

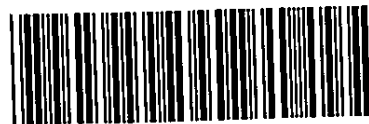
**London International Exhibition
Centre PLC**

Report and Financial Statements

Year Ended

31 December 2011

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London International Exhibition Centre PLC

REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011

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Company secretary

Simon Price

Registered office

3 Bunhill Row, London, EC1Y 8YZ

Company number

3458317

Auditor

Ernst & Young LLP, 1 More London Place, London, SE1 2AF

London International Exhibition Centre PLC

CHAIRMAN'S STATEMENT

For the year ended 31 December 2011

The year ended 31 December 2011 has seen London International Exhibition Centre PLC further consolidate its position in the UK and international events market. Strong support from the owners, Abu Dhabi National Exhibitions Company ("ADNEC"), has enabled the Company to build on its spectacular expansion of the ExCeL London venue, and its sister company, ADCGH Hotels Limited to complete construction of a 252 bedroom Aloft hotel.

The first full year of trading with the Company's £160m extension to exhibition and conference facilities at ExCeL London exceeded all expectations, endorsing the growth to 100,000 square metres of flat floor exhibition space along with a fully flexible 5,000 seat auditorium and extended banqueting facilities, this latter product branded as the International Convention Centre for London (ICC London). The Company made strong progress contracting significant business from leading UK and international event organisers and directly with blue chip end users. Its position as the market leading venue for exhibitions, conferences and corporate events in both the UK and London becomes clearer as the business grows and refines its offer to all customer categories.

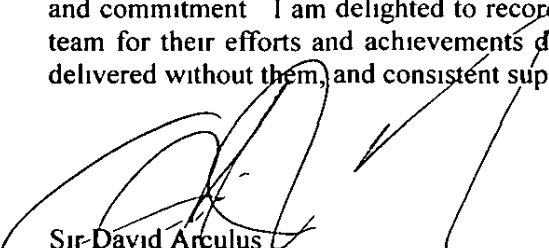
Trade and consumer exhibitions continued to flourish at ExCeL. World Skills was the first event to fully utilise 100% of the enlarged venue. Major exhibitions belonging to a wide variety of event organisers were hosted during the year, including DSEi (Clarion), World Travel Market (Reed), and EcoBuild (recently acquired by UBM). The ICC London ExCeL brought an unprecedented number of new conference and congress events to London. Notable events hosted in the period included several major medical conferences, the largest of which (EULAR 2011) with an attendance in excess of 16,000. The corporate world was also well represented with events hosted by (amongst others) Cisco, Nokia, McDonalds and Unilever.

ExCeL London will be making a major contribution to the 2012 Olympics and Paralympics. Seven Olympic events (Boxing, Judo, Weight-lifting, Fencing, Table Tennis, Fencing and Tae Kwon Do) and six Paralympic events (Table Tennis, Judo, Power Lifting, Wheelchair Fencing, Sitting Volleyball and Boccia) will all be contested in five purpose built arenas within the venue. Successful test events in November and December 2011 were an ideal opportunity for International Olympic Federations to experience the facilities that will be in place this summer.

In November, a new 252 bed hotel development was opened by ExCeL's sister company, ADCG Hotels Limited, immediately adjacent to the venue. This hotel is operated by Starwood hotels as the Aloft London ExCeL.

The Company is pleased to note progress made through 2011 on the Crossrail scheme which will provide a direct and rapid link to ExCeL from the centre of London and from Heathrow airport. We are looking forward to the opportunities presented by this link and further upgrades to the Docklands Light Railway which will enhance the comfort and convenience of access to ExCeL London and benefit the continuing development and regeneration of the wider Royal Docks area.

ExCeL London continues to progress and develop as a world class venue thanks to hard work, dedication and commitment. 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. Outstanding results could not have been delivered without them, and consistent support from Abu Dhabi and ADNEC.



Sir David Arculus
Chairman

21 June 2102

London International Exhibition Centre PLC

DIRECTORS' REPORT

For the year ended 31 December 2011

The directors present their report and the audited financial statements of the company for the year ended 31 December 2011

Results and dividends

The income statement is set out on page 9 and shows the loss for the year. The directors are unable to recommend the payment of a dividend (31 December 2010 - £nil)

The results for the company are as follows

	31 Dec 2011	31 Dec 2010
	£'000	£'000
Revenue	52,358	30,211
Profit/(Loss) from operating activities	11,988	(3,945)
Loss before tax	(2,430)	(11,528)
Cash flow from operating activities	2,869	3,957

The strong performance of the business reflects the positive reaction to ExCeL's newly extended facilities, and a general economic upturn

Principal activities

The principal activities of the company continue to be the operation of the ExCeL London exhibition and conference centre together with the development of property assets on its 100 acre site

Business review and strategy

ExCeL London continues to deliver its vision of being London's premier events destination and has established a strong foot hold on the international events circuit, both for exhibitions and for the international confex, convention and events sectors

The assets and synergies of ExCeL London and its ultimate parent, the Abu Dhabi National Exhibitions Company PJSC ("ADNEC"), continue to be leveraged with great success. ADNEC share the vision of ExCeL London's Management to further develop the assets of the business and fully supported the Phase 2 extension to ExCeL London's facilities which was officially opened in 2010. ExCeL London now has just under 100,000 square metres of flat floor exhibition space. Its integral ICC also includes a further conference unit capable of hosting events up to 2,000 delegates, together with a specific flexible hall space that can accommodate up to 5,000 delegates in an easily and quickly deployed tiered-seat auditorium.

The company continues to target what it considers to be the most attractive and profitable markets for its services where it enjoys a competitive advantage in terms of product offering, location, facilities, and service delivery.

The market for the provision of space to the events industry remains highly competitive yet the business continues to achieve success through the strategic targeting of clearly identified events, successful launches, continued investment to improve the facilities and visitor experience and award winning excellence in its service delivery.

The company operates a credible and highly attractive venue across the event industry spectrum and successfully hosts many large international exhibitions, conferences, conventions and major corporate events. ExCeL London will be fully utilised throughout the London 2012 Olympic Games, hosting 7 of the 26 Olympic events and 6 of the 20 Paralympic events.

The company continues to develop master plans for both the site and the local area, working in partnership with its key stakeholders to underpin its vision as a world class events destination. In addition to the ExCeL London venue the company also envisions the establishment of a leisure and entertainment district together with additional hotels that will drive alternative revenue streams.

DIRECTORS' REPORT *(continued)*

For the year ended 31 December 2011

Environmental policy

ExCeL London is committed to tackling the challenges of sustainable development and operating as a responsible corporate business. The company implements practices that promote economic security, social and environmental responsibility and will continuously seek to improve performance in these areas. We are committed to working with our suppliers and customers to improve sustainable performance throughout all of our activities and are committed to maintain and operate our sustainability management systems in compliance with both BS8901 and ISO14001 requirements. This policy is supported by the Executive Team. Our set objectives in the areas of sustainability are monitored and measured regularly against our maturity matrix to enable us to continue to improve against our set targets. All ExCeL London staff are responsible for implementing this policy to ensure that all requirements are being met and for the co-ordination and evaluation of ongoing performance against our sustainability principles, inclusivity, transparency, integrity and stewardship. To deliver this, ExCeL London aims to

- Ensure the full implementation of this policy throughout all departments, business operations and services, and wherever possible throughout the supply chain
- Ensure the policy and related sustainability issues are regularly discussed with all employees and training programmes are routinely carried out to ensure all staff are aware of this policy and our 100% commitment to continue measuring and improving our performance
- Be an industry leader in sustainable development in areas relevant to its business in the events industry, and where appropriate, exceed the basic legislation levels required
- Work with its clients to pursue, promote and develop sustainable events throughout the entire lifecycle
- Continue our partnership approach with clients and stakeholders to identify and achieve set goals
- Continue to work with our suppliers and contractors to develop a green procurement policy that is used across the business
- Reduce the use of office consumables and waste whilst increasing recycling and the use of more sustainable materials wherever possible
- Reduce the use of energy throughout our venue, management office and other business operations

We translated our commitments into a sustainability policy with clear objectives and targets to ensure that sufficient resources have been allocated to enable us achieve our commitments and continually improve our sustainability performance. Our performance will be continually measured against our principles of sustainable development by establishing key performance indicators, emission-reducing schemes, internal audits and management reviews.

In 2010 ExCeL increased its venue size by 50% which resulted in an increase in consumption. Considering ExCeL was operating a larger venue, we managed to decrease our gas consumption by 20%, electricity consumption by 5% and our CO₂ emissions by 2% on a like-for-like basis.

ExCeL London was awarded a 'C' rating on its EPBD Display Energy Certificate underlining its energy efficiency credentials. Although we saw a slight increase, this was due to utilisation and increased size of venue. It still means that we are operating 30% more energy efficiently than other buildings of similar type and usage. The Boulevard was also awarded highly commended in category "Retrofit LED lighting project of the year". Last year ExCeL recycled 89% of all its waste both on and offsite.

In December 2011 ExCeL London was the first privately owned venue to be third party accredited for ISO 14001, including BS8901. ExCeL London is also signed up to the United Nations Global Compact, the largest corporate citizenship and sustainability initiative in the world with over 4,700 corporate participants and stakeholders from over 130 countries. The UN Global Compact is a strategic policy initiative that is committed to aligning operations and strategies with ten universally accepted principles in the areas of human rights, labour, the environment and anti-corruption. We continue to report our progress annually.

London International Exhibition Centre PLC

DIRECTORS' REPORT *(continued)*

For the year ended 31 December 2011

Corporate social responsibility

ExCeL London is determined to continue its ethical and caring interaction with the local community and other key stakeholders as part of its growing CSR programme. Two major projects which have helped ExCeL London forge strong links in the community included the four day long "ExCeL London in the Arts Camp" which had 100 children taking part, and "Juice4Life" which works with Community Food Enterprise to deliver Enterprise Schemes in schools as well as teaching about the importance of health and nutrition via mobile juice units. In 2011 ExCeL London started supporting a new charity – NASSA (Newham All Star Sports Academy). NASSA is a community based entity which believes in a better community in East London and actively work towards the same. They have made huge steps with special projects and use investments to combat the violence and trauma that street gangs inflict through knife crime. They believe that academic achievement is as important as athletic ambition. They ensure that their players have an enjoyment of study as well as sport to ensure that they gain the required skills and behaviours for a successful professional career. ExCeL works with their sports programme, to encourage as many school children into sports as possible, as well as helping them to tackle obesity and knife crime in our community. Lastly, ExCeL continued its support of the Ascension Eagles. The charity found a new base at the end of 2010 and ExCeL staff volunteered to help paint the venue and ensure the electricals and areas of their space were safe for the children to use. We regularly give them space at ExCeL to train and host showcase events to fundraise and prepare for international competitions.

The company regularly donates spaces to charities, runs venue tours, sponsors local school initiatives and careers presentations, as well as supports major events organised by the Borough of Newham – this equated to more than £1,000,000 in-kind donations to the community in 2011.

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 most prominent of which are noted 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 many awards which ExCeL London has won during 2011 including

- Gold for Best Live Marketing Event for the Launch of the ICC – 2011 MIMA Awards
- Best Conference Venue (C&IT Hotlist 2010 & 2011)
- Best Venue for Sustainability – C&IT Hotlist 2011
- Europe's Leading Meetings & Conference Centre – World Travel Awards 2010 & 2011
- Gold Award 3 Stars – National Recycling Stars Scheme
- Best London Conference Venue – 2011 Conference Awards
- Best Venue – 2010 & 2011 Exhibition News Awards
- Exhibition Venue of the Year – 2011 Event Awards
- UK Venue of the Year – 2011 aeo Awards
- The Launch of London's First ICC – Visit London Awards
- Being recognised as a Business Superbrand for both 2011 and 2012,

Lastly, we were awarded One Star in the Sunday Times Top Companies to Work For 2011.

London International Exhibition Centre PLC

DIRECTORS' REPORT *(continued)*

For the year ended 31 December 2011

External Threats

The threat posed by terrorism is accepted as being particularly acute in London, especially 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.

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.

	31 Dec 2011	31 Dec 2010
	£'000	£'000
Revenue Growth (%)	73%	(14%)
Underlying EBITDA Growth (%)	149%	(36%)
Cash flow (£'000)	3,267	782

Underlying EBITDA excludes the charges relating to the property development and design costs relating to potential future developments on the ExCeL London campus.

Both revenue growth and underlying EBITDA growth reflect the extremely positive market reaction to ExCeL's newly extended facilities, along with an improved economic environment.

Composition of the board

The following served as directors of the company during the year.

	Appointed	Resigned
<i>Chairman</i>		
Sir David Arculus		
<i>Executive directors</i>		
Kevin Murphy		
<i>Non-executive directors</i>		
Matar Hamdan Sultan Hamad Al Ameri		
H E Ali Saeed Bin Harmal Al Dhaheri		
Humaid Matar Al Dhaheri		
H E Saif Mohamed Ali Al Khait Al Hajeri		
Michael Henderson		
Simon Horgan		5 April 2011
Lord King of Bridgwater CH		
H E Khalifa Nasser Al Mansoori	7 April 2011	
H E Mubarak Hamad Al Muhairi		
Ralph Shipley		19 April 2011

Indemnity provision for directors

The company has granted an indemnity to one or more of its directors against liability in respect of proceedings brought by third parties, subject to the conditions set out in section 234 of the Companies Act 2006. Such qualifying third party indemnity provision remains in force as at the date of approving the directors' report.

London International Exhibition Centre PLC

DIRECTORS' REPORT *(continued)*

For the year ended 31 December 2011

Statement of disclosure of information to the auditors

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the company's auditor, each director has taken all the steps he is obliged to take as a director in order to make himself aware of any relevant audit information and to establish that the auditor is aware of that information.

Financial instruments

The company's financial instruments consist of cash, a loan facility provided by ADCG (UK) Limited, a company ultimately owned by Abu Dhabi National Exhibitions Company PJSC who is the ultimate parent company of London International Exhibition Centre Holdings PLC, a loan facility provided by the National Bank of Abu Dhabi, forward currency exchange contracts and interest rate swap contracts, and trade payables and receivables.

Information on the company's use of financial instruments and the management of the risks arising from those instruments is contained within notes 19 and 20 of the financial statements.

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.

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 December 2011 trade creditors represented 37 days of supplies (31 December 2010 – 51 days).

Charitable donations

In addition to the social contributions outlined above, during the year the company made charitable donations of £11,935 (31 December 2010 - £3,530).

Auditors

In accordance with section 489 of the Companies Act 2006, a resolution is to be proposed at the annual general meeting for reappointment of Ernst & Young LLP as auditor of the company.

On behalf of the board


K Murphy
Director

21 June 2012

London International Exhibition Centre PLC

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

The directors are required to prepare financial statements for each financial period which present fairly the financial position of the company and the financial performance and cash flows of the company for that period. In preparing those financial statements, the directors are required to

- select suitable accounting policies in accordance with IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' and then apply them consistently,
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information,
- provide additional disclosures when compliance with the specific requirements in International Financial Reporting Standards (IFRSs) is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the company's financial position and financial performance,
- state that the company has complied with IFRSs, subject to any material departures 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 enable them to ensure that the financial statements comply with the Companies Act 2006. 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

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website

INDEPENDENT AUDITOR'S 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 December 2011 which comprise the income statement, the statement of financial position, the statement of cash flows, the statement of changes in equity and the related notes 1 to 22. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the statement of directors' responsibilities set out on page 7, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the directors' report and the chairman's statement to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider for the implications for our report.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2011 and of its loss for the year then ended,
- have been properly prepared in accordance with IFRSs as adopted by the European Union, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the directors' report and the chairman's statement for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit.

Gordon Cullen

Gordon Cullen, Senior statutory auditor
for and on behalf of Ernst & Young LLP, Statutory Auditor
London, 21 June 2012

London International Exhibition Centre PLC**INCOME STATEMENT**

For the year ended 31 December 2011

		31 Dec 2011 £'000	31 Dec 2010 £'000
	Note		
Revenue	5	52,358	30,211
Direct operating expenses	6	(21,252)	(17,492)
Depreciation	10	(12,509)	(10,203)
GROSS PROFIT		18,597	2,516
Administrative expenses	7	(6,609)	(6,461)
(LOSS)/PROFIT FROM OPERATING ACTIVITIES		11,988	(3,945)
Finance income		72	44
Finance cost		(14,490)	(7,627)
LOSS BEFORE TAX		(2,430)	(11,528)
Taxation	9	-	-
LOSS FOR THE YEAR		(2,430)	(11,528)

A statement of other comprehensive income has not been presented as all gains and losses have been recognised within the income statement

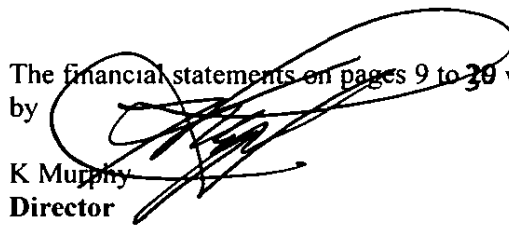
The notes on pages 13 to 30 form part of these financial statements

London International Exhibition Centre PLC**STATEMENT OF FINANCIAL POSITION**

At 31 December 2011

	Note	31 Dec 2011 £'000	31 Dec 2010 £'000
Non-current assets			
Property, plant and equipment	10	329,157	336,475
Amounts owed by group company	11	24,155	-
		<u>353,312</u>	<u>336,475</u>
Current assets			
Accounts receivable and prepayments	11	10,970	13,547
Cash and cash equivalents	12	16,173	12,906
		<u>27,143</u>	<u>26,453</u>
TOTAL ASSETS		<u>380,455</u>	<u>362,928</u>
Equity			
Share capital	13	(72,233)	(72,233)
Other reserves		(59,367)	(59,367)
Retained earnings		111,698	109,268
		<u>(19,902)</u>	<u>(22,332)</u>
Non-current liabilities			
Bank borrowings	14	(134,753)	(141,169)
Amounts owed to group companies	15	(169,277)	(165,377)
Deferred income		(5,650)	(4,362)
Other non-current financial liabilities	16	(6,281)	(1,469)
		<u>(315,961)</u>	<u>(312,377)</u>
Current liabilities			
Bank borrowings	14	(15,872)	-
Deferred income		(13,561)	(15,569)
Accounts payable and accruals	17	(15,159)	(12,650)
		<u>(44,592)</u>	<u>(28,219)</u>
TOTAL EQUITY AND LIABILITIES		<u>(380,455)</u>	<u>(362,928)</u>

The financial statements on pages 9 to 30 were approved by the Board on 20 June 2012 and signed on its behalf by



K Murphy

Director

21 June 2012

The notes on pages 13 to 30 form part of these financial statements

London International Exhibition Centre PLC**STATEMENT OF CASH FLOWS**

For the year ended 31 December 2011

	31 Dec 2011 £'000	31 Dec 2010 £'000
OPERATING ACTIVITIES		
Net loss before tax	(2,430)	(11,528)
Adjustments for non-cash items		
Interest income	(72)	(44)
Interest expense	7,753	5,818
Loss on disposal of property, plant and equipment	9	-
Depreciation of property, plant and equipment	12,509	10,203
Working capital adjustments		
Movements in accounts receivable and prepayments	(21,120)	(5,739)
Movements in accounts payable and accruals	6,220	5,247
	5,299	15,485
Tax paid	-	-
Net cash flows from operating activities	2,869	3,957
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(5,266)	(19,969)
Proceeds from disposal of property, plant and equipment	14	-
Net cash flows used in investing activities	(5,252)	(19,969)
FINANCING ACTIVITIES		
Interest received	72	43
Interest paid	(3,708)	(3,124)
Proceeds of borrowings	9,286	19,875
Net cash flows from financing activities	5,650	16,794
NET INCREASE IN CASH AND CASH EQUIVALENTS	3,267	782
Cash and cash equivalents at beginning of year	12,906	12,124
Cash and cash equivalents at end of year	16,173	12,906

The notes on pages 13 to 30 form part of these financial statements

London International Exhibition Centre PLC

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2011

	Share capital £'000	Share premium £'000	Capital contribution £'000	Revaluation reserve £'000	Profit and loss account £'000	Total £'000
<i>For the year ended 31 December 2011</i>						
At 31 December 2010	72,233	40,383	9,992	8,992	(109,268)	22,332
Loss for the year	-	-	-	-	(2,430)	(2,430)
At 31 December 2011	72,233	40,383	9,992	8,992	(111,698)	19,902
<i>For the year ended 31 December 2010</i>						
At 31 December 2009	72,233	40,383	9,992	8,992	(97,740)	33,860
Loss for the year	-	-	-	-	(11,528)	(11,528)
At 31 December 2010	72,233	40,383	9,992	8,992	(109,268)	22,332

The notes on pages 13 to 30 form part of these financial statements

London International Exhibition Centre PLC

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 31 December 2011

1 CORPORATE INFORMATION

The financial statements of London International Exhibition Centre PLC ("the company") for the year ended 31 December 2011 were authorised for issue in accordance with a resolution of the board of directors on 20 June 2012

The company is a public limited company registered in England and Wales. The registered office of the company is 3 Bunhill Row, London, EC1Y 8YZ

The principal activities of the company continue to be the operation of the ExCeL London exhibition and conference centre together with the development of property assets on its 100 acre site as described in the directors' report

2 BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE

Basis of preparation

The financial statements of the company have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union. The financial statements have been prepared on a historical cost basis, except for derivative financial instruments that have been measured at fair value. The financial statements are presented in United Kingdom Pounds Sterling which is the functional currency of the company. All amounts have been rounded to the nearest thousand pounds (£'000) unless indicated otherwise

Statement of compliance

The financial statements of the company have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union and the applicable requirements of the Companies Act 2006

3 PRINCIPAL ACCOUNTING POLICIES

The following principal accounting policies have been applied consistently in these financial statements

Going concern

The company made a loss during the year ended 31 December 2011. The financial statements have been prepared on the going concern basis because of the confirmed provision of continued support from the company's shareholders. The company's operations are partially funded by a loan facility provided by the ultimate parent company via an intermediate parent company based in the United Kingdom. Further details of the loan facility are given in note 15 of these financial statements

Significant accounting judgements, estimates and assumptions

The preparation of the company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the reporting date. In particular these relate to accounting policies concerning impairment of non-financial assets including property, plant and equipment, impairment of accounts receivable, taxation and deferred tax assets. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future

The key judgements, estimates and assumptions used by the company's management in preparation of the financial statements are discussed below in conjunction with the relevant accounting policy

3 PRINCIPAL ACCOUNTING POLICIES *(continued)*

Revenue

Revenue represents sales to third parties, net of value added tax. Revenue in respect of events, rents and commissions is recognised over the time period that the event, rent or commission relates to. Other revenues are recognised by reference to the stage of completion of the services being provided.

Deferred income

Deferred income represents amounts invoiced by the company in respect of future events to be held at the ExCeL London venue after the reporting date.

Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation and accumulated impairment losses.

Management determines whether there are any indications of impairment to property, plant and equipment at each reporting date. Property, plant and equipment is tested for impairment when there are indicators that the carrying value of assets may not be recoverable. An impairment exists when the carrying value of property, plant or equipment is greater than its recoverable amount which is defined as the greater of fair value less costs to sell and the value in use. The calculation of fair value less costs to sell is based on available data from binding sales of similar assets in arm's length transactions. The value in use calculation is based on a cash flow model. Calculating the value in use requires the company to make estimates of future cash flows.

Any impairment of property, plant and equipment is charged to the income statement in the year of impairment.

Depreciation is provided on all property, plant and equipment to write off the cost, less estimated residual values, over their expected useful lives.

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

Assets under construction are capitalised as construction progresses. The value capitalised represents the stage of completion of the asset. No depreciation is provided on assets until they are completed and available for use. Interest payable that is directly attributable to the construction of property, plant and equipment is capitalised as part of the cost of these assets during the period of construction. Capitalisation of finance costs ceases upon completion of construction.

Accounts receivable

Accounts receivable are stated at the original invoiced amount less a provision for any uncollectible amounts. An estimate of the collectible amount of accounts receivable is made when collection of the full amount is no longer probable. For individually significant amounts, this estimation is performed on an individual basis. Amounts which are not individually significant, but which are past due, are assessed collectively and a provision is applied according to the length of time past due, based on historical recovery rates. Bad debts are written off when there is no possibility of recovery.

3 PRINCIPAL ACCOUNTING POLICIES *(continued)*

Cash and cash equivalents

Cash and cash equivalents consist of cash in hand, bank balances and short-term deposits with an original maturity of three months or less

Current taxation

The charge for current taxation for the year is based on the result for the year, adjusted for disallowable items. The computation is based on the tax rates and tax laws that are fully or substantially enacted at the date of the statement of financial position.

The company is subject to routine tax audits and also to a process whereby tax computations are discussed and agreed with the appropriate authorities. Whilst the outcome of such tax audits and discussions cannot be determined with certainty, management estimates the level of provisions required for both current and deferred tax on the basis of professional advice and the nature of current discussions with the tax authority concerned.

Deferred taxation

Deferred income tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred income tax liabilities are recognised for all taxable temporary differences, except where the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

Deferred income tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised. Unrecognised deferred income tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply at the time when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date. Deferred income tax relating to items recognised directly in equity is recognised in equity and not in the income statement. Deferred income tax assets and deferred income tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income tax assets or liabilities relate to the same taxation authority.

Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

3 PRINCIPAL ACCOUNTING POLICIES *(continued)*

Accounts payable and accruals

Liabilities are recognised for amounts to be paid in the future for goods or services received, whether billed by the supplier or not

Interest payable and receivable

Interest payable and receivable is recognised as it accrues

Leased assets

For operating leases annual rentals are charged to the income statement on a straight-line basis over the term of the lease

Pension costs

Contributions to the group's defined contribution pension scheme are charged to the income statement in the year in which they become payable. The company also makes contributions to the personal defined contribution schemes of key management and made contributions to the personal defined contribution schemes of directors in the prior year

Financial liabilities and derivative financial instruments

Financial liabilities within the scope of IAS 39 are classified as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The company determines the classification of its financial liabilities at initial recognition. Financial liabilities are recognised initially at fair value and, in the case of loans and borrowings, include directly attributable transaction costs.

The company's financial liabilities include trade and other payables, interest-bearing bank loans and derivative financial instruments comprising forward currency exchange contracts and interest rate swap contracts.

The subsequent measurement of financial liabilities depends on their classification. The company's derivative financial instruments are classified at fair value through profit or loss and any movement in their fair value is immediately recognised in the income statement. Interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest amortisation is included in finance costs in the income statement.

Term loans

Gains and losses are recognised in the income statement when the liabilities are derecognised as well as through the amortisation process.

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

London International Exhibition Centre PLC

NOTES FORMING PART OF THE FINANCIAL STATEMENTS *(continued)*

For the year ended 31 December 2011

4 NEW ACCOUNTING STANDARDS AND INTERPRETATIONS NOT APPLIED

The IASB has issued the following standards with an effective date after the date of these financial statements which the directors expect to be relevant to the company

<i>International Accounting Standards (IAS/IFRS)</i>		<i>Effective for periods that begin on or after</i>
IFRS 7	Amendment to IFRS 7 - Financial instruments Disclosures	1 July 2011
IFRS 9	Financial Instruments – Classification and measurement	1 January 2013
IFRS 13	Fair value measurement	1 January 2013
IAS 12	Income Taxes Recovery of Underlying Assets	1 January 2012
IAS 1	Amendment to IAS 1 – Other comprehensive income	1 July 2012
IAS 19	Employee benefits (amendment)	1 January 2013

The company expects to apply these standards from the date that they become effective. The directors do not anticipate that the adoption of these standards and interpretations will have a material impact on the company's financial statements in the period of initial application.

5 REVENUE

All revenue is generated from within the United Kingdom

	31 Dec 2011 £'000	31 Dec 2010 £'000
Exhibition and events income	46,128	26,130
Rents and commissions	3,419	1,806
Other revenues	2,811	2,275
	52,358	30,211

6 DIRECT OPERATING EXPENSES

	31 Dec 2011 £'000	31 Dec 2010 £'000
Marketing and advertising	717	728
Security and cleaning	2,632	1,922
Staff costs (see note 8)	10,301	8,409
Venue maintenance and facilities management	1,082	1,237
Other operating costs	6,520	5,196
	21,252	17,492

London International Exhibition Centre PLC

NOTES FORMING PART OF THE FINANCIAL STATEMENTS *(continued)*

For the year ended 31 December 2011

7 ADMINISTRATIVE EXPENSES

	31 Dec 2011 £'000	31 Dec 2010 £'000
Staff costs (see note 8)	-	374
Estate management and property development	3,739	3,929
Auditors' remuneration	60	65
audit services	72	68
taxation services	116	166
Other professional fees	2,622	1,859
Other administrative expenses		
	<u>6,609</u>	<u>6,461</u>

8 STAFF COSTS

	31 Dec 2011 £'000	31 Dec 2010 £'000
Staff costs (including directors' emoluments) consist of		
Wages and salaries	6,503	5,808
Long-term incentive plans	2,151	1,554
Social security costs	871	748
Pension costs (defined contribution scheme)	477	449
Other costs	299	224
	<u>10,301</u>	<u>8,783</u>
<i>Of which</i>		
Direct operating expenses	10,301	8,409
Administrative expenses	-	374
	<u>10,301</u>	<u>8,783</u>

The average number of full-time staff employed
(including the Chairman and executive directors)
during the year was

	Number	Number
Support, operations and sales and marketing	138	138

Details of directors' emoluments are given in note 19 to these financial statements

London International Exhibition Centre PLC**NOTES FORMING PART OF THE FINANCIAL STATEMENTS (continued)**

For the year ended 31 December 2011

9 TAXATION

	31 Dec 2011 £'000	31 Dec 2010 £'000
Current year tax charge	-	-
<i>Tax reconciliation</i>		
Loss on ordinary activities before taxation	(2,430)	(11,523)
Loss on ordinary activities at standard rate of corporation tax in the UK of 26.5% (December 2010 – 28%)	(644)	(3,226)
Effects of		
Expenses not deductible for tax purposes	3,332	2,019
Movement in unprovided deferred tax	(1,096)	1,360
Utilisation of brought-forward losses	(1,592)	(153)
Current year tax charge	-	-

The tax rate was 28% until 1 April 2011. The Finance Act 2011 included legislation to reduce the main rate of corporation tax from 26% to 25% from 1 April 2012. As this change was substantively enacted on 5 July 2011 deferred tax is recognised at 25% in the current period.

On 21 March 2012, the Chancellor announced that the main rate of corporation tax will in fact reduce from 26% to 24% from 1 April 2012 with further reductions to the main rate to reduce the rate by 1% per annum to 22% by 1 April 2014. The effect on the company of further proposed reductions in the UK main rate of corporation tax will be reflected in the company's financial statements in future years, as appropriate, once the changes have been substantively enacted.

The rate changes will also impact the amount of future tax payments to be made by the company.

At the year end the company had tax losses of £86.3 million (31 December 2010 - £89.4 million) that are available for offset against future taxable trading profits, subject to agreement with HMRC.

Unrecognised deferred tax

Deferred tax assets have not been recognised in respect of these losses due to the absence of suitable evidence that the company can reasonably expect to generate sufficient taxable profits in the near future.

	31 Dec 2010 £'000	Movement in year £'000	31 Dec 2011 £'000
Accelerated capital allowances	2,976	589	3,565
Tax losses	24,134	(2,563)	21,571
Other temporary differences	(7,598)	2,394	(5,204)
Unrecognised deferred tax assets	19,512	420	19,932

London International Exhibition Centre PLC

NOTES FORMING PART OF THE FINANCIAL STATEMENTS *(continued)*

For the year ended 31 December 2011

10 PROPERTY, PLANT AND EQUIPMENT

	Buildings £'000	Motor vehicles £'000	Fixtures, fittings and equipment £'000	Total £'000
<i>Cost</i>				
At beginning of year	399,012	65	5,208	404,285
Additions	3,261	23	1,980	5,264
Disposals	(72)	(30)	(160)	(262)
At end of year	402,201	58	7,028	409,287
<i>Depreciation</i>				
At beginning of year	(64,319)	(61)	(3,430)	(67,810)
Provided for the year	(11,552)	(4)	(953)	(12,509)
Disposals	22	30	137	189
At end of year	(75,849)	(35)	(4,246)	(80,130)
<i>Net book value</i>				
At 31 December 2011	326,352	23	2,782	329,157
At 31 December 2010	334,693	4	1,778	336,475
<i>Assets in the course of construction included above in Cost and Net Book Value</i>				
At 31 December 2011	165	-	-	165
At 31 December 2010	4,757	-	-	4,757

At 31 December 2011 'Assets in the course of construction' included £nil of capitalised interest and loan facility fees (31 December 2010 - £nil)

The ExCeL Exhibition Centre is held on a long leasehold

London International Exhibition Centre PLC**NOTES FORMING PART OF THE FINANCIAL STATEMENTS (continued)**

For the year ended 31 December 2011

11 ACCOUNTS RECEIVABLE AND PREPAYMENTS*Non-current*

	31 Dec 2011 £'000	31 Dec 2010 £'000
Amounts owed by group companies	24,155	-
	24,155	-

Amounts owed by group companies are owed by ADCG Hotels Limited and are unsecured with no fixed repayment date. The company provided an undertaking to ADCG Hotels Limited that it will only demand repayment of all or part of the balance subject to a minimum 12 month notice period. Therefore at 31 December 2011 this liability is classified as non-current.

Current

	31 Dec 2011 £'000	31 Dec 2010 £'000
Trade receivables	10,291	7,614
Provision for impairment of trade receivables	(499)	(393)
Unimpaired trade receivables	9,792	7,221
Prepayments, other debtors and accrued income	971	401
VAT receivable	-	171
Amounts owed by group companies	207	5,686
Corporation tax receivable	-	68
	10,970	13,547

Trade receivables are non-interest bearing and are generally on 30 day terms. 'Amounts owed by group companies' are unsecured with no fixed repayment date. No interest has been charged to date.

11 ACCOUNTS RECEIVABLE AND PREPAYMENTS *(continued)*

Impairment of trade receivables

At 31 December 2011, trade receivables with a value of £499,476 (31 December 2010 – £392,947) were impaired and provided for. The movement in the provision for impairment is shown below

	Individually impaired £'000	Collectively impaired £'000	Total £'000
<i>Year ended 31 December 2011</i>			
At 31 December 2010	393	-	393
Charge for the year	240	-	240
Utilised in the year	(29)	-	(29)
Unused amounts reversed	(105)	-	(105)
At 31 December 2011	499	-	499
<i>Year ended 31 December 2010</i>			
At 31 December 2009	590	34	624
Charge for the year	209	-	209
Utilised in the year	(163)	-	(163)
Unused amounts reversed	(243)	(34)	(277)
At 31 December 2010	393	-	393

The ageing of unimpaired trade receivables at the financial statements reporting date was as follows

£'000	Total balance	Not yet past due	Less than 30 days past due	More than 30 days past due	More than 60 days past due
31 December 2011	9,792	3,035	3,108	1,664	1,985
31 December 2010	7,221	2,402	3,452	925	442

Unimpaired receivables are expected on the basis of past experience to be fully collectable. The company therefore considers carrying value of trade receivables to be equivalent to fair value. It is not the practice of the company to obtain security or collateral over receivables and therefore they are unsecured.

London International Exhibition Centre PLC**NOTES FORMING PART OF THE FINANCIAL STATEMENTS (continued)**

For the year ended 31 December 2011

12 CASH AND CASH EQUIVALENTS

	31 Dec 2011 £'000	31 Dec 2010 £'000
Bank balances	9,654	6,429
Short-term deposits and investments	6,519	6,477
	<u>16,173</u>	<u>12,906</u>

Cash surplus to the day-to-day trading requirements of the company is placed on short-term deposits (for terms of less than 1 month). Rates achieved in the current year were between 0.5% and 0.7% (31 December 2010 – 0.4% and 0.7%) per annum. The liquidity and interest rate risks are managed by selecting investments with a maturity date consistent with the company's day-to-day need for cash in its trading activities whilst ensuring that they return a competitive rate of interest.

13 ISSUED SHARE CAPITAL*At 31 December 2011 and 31 December 2010*

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

14 BANK BORROWINGS

	Due within one year		Due after one year	
	31 Dec 2011 £'000	31 Dec 2010 £'000	31 Dec 2011 £'000	31 Dec 2010 £'000
Construction loan facility	16,000	-	136,000	142,713
Unamortised facility fee	(128)	-	(1,247)	(1,544)
	<u>15,872</u>	<u>-</u>	<u>134,753</u>	<u>141,169</u>

The construction loan facility provided by the National Bank of Abu Dhabi was used to finance the construction of the extension to the ExCeL Exhibition Centre. The maximum size of the facility is £152 million. The facility is secured upon the property, plant and equipment of the Company (see note 10).

Interest accrues at a rate of 1.5% above LIBOR on the amount of the facility that has been used. Interest is payable semi-annually and the facility is repayable in instalments between 2012 and 2020.

London International Exhibition Centre PLC**NOTES FORMING PART OF THE FINANCIAL STATEMENTS (continued)**

For the year ended 31 December 2011

15 AMOUNTS OWED TO GROUP COMPANIES

	31 Dec 2011 £'000	31 Dec 2010 £'000
Shareholder loan	140,000	140,000
Interest accrued on shareholder loan	19,277	15,377
	159,277	155,377
Amounts owed to parent company	10,000	10,000
	169,277	165,377

The shareholder loan is provided by Abu Dhabi National Exhibitions Company PJSC through its UK subsidiary ADCG (UK) Limited which is the immediate parent company of London International Exhibition Centre Holdings PLC, the parent company of the company. The shareholder loan accrues interest at a rate of 1.0% above LIBOR and is secured on the assets of the company. ADCG (UK) Limited has provided an undertaking to the company that it will only demand repayment of all or part of the shareholder loan and accrued interest subject to a minimum 12 month notice period.

'Amounts owed to parent company' are unsecured with no fixed repayment date. No interest has been charged to date. London International Exhibition Centre Holdings PLC has provided an undertaking to the company that it will only demand repayment of all or part of the balance subject to a minimum 12 month notice period.

16 OTHER NON-CURRENT FINANCIAL LIABILITIES

	31 Dec 2011 £'000	31 Dec 2010 £'000
Derivative financial instruments (see note 20)	6,281	1,469
	6,281	1,469

London International Exhibition Centre PLC

NOTES FORMING PART OF THE FINANCIAL STATEMENTS *(continued)*

For the year ended 31 December 2011

17 ACCOUNTS PAYABLE AND ACCRUALS

	31 Dec 2011 £'000	31 Dec 2010 £'000
Interest payable on construction loan facility	1,762	1,618
Interest rate swap agreement (see note 20)	780	198
Trade payables	1,784	2,175
VAT payable	139	-
Other tax and social security costs	239	233
Accruals and other creditors	10,455	8,426
	15,159	12,650

Trade payables are non-interest bearing and are normally settled between 30 and 45 days after the date of invoice

The terms and conditions relating to related party balances are disclosed in note 19

18 PARENT COMPANY AND ULTIMATE CONTROLLING PARTY

The company's ultimate parent company and controlling party is Abu Dhabi National Exhibitions Company PJSC, a company incorporated in the United Arab Emirates. The company's immediate parent company is London International Exhibition Centre Holdings PLC, a company incorporated in England and Wales.

The smallest group into which the company's financial statements are consolidated is ADCG (UK) Limited, an intermediate holding company incorporated in England and Wales. The company's financial statements are also consolidated into the financial statements of the ultimate parent company, Abu Dhabi National Exhibitions Company PJSC.

London International Exhibition Centre PLC

NOTES FORMING PART OF THE FINANCIAL STATEMENTS *(continued)*

For the year ended 31 December 2011

19 RELATED PARTY TRANSACTIONS

Related parties of the company are comprised of other group companies that are controlled by the ultimate parent company and the directors and key management of the company. Pricing policies and terms of transactions with related parties are approved by the group's management.

Transactions with other group companies

ADCG (UK) Limited, the parent company of London International Exhibition Centre Holdings PLC, the Company's immediate parent company, has provided the company with a loan of £140 million (the "shareholder loan"). Interest of £3,899,964 (31 December 2010 - £3,424,636) was provided during the year in respect of this loan. Further details of this loan can be found in note 15 of these financial statements.

During the year the company paid £18,473,859 of costs (31 December 2010 - £5,637,627) relating to the design and construction of a hotel being constructed by a fellow group company, ADCG Hotels Ltd. This remains outstanding at the reporting date and is included within the amounts disclosed in note 11.

The company's ultimate parent company, Abu Dhabi National Exhibitions Company PJSC, has charged the company with £289,417 (31 December 2010 - £315,973) of administrative and management expenses during the year. The company has charged Abu Dhabi National Exhibitions Company with £126,806 (31 December 2010 - £190,784) of administrative and management costs during the year.

Compensation of directors and other key management

	Directors		Other key management	
	31 Dec 2011 £'000	31 Dec 2010 £'000	31 Dec 2011 £'000	31 Dec 2010 £'000
Salaries and other emoluments	817	909	850	993
Long-term incentive plans	300	-	109	-
Pension contributions	-	67	131	91
	<u>1,117</u>	<u>976</u>	<u>1,090</u>	<u>1,084</u>

During the year the highest paid director received emoluments of £611,220 (31 December 2010 - emoluments of £655,380) and pension contributions of £nil (31 December 2010 - £66,750). Contributions were made to the defined contribution pension scheme of no directors during the year (31 December 2010 - one director).

There were no other related party transactions requiring disclosure in the current year.

20 FINANCIAL RISK MANAGEMENT

The company, during the normal course of its operations, is exposed to credit risk arising from its transactions with customers, interest rate risk arising from its floating rate borrowings, liquidity risk arising from its obligations to pay suppliers and other creditors and its transactions with customers, and foreign exchange risk arising from customers who have contracted to pay the company in currencies other than pounds sterling

Foreign Exchange Risk

The company has contracted with certain customers to receive payment for events in currencies other than pounds sterling. Where the foreign exchange risk is considered to be significant the company manages this risk through entering into forward contracts to exchange the foreign currency for pounds sterling after it is received from the customer.

The company has entered into forward currency exchange contracts which mature between October 2012 and April 2013. The aggregate amount of pounds sterling that the company has contracted to receive is £1.14m. The fair value of these derivative contracts is determined using open market forward exchange rates matching the maturities of the contracts and any gain or loss is recognised in the income statement for the year.

	31 Dec 2011 £'000	31 Dec 2010 £'000
Net profits/(losses) on forward currency exchange contracts	29	(14)
Fair value at the beginning of year	(14)	-
Fair value at the end of year	15	(14)

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The company is exposed to credit risk on its bank balances and receivables as follows:

	31 Dec 2011 £'000	31 Dec 2010 £'000
Bank balances	16,173	12,906
Receivables	9,792	7,221
	25,965	20,127

The company seeks to limit its credit risk with respect to banks by only dealing with reputable banks and with respect to customers by establishing procedures to minimise the risk of default by trade debtors. These procedures include undertaking credit verification before engaging in trade with customers, the setting of appropriate credit limits and proactive monitoring of outstanding receivables on an aged basis. The company actively reviews its receivable balances for evidence of impairment. Details of the impairment of trade receivable balances are given in note 11.

20 FINANCIAL RISK MANAGEMENT *(continued)*

Interest rate risk

The company is exposed to interest rate risk arising from its floating-rate borrowings which comprise the construction loan facility (note 14) and the shareholder loan (note 15)

In November 2010 the company entered into an interest rate swap agreement with a notional value of £100,000,000 whereby it pays a fixed rate of 2.87% and receives a variable rate based on LIBOR. The interest rate swap agreement expires in November 2015. The interest rate swap agreement is valued at fair value using a discounted cash flow model which incorporates published interest rates. Any changes to the fair value of the interest rate swap are recognised in the income statement for the year.

	31 Dec 2010 £'000	31 Dec 2009 £'000
Net increase/(decrease) in fair value of interest rate swaps	(4,842)	(1,454)
Fair value at the beginning of year	(1,454)	-
Fair value at the end of year	(6,296)	(1,454)

At 31 December 2011 net interest payable of £780,027 (31 December 2010 - £198,358) was accrued in respect of the interest rate swap agreement.

The following table illustrates the sensitivity of the company's loss before tax to a reasonably possible change in interest rates. There is no impact on the company's equity.

	Increase in basis points	Increase in loss £'000
Year ended 31 December 2011	+100	2,027
Year ended 31 December 2010	+100	1,476

London International Exhibition Centre PLC

NOTES FORMING PART OF THE FINANCIAL STATEMENTS *(continued)*

For the year ended 31 December 2011

20 FINANCIAL RISK MANAGEMENT *(continued)*

Liquidity risk

The tables below summarise the maturities of the company's financial liabilities based on undiscounted payments and current market interest rates

Non derivative financial liabilities

	Less than 3 months £'000	3 to 12 months £'000	1 to 5 years £'000	More than 5 years £'000	Total £'000
<i>At 31 December 2011</i>					
<i>Interest bearing loans and borrowings</i>					
Construction loan facility	-	16,000	80,000	56,000	152,000
Accrued interest	1,762	-	-	-	1,762
Shareholder loan	-	-	140,000	-	140,000
Accrued interest on shareholder loan	-	-	19,277	-	19,277
Amounts owed to parent company	-	-	10,000	-	10,000
	1,762	16,000	249,277	56,000	323,039
Trade and other payables	2,162	-	-	-	2,162
Interest rate swap interest	780	-	-	-	780
	4,704	16,000	249,277	56,000	325,981

At 31 December 2010

<i>Interest bearing loans and borrowings</i>					
Construction loan facility	-	-	80,000	62,713	142,713
Accrued interest	1,618	-	-	-	1,618
Shareholder loan	-	-	140,000	-	140,000
Accrued interest on shareholder loan	-	-	15,377	-	15,377
Amounts owed to parent company	-	-	10,000	-	10,000
	1,618	-	245,377	62,713	309,708
Trade and other payables	2,122	-	-	-	2,122
Interest rate swap interest	198	-	-	-	198
	3,938	-	245,377	62,713	312,028

London International Exhibition Centre PLC

NOTES FORMING PART OF THE FINANCIAL STATEMENTS *(continued)*

For the year ended 31 December 2011

20 FINANCIAL RISK MANAGEMENT *(continued)*

Derivative financial liabilities

	Less than 3 months £'000	3 to 12 months £'000	1 to 5 years £'000	More than 5 years £'000	Total £'000
<i>At 31 December 2011</i>					
<i>Net settled liabilities</i>					
Interest rate swaps	-	-	6,296	-	6,296
Forward currency exchange contracts	-	(4)	(11)	-	(15)
	-	(4)	6,285	-	6,281
<i>At 31 December 2010</i>					
<i>Net settled liabilities</i>					
Interest rate swaps	-	-	1,454	-	1,454
Forward currency exchange contracts	-	-	14	-	14
	-	-	1,468	-	1,468

21 COMMITMENTS UNDER OPERATING LEASES

Annual commitments under non-cancellable operating leases are as set out below

	31 Dec 2011 Land and buildings £'000	31 Dec 2011 Other £'000	31 Dec 2010 Land and buildings £'000	31 Dec 2010 Other £'000
Operating leases which expire				
Within one year	-	24	-	-
In one to two years	-	203	-	44
In two to five years	-	-	-	179
Over five years	203	-	203	-
	203	227	203	223

22 CAPITAL COMMITMENTS

The authorised capital expenditure contracted for at the balance sheet date but not provided for amount to £nil (31 December 2010 - £nil)