year ended 30 November 2000 (Continued)

6 Tangible assets (Continued)

Included within assets in course of construction is £15,214,000 (1999 - £3,926,000) of capitalised interest charges and amortised bond issue costs.

See also note 15 for capital commitments

Included within assets under the course of construction is a multi storey car park, which has been revalued during the year from £Nil to £6,163,000, being the directors valuation (and also the gross building cost). This car park will be funded from contributions due from the developers of the various hotels on site, and reflect the value of lost surface car parking that their various developments lead to. The car park at all times remains the property of the company. This represents the only revaluation during this or any previous periods, and no depreciation has been charged against the revalued assets in this or any previous period.

7 Debtors

	2000 £'000	1999 £'000
Trade debtors	8,175	600
VAT recoverable	1,033	3,972
Other debtors	25	2,615
Prepayments	8	705
	<u>9,241</u>	<u>7,892</u>

All amounts shown under debtors fall due for payment within one year.

8 Bank deposits and bonds

Included within bank deposits and bonds is £13.1 million (1999 - £21.7 million) in respect of Class A debt reserve, £2.8 million (1999 - £6.1 million) in respect of Class B debt reserve and £1.8 million (1999 - £1.8 million) in respect of a counter indemnity account. The use of these funds is restricted by the terms of the issue document in respect of the Class A Secured Bonds and Class B Subordinated Secured Exchangeable Bonds.

9 Creditors: amounts falling due within one year

	2000 £'000	1999 £'000
Trade creditors	1,580	488
Payments due on account for construction	7,270	9,394
Taxation and social security	109	46
Accruals	3,530	613
Deferred income	10,689	334
	<u>23,178</u>	<u>10,875</u>

LONDON INTERNATIONAL EXHIBITION CENTRE PLC

Notes forming part of the financial statements for the year ended 30 November 2000 (Continued)

10 Creditors: amounts falling due after more than one year

	2000 £'000	1999 £'000
Non-convertible debt:		
This is made up of:		
Class A Secured Bonds	130,000	130,000
Class B Subordinated Secured Exchangeable Bonds	47,607	47,607
Class A Secured Bonds premium	4	4
Class B Secured Bonds discount	(7,126)	(7,605)
Issue costs - Class A Secured Bonds	(3,682)	(3,980)
Issue costs - Class B Subordinated Secured Exchangeable Bonds	(1,149)	(1,225)
	<u>165,654</u>	<u>164,801</u>

The £130,000,000 Class A Secured Bonds were issued at 100.003% on 9 April 1999. They bear interest at 7.710% per annum based on their par value, payable in arrears on 25 May and 25 November each year. They are redeemable at par in end-loaded six monthly instalments from 25 November 2004 to 25 November 2015. The bonds are secured by way of a fixed and floating charge over the assets and undertakings of the company along with a mortgage over the shares in the company held by a director and the parent company.

The £47,607,000 Class B Subordinated Exchangeable Bonds were issued at 84.026% on 9 April 1999. They bear interest at 7.710% per annum based on their par value payable in arrears on 25 May and 25 November each year. They are redeemable at par in end-loaded instalments from 25 May 2012 to 25 November 2016. They are exchangeable for Class A Secured Bonds under certain conditions. The security is subordinated to the Class A Bonds.

In addition £5,951,000 Class B Subordinated Secured Exchangeable Bonds have been issued and retained by the company as Cost Overrun Bonds. They may be sold by the company only under certain circumstances. If not sold within one year of completion of the exhibition centre these Bonds will be cancelled. These Bonds have been excluded from the balance sheet of the company.

	2000 £'000	1999 £'000
Capital repayments of the bonds fall as follows:		
In two to five years	10,000	6,000
In more than five years	167,607	171,607
	<u>177,607</u>	<u>177,607</u>

LONDON INTERNATIONAL EXHIBITION CENTRE PLC

Notes forming part of the financial statements for the year ended 30 November 2000 (*Continued*)

10 Creditors: amounts falling due after more than one year (*Continued*)

Full details on the terms of the Bonds are included within the Offering Circular dated 31 March 1999.

The company does not face any significant foreign currency risk. Short term liquidity risk will be managed by obtaining and reviewing the adequacy of banking facilities - to date the unutilised Bonds proceeds have covered all short term liquidity requirements.

The directors believe the current market value of its borrowings is not materially different from their book value.

11 Share capital

	2000		1999	
	Number	£'000	Number	£'000
<i>Authorised</i>				
Ordinary shares of £1 each	40,010,000	40,010	40,010,000	40,010
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
<i>Allotted, called up and fully paid</i>				
Ordinary shares of £1 each	40,010,000	40,010	38,370,000	38,370
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

During the year the company issued 1,640,000 (1999 - 1,190,000) £1 ordinary shares at par in accordance with the staggered subscription agreement between Sir Robert McAlpine (Trade Investments) Limited, London International Exhibition Centre Holdings Limited, London International Exhibition Centre Plc and Prudential Trustee Company Limited.

12 Revaluation reserve

	2000	1999
	£'000	£'000
At start of year	-	-
Revaluation during the year (see note 6)	6,163	-
	<u> </u>	<u> </u>
At end of year	6,163	-
	<u> </u>	<u> </u>

13 Related party transactions

During the year, the company entered into the following transactions with a related party:

Invoices rendered by Sir Robert McAlpine Limited, a shareholder in the company's parent company, of £130 million (1999 - £38 million) in respect of work performed in connection with the development of the exhibition centre of which £7.2 million (1999 - £8 million) was outstanding at the year end.

LONDON INTERNATIONAL EXHIBITION CENTRE PLC

Notes forming part of the financial statements for the year ended 30 November 2000 (*Continued*)

14 Reconciliation of movement in shareholders' funds

	Year ended 30 November 2000 £'000	7 month period ended 30 November 1999 £'000
Loss for the year	(10,134)	(2,667)
Issue of shares	1,640	1,190
Revaluation during the year	6,163	-
Movement in shareholders' funds	(2,331)	(1,477)
Shareholders' funds brought forward	32,757	34,234
Shareholders' funds carried forward	30,426	32,757

15 Capital commitments

Capital commitments entered into but not provided for at the year end amounted to £28 million, principally in respect of a building agreement with Sir Robert McAlpine Limited, a related party (see note 13).

16 Reconciliation of operating loss to net cash outflow from operating activities

	Year ended 30 November 2000 £'000	7 month period ended 30 November 1999 £'000
Operating loss	(12,608)	(3,838)
Depreciation	245	36
Increase in debtors	(3,926)	(3,330)
Increase/(decrease) in creditors	14,426	(438)
Net cash outflow from operating activities	(1,863)	(7,570)

LONDON INTERNATIONAL EXHIBITION CENTRE PLC

Notes forming part of the financial statements for the year ended 30 November 2000 *(Continued)*

17 Analysis of cash flows for headings netted in the cash flow statement

	Year ended 30 November 2000 £'000	7 month period ended 30 November 1999 £'000
Returns on investments and servicing of finance		
Interest received	8,311	2,969
Interest paid	(13,694)	(8,596)
Net cash outflow for returns on investments and servicing of finance	(5,383)	(5,627)
Capital expenditure	(123,097)	(32,335)
Less: Capitalised interest	10,443	3,664
Less: Capitalised bond issue costs	845	-
Net cash outflow for capital expenditure	(111,809)	(28,671)
Financing		
Issue of ordinary share capital	1,640	1,190
Bond issue costs	-	(363)
Net cash inflow from financing	1,640	827
Management of liquid resources		
Cash withdrawn from deposits	117,539	49,516

LONDON INTERNATIONAL EXHIBITION CENTRE PLC

Notes forming part of the financial statements for the year ended 30 November 2000 *(Continued)*

18 Reconciliation of net cash (outflow)/inflow to movement in net debt

	Year ended 30 November 2000 £'000	7 month period ended 30 November 1999 £'000
Increase in cash in the year	124	8,475
Movement in liquid resources from cash flows	(117,539)	(49,516)
Movement in net debt resulting from cash flows	(117,415)	(41,041)
Amortisation of bond issue costs	(853)	-
Movement in net debt in the year	(118,268)	(41,041)
Opening net debt	(15,115)	25,926
Closing net debt	(133,383)	(15,115)

19 Analysis of net debt

	At 1 December 1999 £'000	Cash flow £'000	Other movements £'000	At 30 November 2000 £'000
Cash in hand and at bank	2	124	-	126
Bank deposits	149,684	(117,539)	-	32,145
Debt due in more than one year (see note 10)	(164,801)	-	(853)	(165,654)
Total	(15,115)	(117,415)	(853)	(133,383)

20 Ultimate parent company

At 30 November 2000 the company's immediate and ultimate parent company was London International Exhibition Centre Holdings Limited.

Copies of the consolidated financial statements of London International Exhibition Centre Holdings Limited, are available from Companies House.

LONDON INTERNATIONAL EXHIBITION CENTRE PLC

Notes forming part of the financial statements for the year ended 30 November 2000 (*Continued*)

21 Post balance sheet event

On 3 May 2001, the shareholder of the company entered into an agreement with its shareholders to raise £20 million. Following this the company has received an undertaking from its shareholder to inject sufficient funds to meet all its forecast funding and working capital requirements.