

International Trade and Exhibitions (JV) Limited

Financial statements for the year ended 30 September 2000
together with directors' and auditors' reports

Registered number: 2801121



Directors' report

For the year ended 30 September 2000

Financial Statements

The directors present their report and financial statements for the year ended 30 September 2000.

Directors' Responsibilities

Accounts, including adoption of the going concern basis

Company law requires the directors to prepare accounts for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing the accounts, the directors are required to: select suitable accounting policies and then apply them consistently; make judgements and estimates that are reasonable and prudent; state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts; and prepare the accounts on the going concern basis unless it is inappropriate to presume that the company will continue in business.

Other matters

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 accounts 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.

Principal Activities and Review of the Business

The company's principal activity is the organising of international trade exhibitions and conferences.

The directors intend to continue to develop the company's business and to seek opportunities to expand into new geographical markets.

Results and Dividends

The audited accounts for the year ended 30 September 2000 are set out on pages 4 to 14. The loss for the year, after taxation, amounted to £1,297,956 (1999: profit £3,277,346) and was transferred to reserves.

Dividends paid during the year totalled £ Nil (1999: £ Nil).

Directors' report (continued)

Directors

The directors during the period were as follows:

Lawrie Lewis

Darra Comyn resigned 5 May 2000

Ian Tomkins appointed 5 May 2000

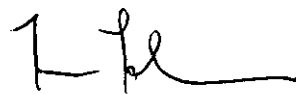
Directors' interests

The directors who held office at 30 September 2000 had no interests in the shares of the company. The directors' interests (if any) in parent company shares are disclosed in the group consolidated accounts (see note 17).

Auditors

In accordance with Section 385 of the Companies Act 1985, a resolution proposing that Arthur Andersen be re-appointed as auditors of the company will be put to the Annual General Meeting.

Approved by the Board



Ian Tomkins

Director

27 July 2001

Auditors' report

To the Shareholders of International Trade and Exhibitions (JV) Limited

We have audited the financial statements on pages 4 to 15 which have been prepared under the historical cost convention and the accounting policies set out on pages 6 and 7.

Respective responsibilities of directors and auditors

As described on page 1 the company's directors are responsible for the preparation of the accounts in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 30 September 2000 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Arthur Andersen
Chartered Accountants and Registered Auditors
20 Old Bailey
London
EC4M 7AN

27 July 2001

Profit and loss account

For the year ended 30 September 2000

	Notes	2000 £	1999 £
Turnover			
Acquisitions		2,019,748	-
Existing operations		<u>15,449,317</u>	<u>19,431,959</u>
Continuing operations		17,469,065	19,431,959
Cost of sales	2	<u>(7,727,105)</u>	<u>(9,629,963)</u>
Gross profit		9,741,960	9,801,996
Net operating expenses		(5,644,568)	(5,979,702)
Goodwill impairment charge	3	<u>(4,000,000)</u>	<u>-</u>
Operating profit	4	97,392	3,822,294
Interest receivable		314,834	936,940
Other income		54,564	-
Interest payable		<u>(301)</u>	<u>-</u>
Profit on ordinary activities before taxation		466,489	4,759,234
Tax on profit on ordinary activities	7	<u>(1,764,445)</u>	<u>(1,481,888)</u>
Retained (loss) / profit for the year	15	<u>(1,297,956)</u>	<u>3,277,346</u>

All of the above results derive from continuing activities.

There are no recognised gains or losses other than those reported in the profit and loss account.

The accompanying notes are an integral part of this profit and loss account.

Balance sheet

30 September 2000

	Notes	2000 £	1999 £
Fixed assets			
Intangible assets - Goodwill	8	11,951,017	526,475
Tangible fixed assets	9	1,415,277	1,738,928
Investments	10	<u>3,956,559</u>	<u>-</u>
		17,322,853	2,265,403
Current assets			
Debtors	11	20,309,602	9,571,497
Cash at bank and in hand		<u>740,224</u>	<u>17,443,493</u>
		21,049,826	27,014,990
Current liabilities			
Creditors: Amounts falling due within one year	12	<u>(27,196,394)</u>	<u>(25,569,325)</u>
Net current (liabilities)/assets		<u>(6,146,568)</u>	<u>1,445,665</u>
Total assets less current liabilities		11,176,285	3,711,068
 Creditors: amounts falling due in more than one year	13	<u>(8,763,173)</u>	<u>-</u>
Net assets		<u>2,413,112</u>	<u>3,711,068</u>
Capital and reserves			
Called up share capital	14	1,000	1,000
Profit and loss account	15	<u>2,412,112</u>	<u>3,710,068</u>
Equity shareholders' funds	16	<u>2,413,112</u>	<u>3,711,068</u>

The accompanying notes are an integral part of this balance sheet.

Approved by the Board



Ian Tomkins

Director

27 July 2001

Notes to the financial statements

For the year ended 30 September 2000

1. Accounting policies

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and the preceding year.

a) Accounting convention

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

At the balance sheet date, the company's current liabilities exceeded its current assets. The company is dependent, in the absence of other funding, on the continued financial support of ITE Group Plc. The directors confirm that further support will continue to be made available by them.

On this basis, the directors consider it appropriate to prepare the financial statements on the going concern basis. The financial statements do not include any adjustments that might be necessary if the shareholders were not to provide further support.

b) Turnover

Turnover represents amounts invoiced on completed events for the provision of exhibition and conference facilities and services exclusive of value added tax.

c) Group accounts and cash flow statement

The company has taken advantage of the exemption from preparing consolidated accounts afforded by Section 228 of the Companies Act 1985 because it is a wholly owned subsidiary of ITE Group Plc which prepares consolidated accounts which are publicly available. The company is also, on this basis, exempt from the requirement of FRS 1 to present a cash flow statement.

d) Profit recognition on events

Profit is recognised when an event is completed. Billings and cash received in advance, and directly attributable costs arising in the period relating to uncompleted and future events are deferred until the events are completed. The amounts so deferred are included in the balance sheet as deferred event income and prepaid event costs respectively. Losses anticipated at the balance sheet date are provided in full.

e) Intangible fixed assets

Goodwill arising on the acquisition of subsidiary undertakings and businesses, representing any excess of the fair value of the consideration given over the fair value of the identifiable assets and liabilities acquired, is capitalised and written off on a straight line basis over its useful economic life, which is up to a maximum of twenty years. Provision is made for any impairment. On disposal or closure of a previously acquired business, the attributable amount of goodwill is included in determining the profit or loss on disposal.

Notes to the financial statements (continued)

1. Accounting policies (continued)

f) Tangible fixed assets

Tangible fixed assets are stated at cost or valuation, net of depreciation and any provision for impairment. Depreciation is provided on all tangible fixed assets, other than investment properties, at rates calculated to write off the cost or valuation, less estimated residual value, of each asset on a straight-line basis over its expected useful life, as follows:

Long leasehold buildings	- 50 years
Fixtures and fittings	- 10 years
Computers and other equipment	- 4 years
Motor vehicles	- 4 years

g) Investments

Fixed asset investments are shown at cost less provision for any impairment.

h) Foreign currencies

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction or, if hedged, at the hedged rate. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date or, if appropriate, at the hedged rate. Any gain or loss arising from a change in exchange rates subsequent to the date of the transaction is included as an exchange gain or loss in the profit and loss account.

i) Taxation

Corporation tax payable is provided on taxable profits at the current rate.

Deferred taxation is provided using the liability method on all timing differences only to the extent that they are expected to reverse in the future without being replaced.

j) Pension costs

The amount charged to the profit and loss account in respect of defined contribution schemes is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

Notes to the financial statements (continued)

2. Cost of sales, gross profit and other operating expenses (net)

	2000			1999		
	Existing operations £	Acquisitions £	Total £	Existing operations £	Acquisitions £	Total £
Cost of sales	6,879,106	847,999	7,727,105	9,629,963	-	9,629,963
Gross profit	8,570,211	1,171,749	9,741,960	9,801,996	-	9,801,996
Administrative expenses	5,102,973	-	5,102,973	5,977,708	-	5,977,708
Amounts written off investments	3,516	538,079	541,595	1,994	-	1,994
Other operating expenses (net)	5,106,489	538,079	5,644,568	5,979,702	-	5,979,702

3. Goodwill impairment charge

As a result of the downturn in the technology sector, the company has undertaken an impairment review of goodwill for the E-Business show. The results include an exceptional impairment loss of £4 million. The impairment loss was measured by reference to value in use, with a discount rate of 7.5% applied to the projected cash flows.

4. Operating profit is stated after charging:

	2000 £	1999 £
Depreciation	325,817	236,500
Amortisation of goodwill	541,595	1,994
Exchange differences	(638,667)	376,286
Auditors' remuneration - audit services	38,000	34,000
Auditors' remuneration - non-audit services	117,179	62,554

Notes to the financial statements (continued)

5. Employees

a) Number of employees

The average number of persons (including directors) employed by the company during the year was as follows:

	Number 2000	Number 1999
Administration	40	48
Technical and sales	102	106
	<u>142</u>	<u>154</u>

b) Employee costs

	2000 £	1999 £
Wages and salaries	5,604,639	5,302,235
Social security costs	585,344	517,000
Other pension costs	49,179	44,000
Gross total	6,239,162	5,863,235
Less: Charged to fellow subsidiaries	(2,812,600)	(2,126,000)
Net charge to the company	<u>3,426,562</u>	<u>3,737,235</u>

6. Directors' remuneration

Emoluments

The emoluments, excluding pension contributions, of the directors of the company were:

	2000 £	1999 £
Remuneration	<u>239,000</u>	<u>515,057</u>
Chairman	<u>93,000</u>	<u>95,000</u>
Highest paid director	<u>93,000</u>	<u>162,308</u>

Notes to the financial statements (continued)

7. Taxation

	2000 £	1999 £
Tax Charge:		
UK Corporation Tax	1,730,968	1,355,115
Adjustment in respect of prior years UK Corporation Tax	(79,615)	(94,338)
Provision in respect of non recoverability of overseas withholding tax	113,092	221,111
Tax on profit on ordinary activities	<u>1,764,445</u>	<u>1,481,888</u>

8. Intangible assets - goodwill

	2000 £
Cost	
Cost at 1 October 1999	528,469
Additions	15,966,137
Cost at 30 September 2000	<u>16,494,606</u>
Amortisation	
Amortisation at 1 October 1999	1,994
Charge for the period	541,595
Impairment losses	4,000,000
Amortisation at 30 September 2000	<u>4,543,589</u>
Net book value	
Net book value at 30 September 2000	<u>11,951,017</u>
Net book value at 30 September 1999	<u>526,475</u>

The additions to Goodwill relate to the purchase of rights to trade exhibitions in the UK and Russia.

On the 1st of November 1999, the company entered into an agreement with L&A Financial Group, Alex Bernstein and Sergei Levit, to acquire the rights to certain trade exhibition events in Russia for approximately £8.2 million, of which £1.5 million was paid during the year. The balance of the consideration will be paid over the next three years. The effect of the agreement will be that the company will no longer be required to pay commissions in respect of Russian operations.

Notes to the financial statements (continued)

On 16th of February 2000 the company acquired the E-Business exhibition from Redman Media Ltd. The consideration is anticipated to be approximately £7million. The impairment losses of £4 million have been charged to reflect the downfall in the technology sector.

On 17th of July 2000 the company acquired 100% of the right to COPRAS (Conference and Exhibitions on Advances in Plastic, Reconstructive and Aesthetic Surgery) for consideration equivalent to three times the average pre-tax profit for the three events to be held in 2001, 2001 and 2003, being approximately £400,000.

On 9th of August 2000 the company acquired a 50% profit share of UTL / Globaltourconsulting in the Ukraine International Travel and Tourism Exhibition (UITT) for consideration of £160,000.

There were goodwill adjustments of £140,000 for acquisitions of IS Expo exhibitions, which took place on 30th September 1999. The adjustments were related to final payment of consideration.

The fair value of net assets acquired is not considered material, and thus the directors consider it appropriate to class all acquisition expenditure as goodwill. Profit and loss information prior to the date of acquisition of unincorporated businesses has been omitted on the basis that information is not available.

9. Tangible fixed assets

	Long leasehold Buildings £	Plant and equipment £	Total £
Cost			
Cost at 1 October 1999	1,060,856	1,300,155	2,361,011
Additions	13,770	36,530	50,300
Transfer	(66,162)	66,162	-
Disposals	(25,626)	(40,489)	(66,115)
Cost at 30 September 2000	<u>982,838</u>	<u>1,362,358</u>	<u>2,345,196</u>
Depreciation			
Depreciation at 1 October 1999	21,298	600,785	622,083
Charge for the period	55,360	270,457	325,817
Disposals	(633)	(17,348)	(17,981)
Depreciation at 30 September 2000	<u>76,025</u>	<u>853,894</u>	<u>929,919</u>
Net book value			
Net book value at 30 September 2000	<u>906,813</u>	<u>508,464</u>	<u>1,415,277</u>
Net book value at 30 September 1999	<u>1,039,558</u>	<u>699,370</u>	<u>1,738,928</u>

Notes to the financial statements (continued)

10. Investments

	2000 £	1999 £
Subsidiary undertakings		
Cost		
Cost at 1 October 1999	-	-
Additions	3,956,559	-
Cost at 30 September 2000	<u>3,956,559</u>	<u>-</u>

No amounts have been written off investments in subsidiary undertakings.

On 29 September 2000 the Company entered into an agreement with Kyzyl Tan Consultants Limited pursuant to which 90% of the issued capital of Zao Primexpo was acquired and the exclusive consultancy agreement in respect of shows in St Petersburg entered into by both parties in March 1996 was brought to an end. Kyzl Tan Consultants Limited was paid initial consideration of US\$0.66 million, by way of cash and ITE shares and further amounts will be paid over the next three years based on the revenues of certain shows.

On 29 September 2000 the Company entered into an agreement with Kyzyl Tan Consultants Limited and Edward Strachen pursuant to which the entire share capital of ITECA in Kazakhstan was acquired. Kyzyl Tan Consultants was paid an initial consideration US\$1.58 million, by way of cash and ITE shares. Further amounts are payable over the next three years based on the revenues of certain shows.

<i>Subsidiary undertakings</i>	<i>Country of incorporation or principal business address</i>	<i>Principal activity</i>	<i>Holding</i>	<i>%</i>
ITECA	Kazakhstan	Exhibitions & Conferences	Ordinary Shares	100
ZAO Primexpo	Russia	Exhibitions & Conferences	Ordinary Shares	90

Notes to the financial statements (continued)

11. Debtors

	2000 £	1999 £
Trade debtors	9,194,974	6,988,782
Amounts due from group companies	8,003,554	-
Amounts due from associated companies	375,283	60,761
Other debtors	2,183,346	1,915,578
Prepayments and accrued income	552,445	606,376
	<u>20,309,602</u>	<u>9,571,497</u>

12. Creditors: Amounts falling due within one year

	2000 £	1999 £
Trade creditors	1,661,950	748,353
Amounts owed to group companies	-	5,640,386
Amounts owed to associated companies	151,943	-
Corporation tax	1,170,188	861,127
Other taxation and social security	131,973	-
Other creditors	815,979	1,458,629
Accruals and deferred event income	17,477,861	16,686,830
Contingent consideration	5,786,500	174,000
	<u>27,196,394</u>	<u>25,569,325</u>

13. Creditors: Amounts falling due within one year

	2000 £	1999 £
Contingent consideration	<u>8,763,173</u>	<u>-</u>

14. Called-up share capital

	2000 £	1999 £
Authorised		
1,000 ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>
Allotted, called up and fully paid		
1,000 ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>

Notes to the financial statements (continued)

15. Profit and loss account

	2000 £	1999 £
At 1 October 1999	3,710,068	432,722
(Loss) / profit for the year	<u>(1,297,956)</u>	<u>3,277,346</u>
30 September 2000	<u>2,412,112</u>	<u>3,710,068</u>

16. Reconciliation of movement in shareholders' funds

	2000 £	1999 £
Opening shareholders' funds	3,711,068	433,722
(Loss) / profit for the year	<u>(1,297,956)</u>	<u>3,277,346</u>
Closing shareholders' funds	<u>2,413,112</u>	<u>3,711,068</u>

17. Ultimate parent company and related party transactions

The company is a subsidiary undertaking of ITE Enterprises Limited, a company registered in England and Wales. The smallest and largest group in which the results of International Trade and Exhibitions (JV) Limited are consolidated is that headed by ITE Group Plc. The accounts of ITE Enterprises Limited and the consolidated accounts of ITE Group Plc may be obtained from ITE Group Plc, 105 Salusbury Road, London NW6 6RG, UK.

As a subsidiary undertaking of ITE Group Plc, the company has taken advantage of the exemption in FRS 8 "Related party disclosures" from disclosing transactions with other members of the group headed by ITE Group Plc.