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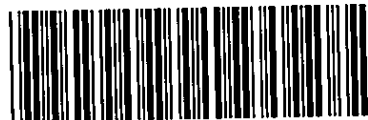
**London International Exhibition Centre
Plc**

Report and Financial Statements

Year Ended

31 January 2007

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LONDON INTERNATIONAL EXHIBITION CENTRE PLC

Report and Financial Statements for the year ended 31 January 2007

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Company Secretary and registered office

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

Company number

3458317

Auditors

PricewaterhouseCoopers LLP, First Point, Buckingham Gate, Gatwick, RH6 0PP

LONDON INTERNATIONAL EXHIBITION CENTRE PLC

Chairman's Statement

During the year ended 31 January 2007 the company continued to make strong progress with further improvements in both revenues and net cash flows from operating activities at ExCeL London. The company continues to attract significant new business from leading UK and international event organisers and directly with blue chip end users thereby cementing its position as London's leading venue for exhibitions, conferences and corporate events.

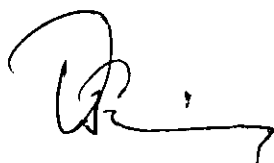
Both trade and consumer exhibitions continued to flourish. One highlight of 2006 was the British International Motor Show. ExCeL London delivered a considerable increase in visitors as part of its return to London from the Midlands.

The Company's conference business continues to grow and this is reflected in the increasing number of large national and international conventions and corporate functions hosted at ExCeL London.

Throughout the year the company has made progress in response to industry demand for the extension of its exhibition and conference facilities. Sir Nicholas Grimshaw and Partners were engaged to design a major extension to the ExCeL facility for which planning permission has now been received. The company continues to consult widely with customers and partners, and is very encouraged by the level of support achieved for its second phase of development.

The company is pleased to note the increasing political and business support for the proposed Crossrail link. This link and the further extensions of the Docklands Light Railway will enhance the comfort and convenience of access to ExCeL London along with supporting the continued development and regeneration of the wider Royal Docks area.

ExCeL London continues to progress and develop as a world class venue thanks to the hard work, dedication and commitment of the entire ExCeL London team. Once again I am delighted to record on behalf of the Board our sincere appreciation to the whole team for their efforts and achievements during the past year.



The Rt Hon The Lord King of Bridgwater CH
Chairman

7 March 2007

LONDON INTERNATIONAL EXHIBITION CENTRE PLC

Corporate Governance & Board of Directors

The Board recognises its responsibilities to maintain high standards of corporate governance throughout the group. The company's policy is to conform, in part, to the provisions of the 2003 Combined Code of corporate governance.

Composition of the Board, committee memberships and Directors' shareholdings

The following served as Directors of the company during the year

	Appointed	Member of Audit Committee	Member of Remuneration Committee
<i>Chairman</i>			
The Rt Hon The Lord King of Bridgwater CH			
<i>Executive Directors</i>			
William James Buchan			
Vanessa Cotton			
Philip Dowson	17 Oct 2006		
Kevin Murphy			
<i>Non-executive Directors</i>			
Chan Chee Beng		X	X
Alan Cole		X	X
Ralph Marshall			
Mohammed Shahrin Merican			X
David Shipley		X	X

The Board currently consists of the Chairman, four executive and five non-executive directors. These directors possess an appropriate level and range of business experience to effectively manage the company.

The executive directors During the year ended 31 January 2007 the executive directors and certain employees of the company were eligible to participate in the LIEC Group's Executive Management Incentive Scheme. Further details of this scheme can be found in note 3 to these accounts and in the accounts of the parent company London International Exhibition Centre Holdings PLC. The interests of the executive directors in the share capital of the parent company arising from participation in the scheme are as follows:

'E' Shares of 10 pence each

	At 1 Feb 2006 / date of appointment	Granted in the year	At 31 Jan 2007
William James Buchan	12,114	2,445	14,559
Vanessa Cotton	5,624	1,240	6,864
Philip Dowson	5,422	-	5,422
Kevin Murphy	9,230	1,759	10,989

The non-executive directors The non-executive directors are not eligible to participate in any company or group share schemes or long-term incentive plans. The non-executive directors do not have any interest in the share capital of the company. The interests of the non-executive directors in the share capital of the parent company are disclosed in the annual report of that company.

Role and Responsibilities of the Board

The formal matters reserved for the Board's decision and approval are the definition and approval of the company's overall strategy, the formulation of finance policy, the approval of budgets and major items of

LONDON INTERNATIONAL EXHIBITION CENTRE PLC

Corporate Governance & Board of Directors (*Continued*)

capital expenditure, the approval of the financial statements, and the appointment of the Company Secretary. The requirement for Board approval on these matters is communicated to senior management.

To maintain effective control over strategic, financial, operational and compliance issues the Board meets five times a year and has a schedule of matters that is brought to it, or its duly authorised committees, for decision.

Directors can obtain independent professional advice at the company's expense in furtherance of their duties as directors. All directors also have access to the advice and the services of the Company Secretary. The Company Secretary is charged by the Board with ensuring that the Board's procedures and rules are followed at all times.

Other Board Committees & memberships

The Board has established two committees – the Remuneration Committee and the Audit Committee.

The Remuneration Committee – The Remuneration Committee is comprised solely of non-executive directors and is chaired by Mohammed Shahrin Merican. It meets as required during the year and is responsible for approving the remuneration and reward packages of all the executive directors including any performance-related elements of the package.

The Audit Committee – The Audit Committee is chaired by David Shipley and is charged with overseeing the adequacy of the company's risk management and internal control procedures, assessing the appropriateness of the company's accounting policies and reviewing the compliance of the company with appropriate accounting standards. The Audit Committee also considers the objectivity and independence of the external auditors on a regular basis and is responsible for setting the level of the audit fee.

The Audit Committee is authorised by the Board to investigate any matter within its terms of reference and to obtain such independent professional advice as it deems necessary in the furtherance of its duties. The Audit Committee meets at least twice a year and the finance director of the company and the external auditors are both invited to attend its meetings. The external auditors and the other directors are afforded the opportunity of private meetings with the audit committee at their request.

Attendance at Board Meetings

The following table sets out the attendance of the directors at the Board and other committee meetings during the year.

	Board meetings (max 5)	Audit Committee meetings (max 3)	Remuneration Committee meetings (max 4)
<i>Chairman</i>			
The Rt Hon The Lord King of Bridgwater CH	5		
<i>Executive Directors</i>			
William James Buchan	5		
Vanessa Cotton	4		
Philip Dowson	2(*)		
Kevin Murphy	5		
<i>Non-executive Directors</i>			
Chan Chee Beng	4	3	2
Alan Cole	5	3	4
Ralph Marshall	-		
Mohammed Shahrin Merican	3		2
David Shipley	4	3	4

(*) Note: Philip Dowson was appointed to the Board of Directors on 17 October 2006 and attended both Board meetings thereafter.

LONDON INTERNATIONAL EXHIBITION CENTRE PLC

Corporate Governance & Board of Directors (*Continued*)

Audit and Internal Control

The Board of directors are responsible for the effectiveness of the company's system of financial and non-financial internal control. This system is designed to provide reasonable, but not absolute, assurance against material misstatement or loss. The Board confirms that there is an ongoing process allowing for the identification, evaluation and management of significant business risks. The key elements of the company's internal control system are

- 1) *Organisational structure* An organisation structure is in place which clearly defines responsibilities for operational and financial functions. There are clearly defined levels of authority and responsibility as well as appropriate reporting procedures.
- 2) *Financial Reporting* There is a comprehensive strategic planning, budgeting and forecasting process. Annual budgets and longer-term strategic forecasts are reviewed and approved by the Board of directors. Results for the company are reported to the Board against this budget.
- 3) *Expenditure* The company has clearly defined guidelines and procedures for revenue and capital expenditure including annual budgets, detailed investment appraisal and review procedures and appropriate delegation and reservation of purchasing authority. All significant expenditure requires approval by the Board.

Going Concern

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

LONDON INTERNATIONAL EXHIBITION CENTRE PLC

Directors' Report for the year ended 31 January 2007

The directors present their report together with the audited financial statements for the year ended 31 January 2007

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 (2006 - £nil)

Principal activities, trading review and future developments

The principal activity of London International Exhibition Centre PLC ("the company") continues to be the operation of the ExCeL London exhibition and conference centre

The results for the company show a pre-tax loss of £12,349,000 (2006 - £5,991,000) and sales of £36,304,000 (2006 - £32,478,000). The company has net debt of £140,202,000 (2006 - £139,917,000). Net cash inflow from operating activities during the year was £12,038,000 (2006 - £10,145,000).

Included within the pre-tax loss for the year are two significant items. Property development and design costs relating to the extension of the ExCeL London venue of £1,896,179 (2006 - £ nil) and costs relating to the LIEC Group Executive Management Incentive Plan of £8,025,819 (2006 - £1,174,502) were incurred in the year. Further information on these items can be found in notes 5 and 3 of the accounts respectively.

Business Review & Strategy

The company's vision is for ExCeL London to be regarded as the city's premier destination, primarily for business events. The market positioning for ExCeL London is "a world-class venue for a world-class city".

The company continues to target what it believes are the most attractive and receptive markets - the UK and international exhibitions markets and the UK and international conference and events markets.

The company believes the exhibition market is highly competitive. In order to continue successfully to grow its exhibitions business the company engages in careful and selective targeting of specific events (both launch events and transfers from competing venues) which it believes have a high likelihood of succeeding at ExCeL London. The company also maintains a close dialogue with key event organisers and owners. ExCeL London will continue to grow existing events through its excellence in service delivery and by ongoing investments to improve the visitor experience and the facilities at ExCeL London.

The Company believes that the UK and international conference market remains buoyant. The success of the London 2012 Olympic bid will enhance London's attractiveness as a venue for business tourism and ExCeL London is well placed to attract an increasing share of this growing market. ExCeL London has proved itself as a credible and attractive venue across the conference spectrum by successfully hosting large international conferences and congresses and major corporate events. The Conference and Events division has now become a significant contributor to the company's successful performance.

Environmental Policy

ExCeL London is also committed to reducing the impact on the environment of its activities. A comprehensive programme of waste reduction and energy efficiency has been implemented in the year with the aim of reducing energy usage within the ExCeL London venue and increasing the recycling of waste created by events taking place at ExCeL London.

LONDON INTERNATIONAL EXHIBITION CENTRE PLC

Directors' Report for the year ended 31 January 2007 (*Continued*)

Risks and Uncertainties

The management of the business and the execution of the company's vision and strategy are subject to a number of risks. The key risks are detailed below. Risks facing the business are reviewed by the board and appropriate processes are in place to identify, monitor and mitigate these risks.

Competition

The events market is highly competitive. Competition for international events is influenced by the support that many competing venues, particularly in mainland Europe, receive from public funds. A serious risk that the company faces is that one or more of ExCeL London's key, large events is lost to a competitor or ceases to take place. The company mitigates this risk by actively seeking to enter into long term contracts with many of its key customers and by continually improving the quality of its service delivery. The commitment to service quality is demonstrated by the awards which ExCeL has won during the year, in particular being recognised as a Business Superbrand and winning 'Business Venue of the Year 2006' at the Visit London Awards and 'Best Live Events Venue' at the 2006 Event Awards.

External Threats

The threat posed by terrorism is accepted as being particularly acute in London, especially in the time leading up to the 2012 Olympic Games. Discontinuity of services caused by a terrorist attack or a recession in business tourism in London after an attack could seriously impact the company's business.

Staffing

The challenge posed in retaining a high-quality team of senior managers where there is strong demand for their skills is considered to be significant. The company has implemented incentive plans and a programme of training and development to identify, retain and motivate key staff.

Key Performance Indicators

The board monitors progress on the overall company strategy by reference to the following Key Performance Indicators. Performance during the year is set out below.

	Year Ended 31 January 2007	Year Ended 31 January 2006
Revenue Growth (%)	12.7%	7.8%
Underlying EBITDA Growth (%)	11.2%	n/a(*)
Cashflow (£'000)	6,291	7,028
(*) n/a – 2005 Underlying EBITDA £ nil		

Underlying EBITDA excludes the significant items described on page 5, the charges relating to the property development and design costs relating to the extension of the ExCeL London venue of £1,896,179 (2006 - £ nil) and costs relating to the LIEC Group Executive Management Incentive Plan of £8,025,819 (2006 - £1,174,502).

ExCeL London is determined to maintain an ethical and caring interaction with the local community and with other stakeholders and has developed a Corporate and Social Responsibility programme which will continue to grow over the coming years. Strong links with the community have been developed in education, sport, music and in giving local young people opportunities to experience work at ExCeL London. In particular the ExCeL London 3-day Music Academy is planned to become an annual event encouraging young people to develop musical talent and to go on to full or part time study sponsored by

LONDON INTERNATIONAL EXHIBITION CENTRE PLC

Directors' Report for the year ended 31 January 2007 (Continued)

ExCeL London The company encourages the use of the venue by the local community, supporting major events organised by the Borough of Newham with low rentals for example for their "Big Sunday" event, and with other forms of financial support and charitable donation

Statement of directors' responsibilities in respect of the Annual Report and the financial statements

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to 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 period.

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 UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business, in which case there should be supporting assumptions or qualifications as necessary

The directors confirm that they have complied with the above requirements in preparing the financial statements.

The directors are responsible for keeping proper accounting records that 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 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.

Statement of disclosure of information to the auditors

So far as the directors are aware, there is no relevant audit information (as defined by Section 234ZA of the Companies Act 1985) of which the company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Financial instruments

The company's use of financial instruments and the management of the risks arising from those instruments is contained within note 11 of these financial statements.

Directors and their interests in the share capital of the company

The names of the directors who served in the year and their interests in the share capital of the company and the parent company are disclosed in the information on Corporate Governance and the Board of Directors on page 2 of these accounts.

Employees

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

LONDON INTERNATIONAL EXHIBITION CENTRE PLC

Directors' Report for the year ended 31 January 2007 (*Continued*)

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

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 31 January 2007 trade creditors represented 57 days of supplies (2006 – 36 days).

Charitable donations

During the year the company made charitable donations of £11,000 (2006 - £12,570).

Auditors

PricewaterhouseCoopers LLP have expressed their willingness to accept reappointment as auditors. A resolution to reappoint them will be tabled at the next annual general meeting.

By order of the Board



W J Buchan
Director

7 March 2007

LONDON INTERNATIONAL EXHIBITION CENTRE PLC

Report of the independent auditors

Independent auditors' report to the members of London International Exhibition Centre Plc

We have audited the financial statements of London International Exhibition Centre PLC for the year ended 31 January 2007 which comprise the Profit and Loss Account, the Balance Sheet, the Cash Flow Statement, the Statement of Total Recognised Gains and Losses, the Note of Historical Cost Profits and Losses, and the related notes set out on pages 15 to 27 of this report. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) 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 International Standards on Auditing (UK and Ireland). 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 whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, 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 other transactions 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 Chairman's Statement, the Directors' Report and the statements regarding corporate governance. 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.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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 judgments 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.

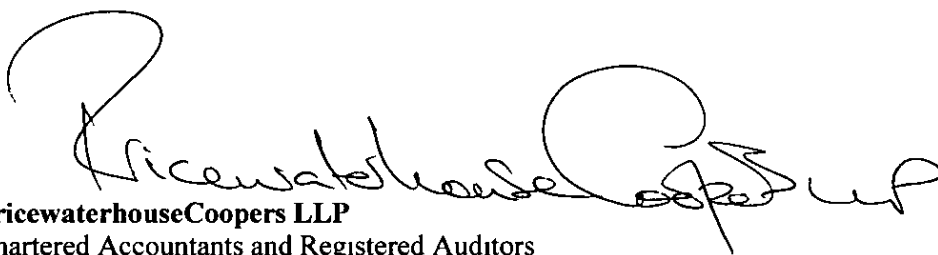
LONDON INTERNATIONAL EXHIBITION CENTRE PLC

Report of the independent auditors (*Continued*)

Opinion

In our opinion

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 January 2007 and of its loss and cash flows for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements

A large, stylized handwritten signature in black ink, likely belonging to a member of the PricewaterhouseCoopers audit team, is written over the printed name of the firm.

PricewaterhouseCoopers LLP

Chartered Accountants and Registered Auditors
Gatwick

7 March 2007

LONDON INTERNATIONAL EXHIBITION CENTRE PLC

Profit and loss account for the year ended 31 January 2007

	Note	Year Ended 31 Jan 2007 £'000	Year Ended 31 Jan 2006 £'000
Turnover	2	36,304	32,478
Administrative Expenses		(42,799)	(32,701)
Operating Loss	5	(6,495)	(223)
Interest receivable and similar income	4	722	524
Interest payable and similar charges	4	(6,576)	(6,292)
Loss on ordinary activities before and after taxation	6,13	(12,349)	(5,991)

All amounts relate to continuing activities

The notes on pages 15 to 27 form part of these financial statements

LONDON INTERNATIONAL EXHIBITION CENTRE PLC

Note of historical cost profits and losses for the year ended 31 January 2007

	Note	Year Ended 31 Jan 2007 £'000	Year Ended 31 Jan 2006 £'000
Reported loss on ordinary activities before and after taxation		(12,349)	(5,991)
Excess depreciation on revaluation	13	164	150
Total historical cost loss on ordinary activities before and after taxation		<u>(12,185)</u>	<u>(5,841)</u>

Statement of total recognised gains and losses for the year ended 31 January 2007

	Year Ended 31 Jan 2007 £'000	Year Ended 31 Jan 2006 £'000
Reported loss on ordinary activities before and after taxation	(12,349)	(5,991)
Prior year adjustment	-	1,287
Total recognised gains and losses since last annual report	<u>(12,349)</u>	<u>(4,704)</u>

The notes on pages 15 to 27 form part of these financial statements

LONDON INTERNATIONAL EXHIBITION CENTRE PLC

Balance sheet at 31 January 2007

	Note	31 Jan 2007 £'000	31 Jan 2007 £'000	31 Jan 2006 £'000	31 Jan 2006 £'000
Fixed assets					
Tangible assets	7		195,625		196,685
Current assets					
Debtors – due within one year	8	10,745		5,742	
Cash at bank		22,293		16,002	
		<u>33,038</u>		<u>21,744</u>	
Creditors: amounts falling due within one year	9	<u>(36,151)</u>		<u>(19,336)</u>	
Net current (liabilities)/assets			<u>(3,113)</u>		<u>2,408</u>
Total assets less current liabilities			<u>192,512</u>		<u>199,093</u>
Financed by:					
Creditors: amounts falling due after more than one year					
Non-convertible debt	10,11	152,496		145,919	
Other	10	<u>11,087</u>		<u>11,896</u>	
			<u>163,583</u>		<u>157,815</u>
Capital and reserves					
Called up share capital	12	72,233		72,233	
Share premium		40,383		40,383	
Revaluation reserve	13	5,133		5,297	
Capital contribution	13	9,992		9,992	
Profit and loss account	13	<u>(98,812)</u>		<u>(86,627)</u>	
Shareholders' funds - equity	14		<u>28,929</u>		<u>41,278</u>
			<u>192,512</u>		<u>199,093</u>

The financial statements on pages 11 to 27 were approved by the Board on 7 March 2007

W J Buchan
Director

The notes on pages 15 to 27 form part of these financial statements

LONDON INTERNATIONAL EXHIBITION CENTRE PLC

Cash flow statement for the year ended 31 January 2007

	Note	Year Ended 31 Jan 2007 £'000	Year ended 31 Jan 2006 £'000
Net cash inflow / (outflow) from operating activities	16	12,038	10,145
Returns on investments and servicing of finance	17	722	524
Capital expenditure and financial investment	17	(6,469)	(3,641)
Cash inflow/(outflow) before use of liquid resources and financing		<u>6,291</u>	<u>7,028</u>
Management of liquid resources	17	-	1,750
Increase in cash	18,19	<u><u>6,291</u></u>	<u><u>8,778</u></u>

The notes on pages 15 to 27 form part of these financial statements

LONDON INTERNATIONAL EXHIBITION CENTRE PLC

Notes forming part of the financial statements for the year ended 31 January 2007

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 UK accounting standards and the Companies Act 1985

The following principal accounting policies have been applied

Turnover

Turnover represents sales to third parties, net of value added tax. Turnover in respect of events is recognised at the commencement of the event. Turnover received from concessionary outlets represents commission only.

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

Bond issue expenses

Costs incurred on the issue of Bonds were netted off against the proceeds of the Bond issue.

These expenses, along with any discount or premium on the issue of the Bonds, are amortised over the term of the debt. 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 ceased when the ExCeL Exhibition Centre was completed. Interest receivable is taken directly to the profit and loss account.

LONDON INTERNATIONAL EXHIBITION CENTRE PLC

Notes forming part of the financial statements for the year ended 31 January 2007 (*Continued*)

Financial instruments

The company has taken advantage of the exemption to exclude short term debtors and creditors in relation to FRS 25 and 26 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.

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 it is more certain than not 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.

LONDON INTERNATIONAL EXHIBITION CENTRE PLC

Notes forming part of the financial statements for the year ended 31 January 2007 (*Continued*)

3 Staff costs and directors' emoluments and share based payment schemes

	Year ended 31 Jan 2007 £'000	Year ended 31 Jan 2006 £'000
Staff costs (including directors' emoluments) consist of		
Wages and salaries	5,648	5,348
Amounts receivable under long-term incentive plans	8,176	1,375
Social security costs	653	614
Pension costs (defined contribution scheme)	273	247
	<u>14,750</u>	<u>7,584</u>

The average number of full time staff employed (including executive directors) during the year were	Number	Number
Support, operations and sales and marketing	<u>121</u>	<u>115</u>

Directors' emoluments

	Year ended 31 Jan 2007 £'000	Year ended 31 Jan 2006 £'000
Fees and other emoluments	1,234	1,021
Amounts receivable under long-term incentive plans	6,982	836
Pension contributions	109	88
	<u>8,325</u>	<u>1,945</u>

During the year the highest paid director received emoluments of £383,987 (2006 - £372,759), pension contributions of £38,750 (2006 - £36,375) and accrued entitlements under the LIEC group's Executive Management Incentive scheme valued at £2,247,229 (2006 - £317,233)

Contributions are made by the company to the money purchase pension schemes of four (2006 three) directors

'Amounts receivable under long term incentive plans' represent benefits accruing under the LIEC Group's Executive Management Incentive Scheme Further details of the scheme can be found in the accounts of the parent company London International Exhibition Centre Holdings PLC

LONDON INTERNATIONAL EXHIBITION CENTRE PLC

Notes forming part of the financial statements for the year ended 31 January 2007 *(Continued)*

4 Net interest payable

	Year ended 31 Jan 2007 £'000	Year ended 31 Jan 2006 £'000
Bond interest payable	(6,338)	(6,054)
Amortisation of bond issue costs and discounts	(238)	(238)
Total interest payable and similar charges	(6,576)	(6,292)
Bank interest receivable	722	524
	(5,854)	(5,768)

5 Operating loss

	Year ended 31 Jan 2007 £'000	Year ended 31 Jan 2006 £'000
This is arrived at after charging		
Auditors' remuneration - audit services	50	40
- non-audit services		
taxation services	14	49
recruitment & remuneration services	10	25
Operating lease payments - Land and buildings	185	185
Other	42	51
Depreciation on tangible fixed assets	7,360	7,588
Property development and design costs	1,896	-

LONDON INTERNATIONAL EXHIBITION CENTRE PLC

Notes forming part of the financial statements for the year ended 31 January 2007 (*Continued*)

6 Taxation

	Year ended 31 Jan 2007 £'000	Year ended 31 Jan 2006 £'000
<i>Tax reconciliation</i>		
Loss on ordinary activities before taxation	(12,349)	(5,991)
Loss on ordinary activities at standard rate of corporation tax in the UK of 30%	(3,705)	(1,797)
Effects of		
Expenses not deductible for tax purposes	4,705	3,278
Capital allowances for Year in excess of depreciation	(1,000)	(1,481)
Current tax charge for Year	-	-

As at the Year end the company had tax losses (net of tax computation timing differences) of approximately £71.4 million (2006 - £70.7 million) available for utilisation in future years, subject to agreement with the Inland Revenue

Unrecognised deferred tax

	At 31 Jan 2006 £'000	Movement in the year £'000	At 31 Jan 2007 £'000
Accelerated capital allowances	332	(92)	240
Tax losses	21,220	193	21,413
	21,552	101	21,653
Short term timing differences	(49)	237	188
Capitalised interest	(4,825)	-	(4,825)
Unrecognised deferred tax assets	16,678	338	17,016

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 taxable 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 January 2007 is £1.8 million (2006 - £1.8 million).

LONDON INTERNATIONAL EXHIBITION CENTRE PLC

Notes forming part of the financial statements for the year ended 31 January 2007 (*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	226,503	38	2,095	228,636
Additions	5,117	10	1,173	6,300
Disposals				
At end of year	231,620	48	3,268	234,936
<i>Depreciation</i>				
At beginning of year	30,148	8	1,795	31,951
Provided for the year	7,170	13	177	7,360
Disposals	-	-	-	-
At end of year	37,318	21	1,972	39,311
<i>Net book value</i>				
At 31 January 2007	194,302	27	1,296	195,625
At 31 January 2006	196,355	30	300	196,685

Included within the cost of the ExCeL Exhibition Centre is £15.5 million (2006 - £15.5 million) of capitalised interest charges and amortised bond issue costs

The ExCeL Exhibition Centre is held on a long leasehold

Included within ExCeL Exhibition Centre is a multi storey car park, which was revalued in November 2002. This valuation was performed by Drivers Jonas, on the basis of 'Existing Use Value' as defined in the Appraisal and Valuation manual published by the Royal Institution of Chartered Surveyors

The depreciated historical cost of the multi storey car park is

	31 Jan 2007 £'000	31 Jan 2006 £'000
Cost	7,520	7,520
Accumulated depreciation based on historical cost	(1,000)	(836)
Depreciated historical cost	6,520	6,684

LONDON INTERNATIONAL EXHIBITION CENTRE PLC

Notes forming part of the financial statements for the year ended 31 January 2007 (Continued)

8 Debtors

	31 Jan 2007 £'000	31 Jan 2006 £'000
Trade debtors	10,362	5,226
Prepayments and accrued income	383	516
	<u>10,745</u>	<u>5,742</u>

9 Creditors: amounts falling due within one year

	31 Jan 2007 £'000	31 Jan 2006 £'000
Trade creditors	2,582	321
Payments due on account for construction	277	446
Other tax and social security costs	539	43
Accruals and other creditors	10,515	9,190
Deferred income	13,038	8,161
Amounts due to parent undertaking	9,200	1,175
	<u>36,151</u>	<u>19,336</u>

Included in accruals is £30,302 (2006 - £32,632) relating to amounts payable in respect of pension contributions

LONDON INTERNATIONAL EXHIBITION CENTRE PLC

Notes forming part of the financial statements for the year ended 31 January 2007 (*Continued*)

10 Creditors: amounts falling due after more than one year

	31 Jan 2007 £'000	31 Jan 2007 £'000	31 Jan 2006 £'000	31 Jan 2006 £'000
Non-convertible debt made up of				
Class A Secured Bonds	130,000		130,000	
- Premium on issue	4		4	
- Unamortised issue costs	(2,103)		(2,341)	
- Accrued Bond interest	24,595		18,256	
Total non-convertible debt		152,496		145,919
Amounts owed to parent company		10,000		10,000
Accruals		-		1,229
Deferred income		1,087		667
		163,583		157,815

'Amounts owed to parent company' are unsecured with no fixed repayment date No interest has been charged to date

11 Financial Instruments

Risk Management Policies

The Group's financial instruments consist of cash and secured bonds The Board of Directors considers the policies needed to manage the Group's exposure to risk The main risks arising from these types of financial instruments are interest risk and liquidity risk The Group does not face any significant foreign exchange risk Credit risk arising from transactions with customers is managed through negotiation of payment terms which reflect the risk arising from each transaction

Cash at bank and at hand

Cash surplus to the day to day trading requirements of the Group is placed on short term deposits (for terms of less than 1 month) Rates achieved in the current year were between 4.1% and 5.1% per annum (2006 3.0% - 5.8%) The liquidity and interest rate risks are managed by selecting investments with a maturity date consistent with the Groups' day to day need for cash in its trading activities whilst ensuring that they return a competitive rate of interest

Long term borrowings – Class A Secured Bonds

The £130,000,000 of Class A Secured Bonds were issued in April 1999 They bear interest at a fixed rate of 7.71% per annum based on the par value The bonds are redeemable at par in November 2015

Following the completion of the refinancing of the Group in January 2003 it was agreed that no interest would be payable until May 2008 Beginning in May 2008, interest is payable in twice-

LONDON INTERNATIONAL EXHIBITION CENTRE PLC

Notes forming part of the financial statements for the year ended 31 January 2007 (*Continued*)

yearly instalments in May and November each year until the redemption date. The bonds are secured by way of a fixed and floating charge over the assets of the company and the parent company.

The carrying value of the bonds is calculated according to the amortised cost/effective interest rate method. The fair value of the bonds is estimated by management to be £120m (2006: £91m).

12 Share capital

	31 Jan 2007 Number	31 Jan 2007 £'000	31 Jan 2006 Number	31 Jan 2006 £'000
<i>Authorised</i>				
Ordinary shares of £1 each	72,233,000	72,233	72,233,000	72,233
<i>Allotted, called up and fully paid</i>				
Ordinary shares of £1 each	72,233,000	72,233	72,233,000	72,233

13 Reserves

	Capital contribution £'000	Revaluation reserve £'000	Profit and loss account £'000
At 31 January 2006	9,992	5,297	(86,627)
Loss for the year	-	-	(12,349)
Transfer relating to depreciation on revalued properties	-	(164)	164
At 31 January 2007	9,992	5,133	(98,812)

14 Reconciliation of movement in shareholders' funds

	31 Jan 2007 £'000	31 Jan 2006 £'000
Loss for the year	(12,349)	(5,991)
Movement in shareholders' funds	(12,349)	(5,991)
Opening shareholders' funds	41,278	47,269
Closing shareholders' funds	28,929	41,278

LONDON INTERNATIONAL EXHIBITION CENTRE PLC

Notes forming part of the financial statements for the year ended 31 January 2007 (*Continued*)

15 Commitments under operating leases

As at 31 January 2007, the company had annual commitments under non-cancellable operating leases as set out below

	31 Jan 2007	31 Jan 2007	31 Jan 2006	31 Jan 2006
	Land and buildings £	Other £	Land and buildings £	Other £
Operating leases which expire				
Within one year	-	-	-	-
In one to two years	-	-	-	18
In two to five years	-	24	-	14
Over five years	203	-	203	-
	<u>203</u>	<u>24</u>	<u>203</u>	<u>32</u>

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

	Year ended 31 Jan 2007 £'000	Year ended 31 Jan 2006 £'000
Operating loss	(6,495)	(223)
Depreciation	7,360	7,588
(Increase)/decrease in debtors	(5,003)	3,035
Increase/(decrease) in creditors	16,176	(255)
	<u>12,038</u>	<u>10,145</u>
Net cash inflow from operating activities		

LONDON INTERNATIONAL EXHIBITION CENTRE PLC

Notes forming part of the financial statements for the year ended 31 January 2007 (*Continued*)

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

	Year ended 31 Jan 2007 £'000	Year ended 31 Jan 2006 £'000
Returns on investments and servicing of finance		
Interest received	722	524
Net cash outflow from returns on investments and servicing of finance	722	524
Capital expenditure		
Purchase of fixed assets	(6,469)	(2,268)
Disposal of fixed Assets	-	-
	(6,469)	(2,268)
Payments in respect of sale of land (see below)	-	(1,373)
Net cash outflow from capital expenditure	(6,469)	(3,641)
Management of liquid resources		
Cash withdrawn from deposits	-	1,750

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

LONDON INTERNATIONAL EXHIBITION CENTRE PLC

Notes forming part of the financial statements for the year ended 31 January 2007 (*Continued*)

18 Reconciliation of net cash outflow to movement in net debt

	Year ended 31 Jan 2007	Year ended 31 Jan 2006
	£'000	£'000
Cash inflow for the Year	6,291	8,778
Movement in liquid resources	-	(1,750)
Movement in net debt resulting from cash flows	6,291	7,028
Amortisation of bond issue costs	(238)	(238)
Interest provided in respect of A bonds	(6,338)	(6,054)
Movement in net debt in the Year	(285)	736
Opening net debt	(139,917)	(140,653)
Closing net debt	(140,202)	(139,917)

19 Analysis of net debt

	At 31 January 2006	Cash flow	Other non cash movements	At 31 January 2007
	£'000	£'000	£'000	£'000
Cash at bank and in hand	16,002	6,291	-	22,293
Debt due in more than one year (see note 10)	(155,919)	-	(6,576)	(162,495)
Net debt	(139,917)	6,291	(6,576)	(140,202)

Non-cash movements During the Year the company charged profits with £6.58 million (2006 - £6.29 million) of bond issue costs and accrued interest in accordance with FRS 25 and 26

LONDON INTERNATIONAL EXHIBITION CENTRE PLC

Notes forming part of the financial statements for the year ended 31 January 2007 (*Continued*)

20 Ultimate parent company

At 31 January 2007 the company's immediate parent company was London International Exhibition Centre Holdings PLC

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

The ultimate holding company is PanOcean Management Limited ("PanOcean"), a company incorporated in Jersey, Channel Islands. PanOcean is the trustee of a discretionary trust, the beneficiaries of which are members of the family of Ananda Krishnan Tatparanandum and foundations including those for charitable purposes. PanOcean does not have any economic or beneficial interest in the shares of the Company.

21 Related party transactions

The company has taken the exemption not to disclose transactions with group entities.

There were no related party transactions in the current or prior years.