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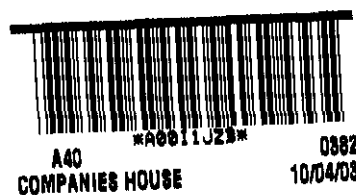
**REGISTRAR OF
COMPANIES**

**London International Exhibition Centre
Plc**

Report and Financial Statements

Year Ended

30 November 2002



BDO Stoy Hayward
Chartered Accountants

LONDON INTERNATIONAL EXHIBITION CENTRE PLC

Report and financial statements for the year ended 30 November 2002

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Directors

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Directors

The Rt Hon The Lord King of Bridgewater CH
Mohamed Shahrin Merican
William James Buchan
Peter Nicholas Forster

Augustus Ralph Marshall
Peter Chong Leng Ang
Chan Chee Beng (alternate)

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

2002 has seen ExCeL continue to progress as London's newest world class exhibition centre. Although there was a dip in revenue from 2001 reflecting more difficult market conditions and the added impact of September 11th, ExCeL managed to surpass its yearly forecast and to continue to attract major exhibitions and events. In all, over 350 events were hosted at the venue, with the most notable being the very successful World Travel Market.

In my statement last year, I gave notice of the Board's decision to reorganise the capital structure, to achieve a more appropriate balance between debt and equity so that the business could move forward on a sound financial basis.

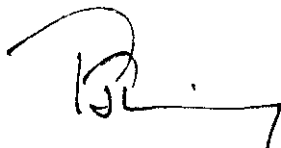
I am pleased to report that this has now been achieved with a fresh injection of equity from the majority shareholder, Visionary Properties, a 5 year moratorium on interest payments on the senior bonds in exchange for an equity share, and a conversion to equity of the junior bonds. This provides a strong financial basis for the development of the UK's premier venue.

Senior staff appointments at ExCeL included Tim Beswick as the new Chief Financial Officer, previously Finance Director at RAC Motoring Services, and Sarah Horrell as the new Marketing & Communications Director. Ms Horrell moves from Haymarket Exhibitions Ltd where she was Marketing Director, bringing with her considerable experience and a new drive to our marketing department.

In addition ExCeL is positioning itself to promote the launch of new trade and consumer shows. Separately a sister company has been formed with exhibition organising capability to launch consumer shows.

The past year has involved a massive programme of work to achieve the new financial structure, to enhance to the maximum the performance of the venue, and to establish a first class executive team to lead the successful development of ExCeL.

I would like on behalf of the Board to record our appreciation to Jamie Buchan and the whole ExCeL team for all their hard work, commitment, and enthusiasm throughout this challenging year. I would also on behalf of the Board like to thank Derek Budden, David Stark, and General Hashim for their contribution to the company. I am confident that it is those proven qualities that will drive ExCeL forward in meeting the exciting further challenges that lie ahead.



The Rt Hon The Lord King of Bridgewater CH
Chairman

20 February 2003

LONDON INTERNATIONAL EXHIBITION CENTRE PLC

Corporate governance

Although London International Exhibition Centre Plc is not listed on the London Stock Exchange its Bonds are listed on the Luxembourg Stock Exchange. The board still 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 apart from those identified above. The Board currently consists of one executive and six non-executive directors (of which one is an alternate director). 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 The Lord King of Bridgwater CH, Mohamed Shahrin Merican, Peter Chong Leng Ang and Augustus Ralph Marshall meet as required during the year to approve the total remuneration and reward packages of the executive directors.

Audit Committee

The Audit Committee, which comprises all the non-executive directors, plans to meet at least three times a year. The Audit Committee reviews the adequacy of the company's risk management and internal control systems, accounting policies and compliance with applicable accounting standards. The Audit Committee also considers the appointment of the external auditor and setting of audit fees. The Finance Director and external auditors are invited to attend its meetings. In the past year the Audit Committee met twice.

The Audit 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 in connection with the financial statements are explained in the directors' report.

The corporate governance disclosures in this report focus 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. The company intends to report on its compliance with the recommendations of the Turnbull Committee in its next report. Any significant risk issues which arise are considered by the directors during board meetings.

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) The company prepares a detailed formal budget on a four-monthly basis which is approved by the Board. Results for the company are reported against this budget to the Board.
- (c) The company has clearly defined guidelines for capital expenditure. These include annual budgets, detailed appraisal and review procedures and levels of authority.

LONDON INTERNATIONAL EXHIBITION CENTRE PLC

Corporate governance (*Continued*)

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.

Going concern

The directors, having made appropriate enquiries, believe that the Company has adequate resources to continue in operational existence for the foreseeable future. They continue to adopt the going concern basis in preparing the financial statements.

LONDON INTERNATIONAL EXHIBITION CENTRE PLC

Report of the directors for the year ended 30 November 2002

The directors present their report together with the audited financial statements for the year ended 30 November 2002.

Results and dividends

The profit and loss account is set out on page 11 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 operation of the ExCeL exhibition centre based at the Royal Docks in London.

In the year to 30 November 2002 ExCeL completed its second year of operation and hosted over 350 events, including a number of large shows: World Travel Market, Toy Fair, Salon International and London International Wine and Spirits. Positive feedback has been received from all parties involved, and increased exhibitor and visitor numbers have been reported.

Positive feedback has been backed up by committed repeat bookings for future shows. 2004 in particular is an upbeat year with substantial further bookings already in place, including the prestigious International Boat Show in December.

Future developments to the business infrastructure have already commenced with the construction of five additional hotels (creating a total of 1,500 rooms), three of which are due for completion in 2003 and the remaining two in early 2004. Restaurants and pubs are also in construction along with residential apartments.

Post balance sheet events

On 27 January 2003, London International Exhibition Centre Holdings Plc (formerly London International Centre Holdings Limited), the company's ultimate parent company, announced the completion of its refinancing arrangements, following the issue of the refinancing proposals on 19 December 2002. Further details of the refinancing are set out in note 23.

LONDON INTERNATIONAL EXHIBITION CENTRE PLC

Report of the directors for the year ended 30 November 2002 (*Continued*)

Directors

The directors of the company during the year and to the date of this report were:

The Rt Hon The Lord King of Bridgewater CH (Chairman)	
Iain Lawrie Shearer	(resigned 24 October 2002)
Mohamed Shahrin Merican	
Derek Ernest Arthur Budden	(resigned 10 December 2002)
George Barry Maiden	(appointed 21 March 2002; resigned 20 December 2002)
William James Buchan	(appointed 17 January 2002)
Peter Nicholas Forster	
Adrian Fook Khiun Chung	(appointed 17 January 2002; resigned 2 September 2002)
Charles Henry Gregson	(appointed 17 January 2002; resigned 8 August 2002)
Augustus Ralph Marshall	(appointed 7 March 2002)
Peter Chong Leng Ang	(appointed 8 May 2002)
Chan Chee Beng	(resigned 25 February 2002; re-appointed 8 May 2002 as alternate for Augustus Ralph Marshall)
Tan Sri Kim Yew Lee	(resigned 8 May 2002 as alternate)
Adrian David Stark	(appointed 17 January 2002; resigned 8 August 2002 as alternate)
Get (Rtd) Tan Sri Mohamed	(resigned 8 May 2002)
Hashim Bin Mohamed Ali	

Iain Lawrie Shearer held one share in the company during the year. This share is mortgaged as part of the security on the Bonds in issue. None of the other directors have any interest in the share capital of the company.

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

William James Buchan is the only executive director of the company. All other directors at the year end and to the date of this report are non executive directors.

LONDON INTERNATIONAL EXHIBITION CENTRE PLC

Report of the directors for the year ended 30 November 2002 (*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.

Employees

The company wholeheartedly supports the principle of equal opportunities in employment and opposes all discrimination on the grounds of colour, race, nationality, ethnic origin, creed, sex, sexual orientation, marital status or disability.

Any employee who becomes disabled whilst employed by the company 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 that the supplier is aware of those terms and to abide by the agreed terms of payment. As at 30 November 2002 trade creditors represented 30 days of supplies (30 November 2001 – 30 days).

LONDON INTERNATIONAL EXHIBITION CENTRE PLC

Report of the directors for the year ended 30 November 2002 (*Continued*)

Charitable donations

During the year the company made charitable donations of £1,382 (2001 - £977).

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

W J Buchan



Director

20 February 2003

LONDON INTERNATIONAL EXHIBITION CENTRE PLC

Report of the independent auditors

To the shareholders of London International Exhibition Centre Plc

We have audited the financial statements of London International Exhibition Centre Plc for the year ended 30 November 2002 on pages 11 to 28 which have been prepared under the accounting policies set out on pages 15 to 17.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable law and United Kingdom 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.

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 with the company is not disclosed.

We read other information contained in the annual report, and consider whether it is consistent with the audited financial statements. This other information comprises only the Directors' Report, the Chairman's Statement and the Corporate Governance Statement. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Our report has been prepared pursuant to the requirements of the Companies Act 1985 and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of the Companies Act 1985 or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

Basis of audit 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 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.

LONDON INTERNATIONAL EXHIBITION CENTRE PLC

Report of the independent auditors (*Continued*)

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 2002 and of its loss 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

20 February 2003

LONDON INTERNATIONAL EXHIBITION CENTRE PLC

Profit and loss account for the year ended 30 November 2002

	Note	2002 £'000	2001 £'000
Turnover	2	14,686	24,759
Administrative expenses		30,359	29,305
Operating loss	5	(15,673)	(4,546)
Profit from sale of fixed assets		4,392	5,632
Net interest payable	4	(12,408)	(12,999)
Loss on ordinary activities before and after taxation	6,13	(23,689)	(11,913)

All amounts relate to continuing activities.

The notes on pages 15 to 28 form part of these financial statements.

LONDON INTERNATIONAL EXHIBITION CENTRE PLC

Statement of total recognised gains and losses and note of historical cost profits and losses for the year ended 30 November 2002

	Note	2002 £'000	2001 £'000
Statement of total recognised gains and losses			
Loss for the year		(23,689)	(11,913)
(Deficit)/surplus arising on the revaluation of fixed assets	7	(1,377)	1,315
Total recognised gains and losses		(25,066)	(10,598)
Note of historical cost profits and losses			
Reported loss on activities before taxation		(23,689)	(11,913)
Difference between a historical cost depreciation charge and the actual depreciation charge		188	127
Historical cost loss on ordinary activities before taxation		(23,501)	(11,786)
Historical cost loss for the year retained after taxation		(23,501)	(11,786)

The notes on pages 15 to 28 form part of these financial statements.

LONDON INTERNATIONAL EXHIBITION CENTRE PLC

Balance sheet at 30 November 2002

	Note	2002 £'000	2002 £'000	2001 £'000	2001 £'000
Fixed assets					
Tangible assets	7		194,177		200,557
Current assets					
Debtors	8	3,971		5,258	
Bank deposits and bonds - restricted	9	2,954		18,506	
		6,925		23,764	
Creditors: amounts falling due within one year	10	16,498		18,003	
Net current (liabilities)/assets			(9,573)		5,761
Total assets less current liabilities			184,604		206,318
Financed by:					
Creditors: amounts falling due after more than one year					
Non-convertible debt	11		167,350		166,498
Other	11		12,500		10,000
			179,850		176,498
Capital and reserves					
Called up share capital	12	40,010		40,010	
Revaluation reserve	13	5,786		7,478	
Capital contribution	13	9,992		9,992	
Profit and loss account	13	(51,034)		(27,660)	
Shareholders' funds - equity	14		4,754		29,820
Total financing			184,604		206,318

All shareholders' funds are equity.

The financial statements were approved by the Board on 20 February 2003

W J Buchan
Director



The notes on pages 15 to 28 form part of these financial statements.

LONDON INTERNATIONAL EXHIBITION CENTRE PLC

Cash flow statement for the year ended 30 November 2002

	Note	2002 £'000	2001 £'000
Net cash (outflow)/inflow from operating activities	16	(9,667)	1,446
Returns on investments and servicing of finance	17	(11,335)	(12,845)
Capital expenditure	17	2,950	(22,358)
Cash outflow before use of liquid resources and financing		(18,052)	(33,757)
Management of liquid resources	17	15,552	13,639
Financing	17	2,500	19,992
Decrease in cash	18,19,20	-	(126)

The notes on pages 15 to 28 form part of these financial statements.

LONDON INTERNATIONAL EXHIBITION CENTRE PLC

Notes forming part of the financial statements for the year ended 30 November 2002

1 Accounting policies

Basis of preparation

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of the multi storey car park, and are in accordance with applicable accounting standards.

In preparing these financial statements the company has adopted Financial Reporting Standard 19 'Deferred Taxation'. Adopting FRS 19 has had no material impact on the company's current or prior period results and net assets.

Going concern

The directors, having made appropriate enquiries, believe that the company has adequate resources to continue in operational existence for the foreseeable future. They continue to adopt the going concern basis on preparing the financial statements.

The following principal accounting policies have been applied:

Turnover

Turnover represents sales to third parties, net of value added tax.

Deferred income

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

Fixed assets

Costs in relation to the development of the ExCeL Exhibition Centre are capitalised and included under the heading 'ExCeL Exhibition Centre'. The multi-storey car park, which is not an integral part of the ExCeL Exhibition Centre, is included at valuation at existing use.

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 20% and 50% 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 2002 (*Continued*)

1 Accounting policies (*Continued*)

Bond issue expenses

Costs incurred on the issue of Bonds were 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 was capitalised within the ExCeL Exhibition Centre in the period up to completion of the exhibition centre; thereafter it is charged to the profit and loss account.

Interest payable and receivable

Interest payable that was directly attributable to the construction of the ExCeL Exhibition Centre was capitalised as part of the cost of this asset during the period of construction. Capitalisation of finance costs has now ceased as the ExCeL Exhibition Centre is completed. Interest receivable 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.

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. The company also makes contributions to directors' personal defined contribution schemes.

Liquid resources

Management of liquid resources for the purposes of the cash flow are defined as short term deposits.

LONDON INTERNATIONAL EXHIBITION CENTRE PLC

Notes forming part of the financial statements for the year ended 30 November 2002 (*Continued*)

1 Accounting policies (*Continued*)

Deferred taxation

Deferred tax assets and liabilities arise from timing differences between the recognition of gains and losses in the financial statements and their recognition in a tax computation.

In accordance with FRS 19, deferred tax is provided in respect of all timing differences that have originated, but not reversed, at the balance sheet date that may give rise to an obligation to pay more or less tax in the future. An asset is recognised where there is no uncertainty as to the transfer of future economic benefits. Deferred tax is measured on a non-discounted basis.

2 Turnover, profit and net assets

All turnover, profit and net assets arose from the principal activity of the company and within the UK.

3 Staff costs and directors' emoluments

	2002 £'000	2001 £'000
Staff costs (including directors' emoluments) consist of:		
Wages and salaries	3,450	3,493
Social security costs	430	428
Pension costs (defined contribution scheme)	187	231
	<u>4,067</u>	<u>4,152</u>
The average number of full time staff employed during the year were:	Number	Number
Support, operations and sales and marketing	<u>89</u>	<u>89</u>
Directors emoluments		
Fees and other emoluments	713	509
Pension contributions	52	50
	<u>765</u>	<u>559</u>

During the year the highest paid director received emoluments of £229,077 (2001 - £333,714) and pension contributions of £31,250 (2001 - £40,890).

LONDON INTERNATIONAL EXHIBITION CENTRE PLC

Notes forming part of the financial statements for the year ended 30 November 2002 (*Continued*)

4 Net interest payable

	2002 £'000	2001 £'000
Bond interest payable	(11,668)	(13,694)
Other interest payable	(446)	(771)
Amortisation of bond issue costs and discounts	(852)	(844)
Net interest capitalised	-	1,212
Total interest payable and similar charges	(12,966)	(14,097)
Bank interest receivable	558	1,098
	(12,408)	(12,999)

5 Operating loss

	2002 £'000	2001 £'000
This is arrived at after charging:		
Auditors' remuneration - audit services	74	72
- non-audit services	25	28
Depreciation on tangible fixed assets	5,572	5,334
Loss on sale of fixed assets	66	416
Operating lease payments - Land and buildings	154	167
- Other	140	118
Exceptional item - refinancing costs	3,671	-

The exceptional item charged in the profit and loss account relates to the costs incurred in the re-negotiation of the financing of the group. Additional costs were incurred post year end until the approval of the reorganisation (see note 23).

6 Taxation

	2002 £'000	2001 £'000
<i>Tax reconciliation</i>		
Factors affecting the tax charge for the period:		
Loss on ordinary activities before taxation	(23,689)	(11,913)

LONDON INTERNATIONAL EXHIBITION CENTRE PLC

Notes forming part of the financial statements for the year ended 30 November 2002 (*Continued*)

6 Taxation (*Continued*)

	2002 £'000	2001 £'000
Loss on ordinary activities at standard rate of corporation tax in the UK of 30%	(7,107)	(3,574)
Effects of:		
Expenses not deductible for tax purposes	1,899	1,213
Capital allowances for period in excess of depreciation	652	526
Losses created in year	4,557	2,193
Other timing differences	(1)	(358)
Current tax charge for period	-	-

As at the year end the company had tax losses (net of tax computation timing differences) of approximately £52.6 million (2001 - £37.3 million) available for utilisation in future years, subject to agreement with the Inland Revenue.

Unrecognised deferred tax

	At 1 December 2001 £'000	Movement in the year £'000	At 30 November 2002 £'000
Accelerated capital allowances	596	653	1,249
Tax losses	11,216	4,557	15,773
Capitalised interest	11,812 (4,922)	5,210 (1)	17,022 (4,923)
Unrecognised deferred tax asset	6,890	5,209	12,099

The company has not provided for the net deferred tax asset on losses and accelerated capital allowances, as it is prudent to assume that the group will not make sufficient profits in the short term to absorb these amounts.

No provision has been made for deferred tax on the revalued multi storey car park. Tax is only payable in the event that the company makes taxable profits in the year of disposal. At present it is not envisaged that any tax will become payable in the foreseeable future. An estimate of this potential liability at 31 December 2002 is £1.8 million (31 December 2001 - £2.2 million).

LONDON INTERNATIONAL EXHIBITION CENTRE PLC

Notes forming part of the financial statements for the year ended 30 November 2002 (*Continued*)

7 Tangible assets

	ExCeL Exhibition Centre £'000	Motor vehicles £'000	Fixtures, fittings and equipment £'000	Total £'000
<i>Cost or valuation</i>				
At beginning of year	204,549	42	1,477	206,068
Revaluation during the year	(1,377)	-	-	(1,377)
Additions	473	-	162	635
Disposals	(66)	-	-	(66)
At end of year	203,579	42	1,639	205,260
<i>Depreciation</i>				
At beginning of year	4,883	26	602	5,511
Provided for the year	5,229	11	332	5,572
At end of year	10,112	37	934	11,083
<i>Net book value</i>				
At 30 November 2002	193,467	5	705	194,177
At 30 November 2001	199,666	16	875	200,557

Included within the cost of the ExCeL Exhibition Centre is £15,795,000 (2001 - £16,426,000) of capitalised interest charges and amortised bond issue costs.

The ExCeL Exhibition Centre is held on a long leasehold.

Valuation at multi-storey car park

Included within ExCeL Exhibition Centre is a multi storey car park, which has been revalued during the year from £7,478,000 to £6,101,000. This valuation was performed by Drivers Jonas in November 2002, on the basis of 'Existing Use Value' as defined in the Appraisal and Valuation manual published by the Royal Institution of Chartered Surveyors.

LONDON INTERNATIONAL EXHIBITION CENTRE PLC

Notes forming part of the financial statements for the year ended 30 November 2002 (*Continued*)

7 Tangible assets (*Continued*)

Contingent liability

The multi storey car park is being paid for by contributions from the developers of the various hotels on site, and reflects the value of lost car parking space that their various developments lead to. The multi storey car park remains the property of the company.

The sale of land from London International Exhibition Centre Plc to the hotel developers is contingent on planning consent being obtained and practical completion of the development. As at 30 November 2002, the outstanding contributions due to the building contractor of the multi storey car park was £1.8 million. On obtaining the required planning permission, the developers are together committed to contribute this £1.8 million. Should planning permission not be granted the developers have the right to terminate their contracts with London International Exhibition Centre Plc.

Barclays Bank Plc acted as guarantor to the building contractors of the multi storey car park for the above £1.8 million. Should the contracts with the hotel developers be terminated, Barclays Bank Plc had recourse to London International Exhibition Centre Plc to repay on demand the £1.8 million. The directors believe that planning permission would be granted to the developers and that the liability would not crystallise.

On 28 January 2003 this amount was discharged following the completion of the refinancing proposals as set out in note 23.

8 Debtors

	2002 £'000	2001 £'000
Trade debtors	3,046	4,811
VAT recoverable	156	-
Other debtors	-	54
Prepayments and accrued income	769	393
	<u>3,971</u>	<u>5,258</u>

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

LONDON INTERNATIONAL EXHIBITION CENTRE PLC

Notes forming part of the financial statements for the year ended 30 November 2002 (Continued)

9 Bank deposits and bonds

Included within bank deposits and bonds is £Nil (2001 - £10 million) in respect of the Class A debt reserve, £Nil (2001 - £1.8 million) in respect of the Class B debt reserve and £1.8 million (2001 - £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.

10 Creditors: amounts falling due within one year

	2002 £'000	2001 £'000
Trade creditors	1,854	1,731
Payments due on account for construction	2,611	4,376
Taxation and social security	-	341
Accruals	7,688	5,407
Deferred income	4,345	6,148
	<u>16,498</u>	<u>18,003</u>

11 Creditors: amounts falling due after more than one year

	2002 £'000	2002 £'000	2001 £'000	2001 £'000
Non-convertible debt made up of:				
Class A Secured Bonds	130,000		130,000	
- Premium on issue	4		4	
- Unamortised issue costs	(3,094)		(3,389)	
	<u></u>	126,910	<u></u>	126,615
Class B Subordinated Secured Exchangeable Bonds	47,607		47,607	
- Discount on issue	(6,172)		(6,651)	
- Unamortised issue costs	(995)		(1,073)	
	<u></u>	40,440	<u></u>	39,883
Amounts owed to parent company		12,500		10,000
		<u>179,850</u>		<u>176,498</u>

LONDON INTERNATIONAL EXHIBITION CENTRE PLC

Notes forming part of the financial statements for the year ended 30 November 2002 (*Continued*)

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

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 of the company along with a mortgage over the ordinary shares in issue held by a director (one share) and the parent company (remaining shares).

The £47,607,000 Class B Subordinated Secured 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 were issued on 9 April 1999 and retained by the company as Cost Overrun Bonds. They could have been sold by the company only in the event that the cost of The Exhibition Centre over ran. As the bonds were not required they were cancelled on 31 March 2002.

The information above refers to the position of the balance sheet date. On 27 January 2003 the company announced the completion of its refinancing proposals. See note 23 for further information.

	2002 £'000	2001 £'000
Capital repayments of the bonds fall as follows:		
In two to five years	18,000	12,557
In more than five years	149,350	153,941
	167,350	166,498

The board considers the policies needed to manage the company's exposure to risk. The company's financial instruments consisted of cash, secured bonds and an inter company loan. The company does not face any significant foreign exchange risk. The main risks arising from these types of financial instruments are interest rate risk and liquidity risk.

Interest rate risk

The board agrees the policy for managing cash and at the year end held £Nil in commercial paper (2001 - £11.7 million on rates of between 3.84 and 3.88%).

A further £2.9 million was held on various short term deposits at rates between 3.79 and 3.99% (2001 - £6.8 million between 3 and 5.17%).

LONDON INTERNATIONAL EXHIBITION CENTRE PLC

Notes forming part of the financial statements for the year ended 30 November 2002 (*Continued*)

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

Liquidity risk

The group raised £200 million in 1999 from the Bond issue, which was used for the development of the ExCeL Exhibition Centre and to fund the working capital requirements of the business in its initial stages. The company received a further £20 million in 2001 and £2.5 million in 2002 from its parent company, from which working capital requirements were met.

During 2002 the board reviewed the requirements of the group and on 19 December 2002 issued a refinancing proposal to restructure the debt and equity of the company. Further details can be found in note 23 to the financial statements.

Fair values

The company borrowings consist of 'A' and 'B' secured loan stocks and an inter company loan. The directors do not believe it is practicable to estimate the fair value of the 'A' and 'B' secured loan stocks of the company at the balance sheet date for both periods.

The secured 'A' and 'B' loan stocks are listed on the Luxembourg Stock Exchange and to the date of this report there have been no trades in these loan stocks. There are no comparable stocks listed on the exchange from which a value could be estimated. As at the balance sheet date the future cash flows of the stocks were not certain, and were inextricably linked to the refinancing arrangements of the company (see note 23), and therefore this method was not available to the directors for them to estimate the fair value of these borrowings.

Since the year end, as explained further in note 23, the 'B' bonds have been converted into equity shares in London International Exhibition Centre Holdings Plc. The terms on the 'A' bonds have been re-negotiated and no interest payments are now due until May 2008. The directors estimate that the fair value of the 'A' bonds at the date of signature of these financial statements to be £37.9 million. This has been calculated on the basis of discounted cash flows using a discount rate of 16%.

The directors believe that the fair value of the inter company loan is not materially different from its book value.

12 Share capital

	2002 Number	2002 £'000	2001 Number	2001 £'000
<i>Authorised</i>				
Ordinary shares of £1 each	40,010,000	40,010	40,010,000	40,010
<i>Allotted, called up and fully paid</i>				
Ordinary shares of £1 each	40,010,000	40,010	40,010,000	40,010

LONDON INTERNATIONAL EXHIBITION CENTRE PLC

Notes forming part of the financial statements for the year ended 30 November 2002 (Continued)

13 Reserves

	Capital contribution £'000	Revaluation reserve £'000	Profit and loss account £'000
At 1 December 2001	9,992	7,478	(27,660)
Revaluation deficit	-	(1,377)	-
Transfer relating to revalued properties	-	(315)	315
Loss for the year	-	-	(23,689)
At 30 November 2002	9,992	5,786	(51,034)

14 Reconciliation of movement in shareholders' funds

	2002 £'000	2001 £'000
Loss for the year	(23,689)	(11,913)
Revaluation during the year	(1,377)	1,315
Capital contribution	-	9,992
Movement in shareholders' funds	(25,066)	(606)
Opening shareholders' funds	29,820	30,426
Closing shareholders' funds	4,754	29,820

15 Commitments under operating leases

As at 30 November 2002, the company had annual commitments under non-cancellable operating leases as set out below:

	2002 Land and buildings £	2002 Other £	2001 Land and buildings £	2001 Other £
Operating leases which expire:				
Within one year	-	70	61	124
In two to five years	-	138	-	51
	-	208	61	175

LONDON INTERNATIONAL EXHIBITION CENTRE PLC

Notes forming part of the financial statements for the year ended 30 November 2002 (*Continued*)

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

	2002 £'000	2001 £'000
Operating loss	(15,673)	(4,546)
Depreciation	5,572	5,334
Loss on disposal of fixed assets	66	416
Decrease in debtors	1,233	4,012
Decrease in creditors	(865)	(3,770)
Net cash (outflow)/inflow from operating activities	(9,667)	1,446

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

	2002 £'000	2001 £'000
Returns on investments and servicing of finance		
Interest received	612	1,069
Interest paid	(11,947)	(13,914)
Net cash outflow from returns on investments and servicing of finance	(11,335)	(12,845)
Capital expenditure		
Purchase of fixed assets	(2,400)	(30,140)
Less: Capitalised interest	-	1,212
	(2,400)	(28,928)
Proceeds from sale of land and buildings	5,350	6,570
Net cash outflow from capital expenditure	2,950	(22,358)
Management of liquid resources		
Cash withdrawn from deposits	15,552	13,639
Financing		
Capital contribution	-	9,992
Increase in long term group borrowings	2,500	10,000
Net cash inflow from financing	2,500	19,992

In accordance with an agreement with the London Development Agency ('LDA') part of the proceeds received on the disposal of land and buildings shown above are payable to the LDA.

These amounts have been included in creditors at 30 November 2002 and 30 November 2001.

LONDON INTERNATIONAL EXHIBITION CENTRE PLC

Notes forming part of the financial statements for the year ended 30 November 2002 (*Continued*)

18 Reconciliation of net cash outflow to movement in net debt

	2002 £'000	2001 £'000
Decrease in cash in the year	-	(126)
Movement in liquid resources from cash flows	(15,552)	(13,639)
Movement in net debt resulting from cash flows	(15,552)	(13,765)
Amortisation of bond issue costs	(852)	(844)
Shareholder loan stock issued	(2,500)	(10,000)
Movement in net debt in the year	(18,904)	(24,609)
Opening net debt	(157,992)	(133,383)
Closing net debt	(176,896)	(157,992)

19 Analysis of net debt

	At 1 December 2001 £'000	Cash flow £'000	Other non cash movements £'000	At 30 November 2002 £'000
Bank deposits	18,506	(15,552)	-	2,954
Debt due in more than one year (see note 12)	(176,498)	(2,500)	(852)	(179,850)
Net debt	(157,992)	(18,052)	(852)	(176,896)

20 Reconciliation between movement in cash and decrease in cash, bank deposits and bonds

	2002 £'000	2001 £'000
Decrease in cash	-	(126)
Cash withdrawn from deposits	(15,552)	(13,639)
Decrease in cash, bank deposits and bonds	(15,552)	(13,765)

LONDON INTERNATIONAL EXHIBITION CENTRE PLC

Notes forming part of the financial statements for the year ended 30 November 2002 (*Continued*)

21 Ultimate parent company

At 30 November 2002 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.

22 Related party transactions

During the year invoices were rendered to the company by Sir Robert McAlpine Limited, a party connected to Sir Robert McAlpine (Trade Investments) Limited, a shareholder in London International Exhibition Centre Holdings Plc. The amount invoiced was £2.4 million (year to 30 November 2001 - £36 million), which was in respect of work performed in connection with the development of the ExCeL Exhibition Centre and in respect of which work £2.6 million is outstanding (30 November 2001 - £4.4 million) as at the year end.

23 Post balance sheet events

Contingent liability on MSCP

On 28 January 2003 the company repaid the outstanding liability of £1.8m due to the developer of the multi storey car park. Subsequently the guarantee with Barclays Bank Plc was cancelled.

Reorganisation

On 27 January 2003, London International Exhibition Centre Holdings Plc ('ExCeL') announced the completion of its refinancing arrangements, following the issue of the refinancing proposals on 19 December 2002. Under the arrangement ExCeL's majority shareholder has provided £19m of new equity in return for a 75.1% voting stake.

All of the £47.6 million Class 'B' Bonds issued by London International Exhibition Centre Plc have been converted into 10% of the equity in ExCeL. The £130 million 'A' bonds remain, however no interest will accrue on the principal until May 2007 and no payment of interest will be due until May 2008. The Class 'A' bondholders will receive 14.9% of the equity in ExCeL in return for the interest pause.

By completion of this reorganisation, and since 30 November 2002, the company had incurred further costs of £3.1 million.